

# Naval Shipbuilding Thematic

*The Grand Gambit: India's Naval Expansion Play*



JUNE 08, 2026



## Executive Summary:

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, such as Hormuz, Bab-el-Mandeb and Malacca, with over 120,000 commercial vessels transiting annually. For India, ~90% of trade by volume and ~85% of crude imports move through these waters, while rising piracy, vessel harassment and grey-zone naval activity have elevated maritime security from a defence function to a **first-order economic safeguard**. As a result, India has emerged as a **net security provider**; the Navy now conducts continuous anti-piracy patrols, merchant-vessel escorts and rapid response deployments – marking a structural shift in maritime doctrine.

On the other hand, **China's naval expansion, guided by the 'String of Pearls' strategy**, aims to secure a sustained blue-water presence and projection of global power. **India's response – through the 'Diamond Necklace' strategy** – prioritises forward access, partner-navy integration and credible maritime dominance across the Indo-Pacific, creating a **structural opportunity for the Indian Navy to expand and modernise further**.

We believe India's strategic position in the Indian Ocean Region (IOR) provides a **structural operational advantage**, enabling a smaller fleet to exert significant influence across key sea lanes. With China and Pakistan collectively fielding over **1,100 naval platforms versus India's 297**, the resulting **shortfall of 876 platforms** represents a **critical expansion opportunity**. Closing just **40%** of this gap would require **300+ new platforms in the next 20 years**, translating into a **USD 75–100 Bn capex potential**. The naval industry in India is entering a **high-growth phase**, backed by a **short-to-medium-term order pipeline of ~INR 2.35 Tn (~USD 25 Bn)** through 2035, with **MAZDOCKS, COCHIN and GRSE** positioned as the prime beneficiaries.



## 1) Mazagon Dock Shipbuilders (MAZDOCKS)

CMP: 2,423 | TP: INR 3,100 | Expected Total Return: 28.7%  
Rating: BUY | Market Cap. : INR 978 Bn

## Investment Thesis:

- ✓ *INR 1 Tn: 4x Order Book Expansion Secures Decadal Visibility*
- ✓ *INR-200 Bn Capex to Command India's Naval Future*
- ✓ *Commercial Shipbuilding Optionality in a USD-231 Bn TAM by 2035*



## 2) Cochin Shipyard (COCHIN)

CMP: 1,439 | TP: INR 1,550 | Expected Total Return: 8.4%  
Rating: ADD | Market Cap. : INR 377 Bn

## Investment Thesis

- ✓ *Lifecycle Economics Create 4–6x the initial contract value*
- ✓ *Book-to-bill at ~3.8x of FY26 Rev. Anchors Multi-year Visibility*
- ✓ *Exports & Green Shipbuilding Create Non-defence Growth Engine*



## 3) Garden Reach Shipbuilders &amp; Engineers (GRSE)

CMP: 2,659 | TP: INR 3,500 | Expected Total Return: 32.2%  
Rating: BUY | Market Cap. : INR 304 Bn

## Investment Thesis

- ✓ *Book-to-bill at ~2.2x of FY26 Revenue Provides Visibility*
- ✓ *First-mover Advantage in India's Green Maritime Transition Unlocks INR 130–290 Bn Opportunity by 2035*
- ✓ *Potential 150–250 bps EBITDA Margin Expansion*



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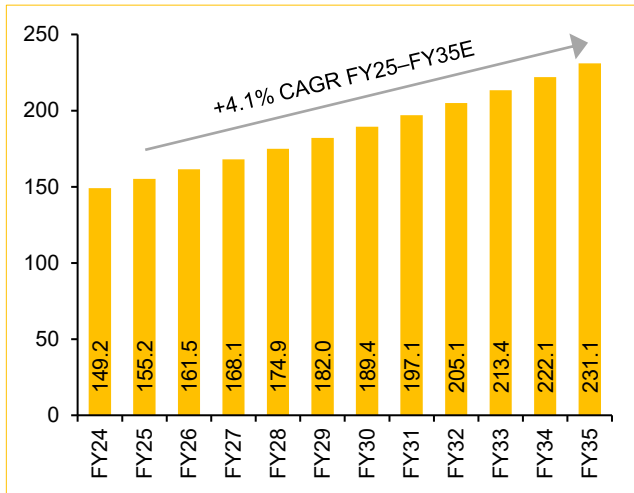


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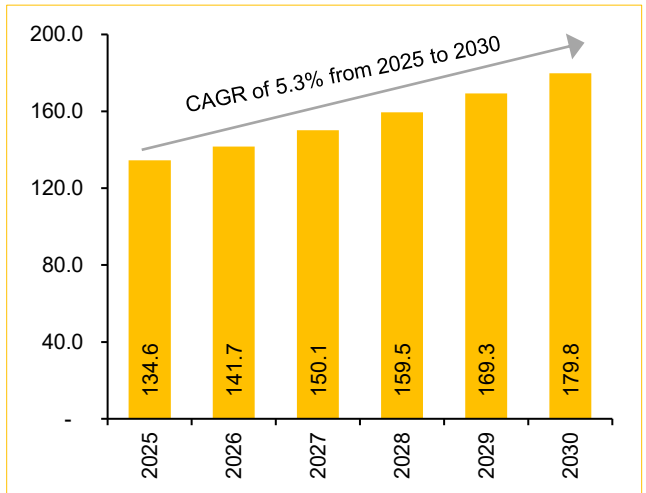
**The thesis in charts**

**Global Commercial Shipbuilding opportunity USD 231.1 Bn by FY35**



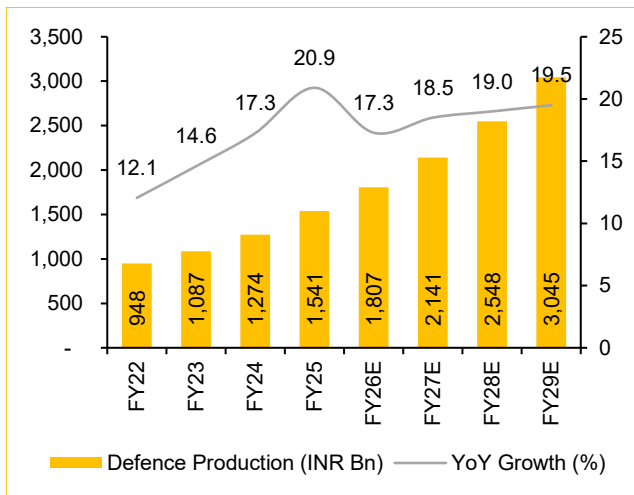
Source: Spherical, Choice Institutional Equities

**Global Ship MRO Opportunity to Grow Steadily to USD 180 Bn by 2030**



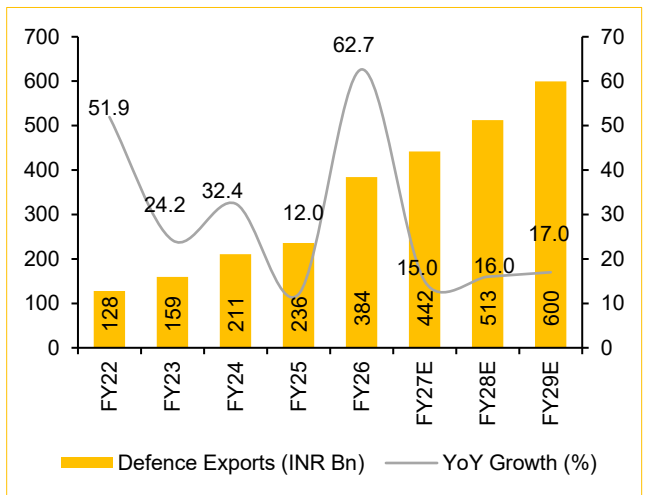
Source: the business research, Choice Institutional Equities

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



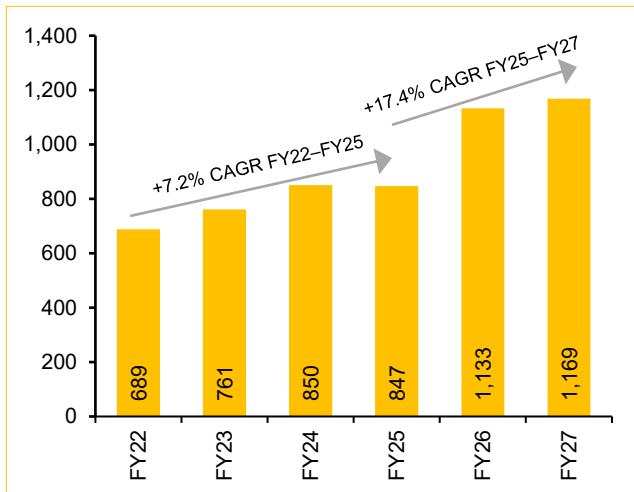
Source: MoD, Choice Institutional Equities

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



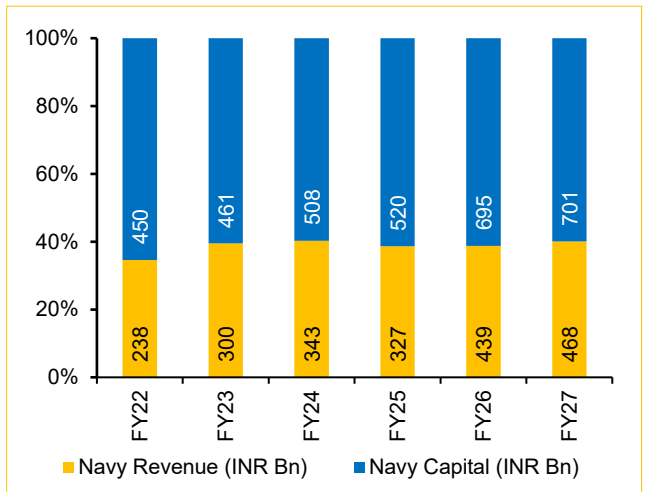
Source: MoD, Choice Institutional Equities

**Steady Climb in Indian Navy Allocation (INR Bn)**



Source: MoD, Choice Institutional Equities

**CapEx Commands 60% of the Navy Allocation**



Source: MoD, Choice Institutional Equities

**Report Structure**

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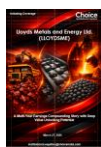
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## 1.1 Geopolitical Conflicts Reinforce the Strategic Case for Indian Naval Shipbuilding

- The recent geopolitical environment highlights that **maritime disruption is now central to modern conflict dynamics**, with naval blockades, chokepoint threats and attacks on commercial shipping directly affecting global trade and energy flows. India's dependence on routes such as the Strait of Hormuz and the Red Sea makes maritime security non-negotiable
- The intensity of the current conflict lies in its **direct weaponisation of sea routes**. Iran's closure of the Strait of Hormuz – through which ~20% of global oil flows – alongside attacks on merchant vessels along with US enforcement of a naval blockade has led to **more than 90% decline in shipping traffic and immediate spikes in oil prices**, with threats extending to the Red Sea and Gulf of Aden, indicating a **multi-chokepoint risk scenario**
- This reinforces a critical insight: **control over maritime corridors is now equivalent to control over economic stability**, with navies acting as primary enforcers of that control
- Reliance on foreign shipbuilding ecosystems introduces strategic risks – delays, sanctions, limited operational control. Indigenous shipbuilding ensures **execution certainty, lifecycle control and rapid fleet replenishment**, translating into **structural demand visibility for domestic shipyards**

*Modern conflicts are trade-route centric – navies are the primary instruments of economic warfare*

*Indian Navy deployed 6+ warships under Op. Urja Suraksha to escort energy tankers through Hormuz*

*~90% of India's trade is sea-borne – disruption at Hormuz or Bab-el-Mandeb hits growth directly*

*Sustained naval deployments underwrite a multi-decade order pipeline for MAZDOCKS, GRSE and COCHIN*

### 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 the focus decisively towards **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.

### Naval Warfare is Back at the Centre of Global Conflict

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 and the Red Sea target two of the world's most vital energy corridors, while the parallel Red Sea crisis shows how even non-state actors can reroute global trade. **Modern conflicts are trade route-centric and navies are the primary instruments of economic warfare.**

### Operation Urja Suraksha – Navy as the Trade Lifeline

With ~28 Indian-flagged vessels stranded near Hormuz, the Indian Navy launched Operation Urja Suraksha in March 2026, deploying 6+ frontline warships – Visakhapatnam-class destroyers, stealth frigates and MH-60R helicopters – to escort India-bound LPG, LNG and crude tankers into the Arabian Sea. The safe transit of carriers Pine Gas and Jag Vasant shows the Navy acting as an active enabler of commercial shipping, not just a deterrent.

**Disproportionate impact on India:** ~90% of trade by volume is sea-borne and energy security flows through Hormuz and Bab-el-Mandeb – any disruption feeds directly into inflation, currency and growth. Maritime security is of utmost importance for India.

**Implications for shipbuilding:** For India, sitting at the heart of global trade routes, domestic shipbuilding has become a strategic imperative. This translates into a **multi-decade order pipeline** for **MAZDOCKS, GRSE and COCHIN**, anchored by the Navy's 175+ ship target by 2035. Foreign supply chains are vulnerable to delays and sanctions, making indigenous shipbuilding strategic insurance. Demonstrated IOR performance also opens **export optionality** across the Gulf, Africa and Southeast Asia.

Naval power is now economic power – Indian shipyards transition from execution-driven PSUs to **structural beneficiaries of a multi-decade naval upcycle**.

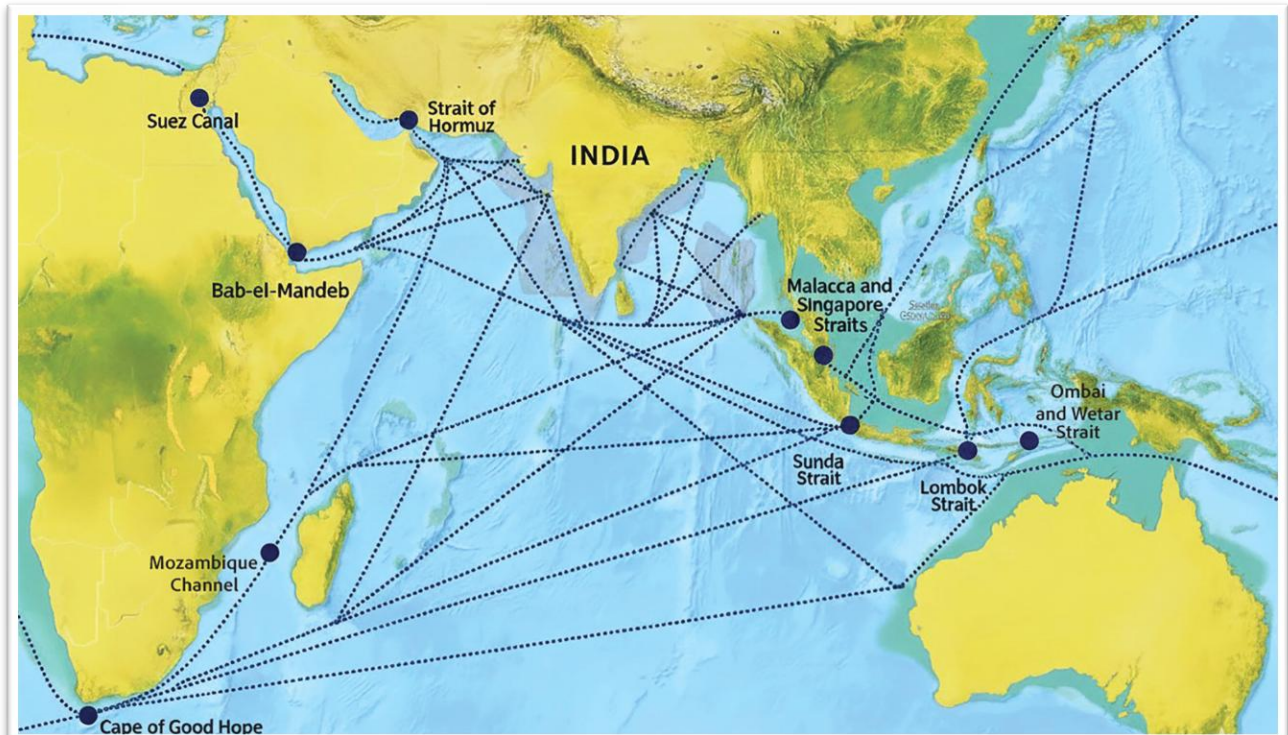
## 1.2 The Indo-Pacific Region: The World's New Power Centre

- 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 and regional manufacturing – secure maritime routes have shifted from a strategic priority to an economic necessity, leading to a parallel rise in naval presence across the region
- At the **centre lies the Indian Ocean**, a critical conduit for both energy and data. **~80% of China's and ~60% of India's crude imports pass through key chokepoints, while ~95% of global data traffic is carried via submarine cables** in these waters. This makes the region indispensable to global energy security and digital connectivity
- India's geographic position is structurally advantaged, **sitting at the intersection of major Sea Lines of Communication (SLOCs) and near critical chokepoints like Hormuz and Malacca**. This places India at the core of global trade flows and elevates its role in ensuring maritime stability
- With **~90% of India's trade by volume moving via sea** – including critical energy and industrial inputs – secure maritime access is directly linked to economic continuity

In our view, the Indo-Pacific is the central axis where trade, energy, data and military power converge – driving sustained focus on maritime security and naval expansion, anchored around three structural themes:

- Rise of the Indo-Pacific as a trade & military corridor
- Indian Ocean now central to global energy & data flows
- India at the Core of Global Sea Lanes & Trade Dependence

### Choke Points and International Shipping Lanes in the IOR



Source: MoD, Choice Institutional Equities

*The Indo-Pacific carries ~60% of global trade, making maritime security critical*

### 1.2.1 Rise of the Indo-Pacific Region as a Trade & Military Corridor

We believe the Indo-Pacific region has emerged as the **most critical maritime corridor globally**, carrying **~60% of global trade** and forming the backbone of international supply chains and energy flows. As trade density increased, maritime security in the region has shifted from a strategic consideration to an **economic necessity**.

- China+1 strategies and regional manufacturing scale have increased cargo flows in the Indian Ocean, raising dependence on secure sea routes
- These SLOCs are the main conduits among the Middle East, Africa, South Asia, Southeast Asia and Europe, making the Indian Ocean a **central hub for east-west and north-south commerce**
- Rising trade and energy dependence has led major powers to expand naval presence, patrols and forward deployments across the region
- The Indo-Pacific region's rise as both a **trade and military corridor is structural**, creating long-term demand for sustained naval capability and maritime dominance

### 1.2.2 Indian Ocean Now Central to Global Energy & Data Flows

The **Indian Ocean has become one of the world's most strategic corridors** – critical not just for trade, but for energy security and digital connectivity. Its sea lanes are now indispensable arteries of the global economy, linking producers, consumers and data networks across continents.

*SLOCs link major economies, making the Indian Ocean central to global commerce*

- Over **80% of China's** and **~60% of India's crude oil imports** transit through the Strait of Hormuz and Malacca, making uninterrupted maritime access critical
- The region carries a large cluster of **submarine communication cables** that handle the bulk of international data flows (global estimates suggest ~95% of international data traffic travels undersea), tying together financial markets, cloud networks and digital services worldwide
- As Asia-led consumption and global supply chains have expanded, the Indian Ocean has become a **nexus for energy flows, digital connectivity and maritime competition** – elevating its strategic value far beyond traditional trade routes

### 1.2.3 India at the Core of Global Sea Lanes & Trade Dependence

India's geographic position places it at the centre of key global Sea Lines of Communication, along the **East-West corridor connecting the Middle East, Africa, Europe and Asia – handling ~60% of global trade**. Its proximity to **critical chokepoints such as Hormuz, Bab-el-Mandeb and Malacca** further amplifies its strategic importance.

*India sits at the heart of global SLOCs, handling ~60% of world trade*

- This centrality is reinforced by high **economic dependence, with ~90% of India's trade by volume moving via sea**, including critical energy and industrial inputs
- **Any disruption** across these routes has **immediate implications for inflation, energy security and industrial output**
- As trade volumes scale and supply chains deepen, India's role in securing maritime flows becomes increasingly structural

**In our view, India's location and trade reliance make maritime security non-negotiable – positioning the Indian Navy as a key enabler of uninterrupted trade, energy access and supply chain stability.**

Source: Choice Institutional Equities

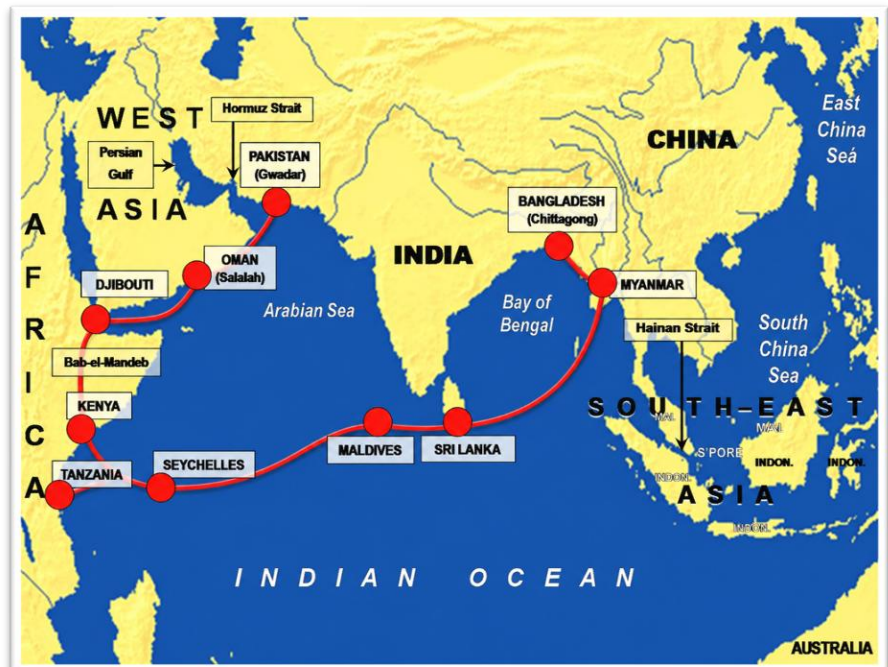
**1.3 China's Expansion: The 'String of Pearls' Strategy**

- 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
- Beijing has made massive state-directed investments to expand its strategic space, extend and protect its lifelines to global goods and markets and ready the country for **high-intensity combat**. China now possesses the **world's largest Navy, Coast Guard**, maritime militia, deep-sea diving force, fishing fleet and marine scientific research fleet – and also exercises the **most expansive ownership** and operational control regime of global ports of any nation
- **Over the past two decades**, this has translated into a **network of dual-use assets across key maritime corridors, enabling the PLA Navy (PLAN)** to transition from a limited presence to more persistent deployment in India's maritime sphere. This expansion is supported by the **world's largest navy by hull count**, alongside **growing submarine activity and an evolving aircraft carrier fleet** – enhancing surveillance, reach and power projection
- While positioned as **commercial infrastructure**, the **dual-use nature** of these assets **creates strategic ambiguity**, allowing China to strengthen its **footprint without overt militarisation**. The cumulative effect is a gradual shift in regional power dynamics, with **increasing pressure on critical sea lanes and strategic chokepoints**

In our view, the 'String of Pearls' is a calibrated strategy for maritime dominance – intensifying strategic competition in the IOR and necessitating a stronger, more proactive naval response from India, reflected across four defining trends:

- Naval Bases & Strategic Access Points across the IOR
- PLA Navy (PLAN): From Episodic Presence to Persistent Deployment
- Growing Chinese Submarine Activity in Indian Waters
- Strategic Encirclement Pressure on India

**The 'String of Pearls' Strategy**



Source: CIMSEC, Choice Institutional Equities

### 1.3.1 Naval Bases & Strategic Access Points across the IOR

- China has secured a network of ports and facilities across key maritime chokepoints, creating a **quasi-encirclement of India's coastline**. While positioned as commercial infrastructure, these assets provide dual-use capabilities, enabling naval operations and rapid military deployment
- China is not building infrastructure for regional operations alone – it is **pursuing a global fleet** and, alongside that fleet, it is establishing port facilities and bases to support persistent global deployment. China has the **most expansive port ownership** and operational network of any nation
- This supports forward logistics and refuelling, enhances **surveillance** over critical sea lanes and allows **rapid military scalability** – compressing India's response timelines and increasing **operational pressure**
- This expanding network strengthens China's ability to project power, monitor maritime traffic and **exert sustained influence** across the IOR, posing a direct **challenge to India's maritime security**

*China's expanding undersea footprint – combining submarines, UUVs and sensor networks – raises strategic risks in the IOR and challenges India's maritime security*

### 1.3.2 PLA Navy (PLAN): From Episodic Presence to Persistent Deployment

- China's PLAN presence in the IOR has evolved from intermittent anti-piracy patrols to a **sustained blue-water deployment**, marking a structural shift in maritime strategy and strengthening its influence over key SLOCs
- China maintains continuous deployments by rotating task groups of destroyers, frigates and support vessels, with **6–8 vessels typically present in the IOR** – enhancing endurance, situational awareness and operational familiarity
- China operates one of the world's largest submarine fleets with **60 submarines, including 6 nuclear-powered attack submarines**, a growing number of nuclear-powered guided missile variants, 6 ballistic missile submarines and over 50 diesel-electric submarines (many with air-independent propulsion extending underwater endurance) (*Source: USCC*)
- China launched 10 nuclear-powered submarines in the last five years as compared to just 3 in the preceding five years. By 2027, the Chinese submarine force is projected to **include ~70 submarines and by 2035, it is projected to reach ~80** – with half of them being **nuclear-powered**. Critically, China is undergoing a fundamental transition from diesel-electric to all nuclear-powered submarine construction, signalling its intent for sustained global operations, including in the IOR
- This persistent and expanding presence normalises Chinese activity in India's maritime neighbourhood and **compresses response timelines**, increasing strategic pressure across critical sea lanes

*China's PLAN shifting to persistent deployment – backed by ~6–8 IOR vessels and a submarine fleet growing from ~60 to ~80 by 2035*

### 1.3.3 Growing Chinese Submarine Activity in Indian Waters

- Chinese submarine activity in the Indian Ocean marks a critical escalation, strengthening Beijing's ability to **target maritime assets and strategic sea lanes** while increasing complexity in India's naval planning
- China's deployment of nuclear and Yuan-class submarines – supported by **port access in Sri Lanka and Pakistan** – extends its **undersea reach** and directly challenges India's carrier groups, SLOC security and deterrence posture
- Beyond manned submarines, China has invested in **unmanned underwater vehicles (UUVs)** for over two decades. Underwater gliders collect oceanographic data to improve sonar performance, while extra-large unmanned vehicle concepts are being developed for **reconnaissance, mine placement and one-way attacks**. Beijing is said to envision autonomous vehicles for long-range ISR (intelligence, surveillance and reconnaissance) and mine missions, with unmanned systems operating independently or in swarms alongside manned platforms – employing modular payloads including sensors, mines, torpedoes, missiles and deployable smaller vehicles
- Central to China's undersea strategy is the '**Underwater Great Wall**' – a seabed sensor architecture **monitoring submarine activity** through fixed and floating platforms which gather hydrographic and intelligence data to enhance China's understanding of the undersea domain. This sensor network, if extended into or near the IOR, would significantly **degrade India's submarine stealth advantage**
- This expanding undersea presence – combining manned submarines, unmanned systems and persistent sensor networks – elevates strategic risk in the IOR, reinforcing the need for stronger **anti-submarine capabilities** and secure maritime corridors

*China's expanding undersea footprint – combining submarines, UUVs and sensor networks – raises strategic risks in the IOR and challenges India's maritime security*

### 1.3.4 Strategic Encirclement Pressure on India

- China's maritime strategy is designed to create strategic leverage and influence over key sea lanes through a distributed presence across the IOR, enabling **monitoring and indirect pressure** without direct confrontation
- **Encirclement dynamics:** Presence across Gwadar (west), Sri Lanka and Maldives (south), Myanmar (east) and expanding submarine patrols
- **Economic vulnerability:** ~90% of India's trade and ~80% of crude imports depend on maritime routes, making disruption highly sensitive
- **Transmission impact:** Even limited disruption can elevate freight rates, insurance costs, energy prices and inflation

*China's distributed IOR presence creates encirclement pressure, exposing India's trade and energy lifelines to disruption*

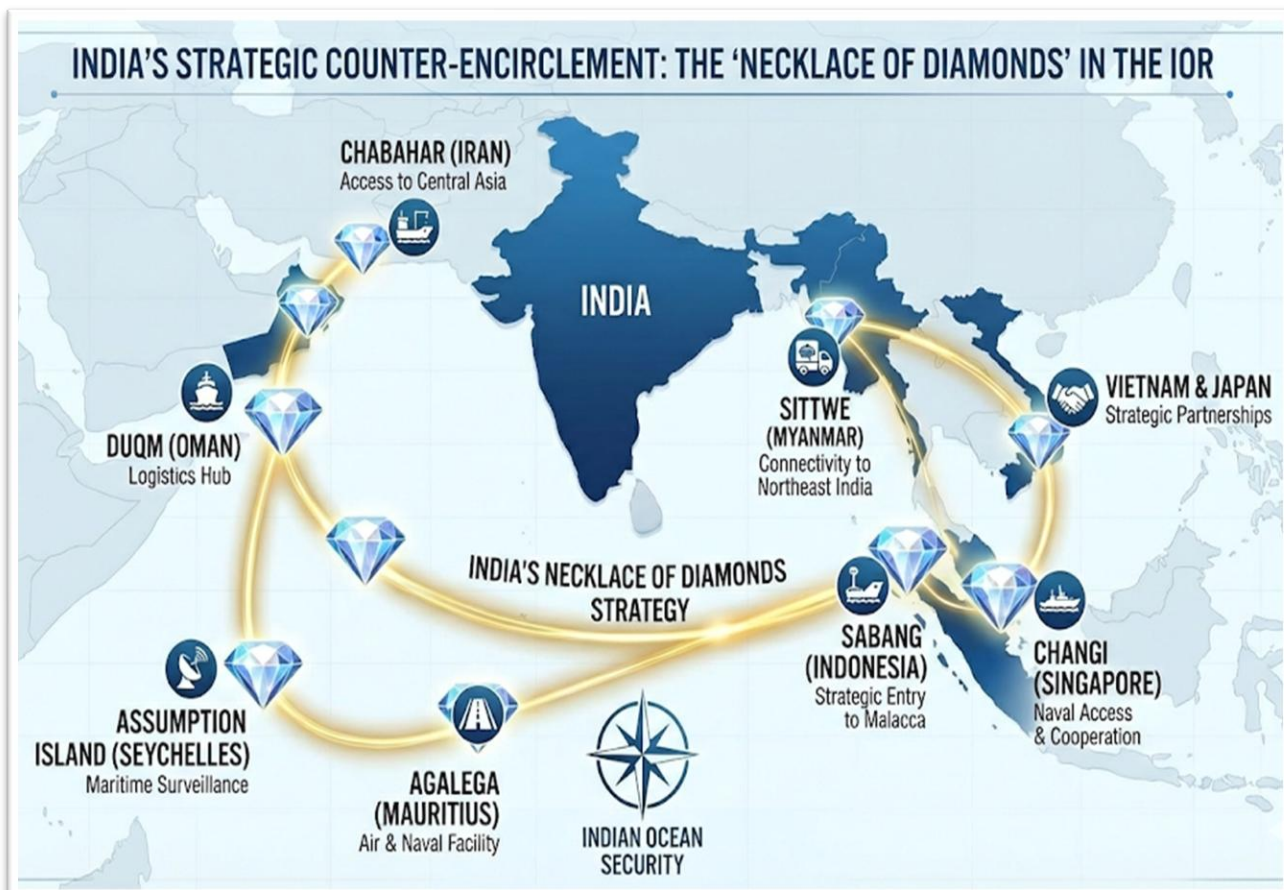
**By integrating surface presence with undersea capabilities and covert pre-positioning, China extends its influence from military dominance to economic leverage across critical maritime corridors.**

### 1.4 India's Counter-Play: The Diamond Necklace 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 in the Indian Ocean. Conceptualised as a network of strategic access points and partnerships, it enables India to extend its operational footprint across critical sea lanes
- Through access arrangements at key nodes such as **Changi, Sabang, Duqm, Assumption Island and Chabahar**, India strengthens forward logistics, surveillance and refuelling capabilities – enhancing operational flexibility across the Indo-Pacific. This is further reinforced by strategic alignments like the **QUAD and defence cooperation with Japan, ASEAN nations and other regional partners**, improving interoperability and coordinated presence
- The strategy effectively stretches India's maritime reach from the Strait of Malacca to the Arabian Sea and the Horn of Africa – securing trade routes, energy flows and regional influence. Combined with ongoing naval modernisation, it reflects a long-term shift towards a more proactive and outward-looking maritime posture

In our view, the 'Diamond Necklace' is India's strategic counterweight to China – strengthening presence, partnerships and deterrence across the Indo-Pacific, built around four key pillars:

- Strengthening Strategic Ties & Naval Access
- Strategic Maritime Partnerships (Quad – US, Japan, Australia)
- Increased Presence in the South China Sea & Critical Chokepoints
- Indian Ocean Region – Indian Navy as Security Guarantor



Note: Map not to scale

Source: Open source, Choice Institutional Equities

*India is expanding naval reach through logistics pacts and access agreements, allowing persistent presence without permanent bases*

#### 1.4.1 Strengthening Strategic Ties & Naval Access

- India has steadily expanded its network of **logistics agreements and forward partnerships**, enabling sustained naval operations well beyond its coastline. These arrangements provide critical capabilities such as **refuelling, rearming, repair and forward deployment** across key maritime routes
- Key agreements – including **LEMOA** (US), **MLSA** (Japan) and logistics pacts with Australia – along with access to strategic locations such as **Duqm, Changi, Sabang and French bases** in the western Indian Ocean, significantly extend India's operational footprint across the IOR, Southeast Asia and the western Pacific
- This access-driven model enhances operational reach while maintaining strategic flexibility, allowing India to scale **presence without permanent bases** – strengthening maritime influence and enabling a more persistent naval posture across critical sea lanes. Much like castling in chess, this approach strengthens defensive depth while improving positional mobility, without overextending assets

#### 1.4.2 Strategic Maritime Partnerships (Quad – US, Japan, Australia)

*Quad ties expand India's maritime reach while driving indigenous naval capability*

- The Quad has evolved into a de facto maritime security framework, enabling India to operate seamlessly with the US, Japan and Australia across **carrier operations, anti-submarine warfare (ASW), ISR sharing and maritime domain awareness**. This cooperation enhances capability without substituting domestic naval strength, raising standards in technology, endurance and weapons integration
- Joint exercises** such as Malabar strengthen operational interoperability, while collaboration on **undersea security, cable protection and logistics** improves coordination across critical maritime domains. These partnerships expand India's reach and reinforce its role across key sea lanes
- Beyond strategy, **interoperability** drives demand for advanced, indigenously built naval platforms – supporting domestic shipbuilding and creating long-term industrial visibility, while positioning India as a central security provider in the Indian Ocean



Note: Map not to scale

Source: Open source, Choice Institutional Equities

### 1.4.3 Increased Presence in the South China Sea & Critical Chokepoints

India has moved decisively beyond an **Indian Ocean-only posture**, conducting regular naval deployments in the **South China Sea, Western Pacific and key chokepoints** including the Malacca, Sunda, Lombok, Bab-el-Mandeb and Hormuz straits. Warships are now stationed **continuously in critical sectors**, replacing episodic patrols with mission-based deployments.

*India now maintains continuous naval deployments across key global sea lanes and chokepoints to strengthen deterrence and secure trade routes*

- Shows India's resolve to safeguard free navigation
- Strengthens India's ability to counter submarines & secure strategic waters
- Protects routes handling ~90% of India's trade and key global energy flows
- Enables the Navy to operate simultaneously in the Arabian Sea, Bay of Bengal and Western Pacific
- Persistent presence fuels demand for **destroyers, frigates, ASW corvettes, mine-countermeasure vessels and submarines**, driving **fleet modernisation** and securing long-term orders

### 1.4.4 Indian Ocean Region – Indian Navy as Security Guarantor

The **Indian Navy** remains the **de facto security guarantor of the Indian Ocean**, safeguarding critical trade and energy routes amid rising piracy and maritime threats. Recent years have seen a **resurgence of piracy in the Western Indian Ocean and Gulf of Aden**, with incidents increasing from 5 in 2023 to 19 in 2024, including hijackings, attempted attacks and crew kidnappings. These developments underscore the strategic importance of **persistent naval presence** for securing maritime commerce & energy flows.

*Resurgence of piracy in IOR necessitates persistent naval presence for securing maritime commerce and energy flows*

- Long-range attacks off Somalia and the Western Indian Ocean, including hijackings and kidnappings, surged in 2024-25
- **~90% of trade and ~80% of oil imports** pass these waters, making piracy a key economic threat
- Uses destroyers, frigates, patrol aircraft to deter attacks, escort vessels and respond quickly in high-risk areas
- Partners with allied navies for maritime surveillance, anti-piracy patrols and safe merchant passage
- Naval presence ensures regional stability, lowers insurance cost, prevents trade disruptions and secures maritime lifelines
- Through forward deployments, rapid response and coalition engagement, the Indian Navy secures trade and energy routes

# Sector Analysis

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



**2.0 India’s Maritime Imbalance is Stark: an 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 undersea deterrence** and in **frontline surface combatants**, with an ~86-ship gap across destroyers and frigates
- **Critical deficiencies** also extend to amphibious and logistics capabilities, with a **~91-vessel gap limiting expeditionary operations, island defence and Humanitarian Assistance and Disaster Relief (HADR) response.** The absence of dedicated cargo ships and a meaningful support fleet further constrains sustained deployments, replenishment and persistent presence across key Indian Ocean chokepoints
- Collectively, **these structural gaps impair India’s ability to secure sea lines of communication (SLOCs), maintain credible deterrence and execute forward operations at scale.** From an investment perspective, the **magnitude and breadth of these deficiencies underpin a long-duration naval capex cycle**, spanning submarines, surface combatants, amphibious platforms and auxiliary vessels – creating sustained growth visibility for domestic shipyards and defence supply chains

Ships	Chinese Navy	Pakistan Navy	China + Pakistan	Indian Navy	No. of platform shortfall
Submarines	73	16	89	19	70
Aircraft carriers	3	0	3	2	1
Destroyers	58	0	50	11	39
Cruisers	0	0	0	0	0
Frigates	47	15	61	15	47
Corvettes	50	16	66	21	45
Coastal boats	0	0	0	0	0
Patrol boats	94	85	179	136	43
Amphibious ships	107	0	107	16	91
Mine Warfare ships	58	3	61	0	61
Cargo ships	27	0	27	0	27
Support ships	468	8	474	77	397
Other ships	51	5	56	0	56
<b>Total Ships</b>	<b>1,036</b>	<b>148</b>	<b>1,173</b>	<b>297</b>	<b>876</b>
<b>Active Ships</b>	<b>1,023</b>	<b>109</b>	<b>1,119</b>	<b>297</b>	<b>822</b>

Source: globalmilitary, Choice Institutional Equities

**Severe Numerical Imbalance:**

China-Pakistan together operate **~1,173 naval platforms vs India’s ~297**, implying an **overall shortfall of ~876 vessels** – a scale gap that cannot be bridged through incremental upgrades.

**Structural Capex Visibility:**

The magnitude and breadth of platform shortfalls point to a **multi-decade naval shipbuilding cycle**, spanning combatants, submarines, amphibious vessels and support fleets – creating durable demand for Indian shipyards and defence suppliers.

**2.1 Case Study-1 – India’s Geographic Position Gives 2–3x Operational Efficiency Advantage in the Indian Ocean**

- **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 Deployment Distance (km) Distance Asymmetry Defines Naval Efficiency	India Deployment Distance (km) India’s proximity advantage is decisive:
South China Sea → Malacca Strait	~3,500	~1,000
Andaman & Nicobar Region	~4,500	~1,000–1,200
Arabian Sea / Gwadar	~7,000	~1,200–1,500
Strait of Hormuz	~6,500–7,000	~1,300
Bab-el-Mandeb / Red Sea	~7,500–8,000	~3,200
East Africa / Western IOR	~8,000	~3,500–4,000

Source: Open Source, MoD, Choice Institutional Equities

**Operational Consequence:  
Sustained presence economics favour India:**

- 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

*India’s 2–5x proximity advantage at key maritime chokepoints lowers deployment costs and sustains operational presence across IOR*

India enjoys a **2–3x operational efficiency advantage**, allowing a smaller fleet to exert disproportionate regional control.

- We believe India’s naval expansion is not discretionary modernisation, but a response to a **structural shift in global trade and power toward the Indian Ocean.**
- The **~876-ship platform gap vs China-Pakistan** translates into a **multi-decade opportunity: USD 75–100Bn** in shipbuilding, **USD 30–50Bn** in sensors, combat systems and defence electronics
- India does not need fleet parity to dominate the Indian Ocean – it needs **sufficient platforms to fully monetise its geographic advantage.**

Source: Statranker, Choice Institutional Equities

**2.2 Case Study-2 – Platform Shortfall Implies USD 75–100 Bn Opportunity over 15–20 yrs**

**China + Pakistan:** 1,173 naval platforms  
**India:** 297 platforms  
**Shortfall:** 876 platforms

**If India closes even 40% of the gap, it will need:**

- **300+ new naval platforms** in the next 20 years
- Across combatants, patrol vessels, support ships, aviation assets and unmanned systems

*India's 876-platform shortfall points to a USD 75–100 Bn naval build opportunity*

**Capex Potential**

If India builds **300 platforms**, even at conservative estimates

**Total Opportunity: USD 75–100 Bn over 15–20 years**

We believe the Indian naval industry is entering a **high-visibility growth phase**, with an estimated order **pipeline of ~INR 2.35 Tn** in the short to medium term, providing revenue **visibility through 2035**. Following approvals during 2024–25, the sector is now transitioning from **Acceptance of Necessity (AoN)** to **Request for Proposal (RFP)** issuance and final contract awards across several large-scale programmes.

Project	Est. Opportunity Size (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 by mid-2026 (first phase likely to cover 5 units)
Next-Gen Corvettes (NGC)	500	8	<b>L1 Declared. GRSE</b> emerged as L1 for 5 units; remaining 3 to go to L2 yard (Goa Shipyard)
Platform Docks (LPD)	350	4	<b>AoN Cleared (Oct 2025)</b> . RFP expected to be issued by mid-2026

*Source: MoD, Media reports, Choice Institutional Equities*

*A 10–12% CAGR in naval capex, rising platform complexity and indigenisation drive long-term growth visibility*

- The Indian Navy's budget for **Capital Outlay** has seen a consistent CAGR of 10–12%. Nearly **95% of this pipeline** will stay with domestic shipyards
- Current Acceptance of Necessity (AoN) for 74 additional vessels (65 surface, 9 sub-surface) is valued at **INR 2.35 Tn**, ensuring revenue visibility through 2035
- The Indian Navy entering a 'super-cycle' with an average of **one warship expected to be commissioned 40–42 days** starting in 2026
- India is not merely expanding its navy – it is responding to a **structural, global realignment** where the Indian Ocean becomes the world's economic centre
- The massive platform shortfall (876 ships) vs. China + Pakistan converts into a **multi-decade USD 75–100 Bn opportunity** for shipbuilding and another **USD 30–50 Bn** for defence electronics and sensors

*India's naval expansion reflects a structural shift, unlocking a multi-decade USD 75–100 Bn shipbuilding opportunity*

We believe India's geographic superiority, leadership expectations from global partners and the new threat landscape (drones, EW, AUVs, mines) ensure **long-cycle demand for advanced naval solutions**. The beneficiaries will be **MAZDOCKS, GRSE, COCHIN** and a wide ecosystem of **electronics, propulsion, AI, UAV and EW companies**.

2.3 From Defence to Commercial: A New Opening on the Board

Rank	Country	Output share (GT, 2024)	Delivered GT (2024, 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
<b>9</b>	<b>India</b>	<b>0.06%</b>	<b>~43,015</b>
10	United States	0.04%	~28,676

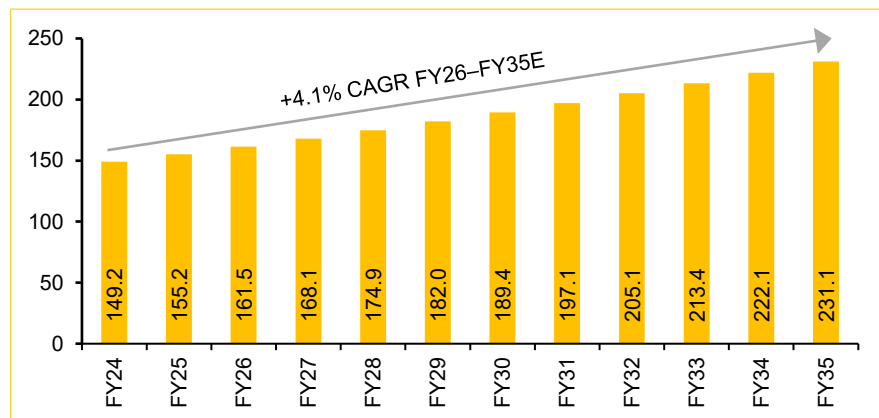
Source: Statranker, Choice Institutional Equities

India holds <1% of global shipbuilding despite ~95% seaborne trade, highlighting a large structural gap

- **India’s global shipbuilding share remains tiny**, which is estimated at well below 1% of total global shipbuilding output, despite a 7,500-km coastline and ~95% of trade being seaborne. This contrasts sharply with **China (~55%), South Korea (~28%) and Japan (~13%), which together make up ~95% of global shipbuilding capacity**
- **Commercial shipbuilding in India is underdeveloped:** Historically, domestic players have focussed on defence, offshore and support vessels, rather than large-scale merchant fleets. This has resulted in heavy reliance on foreign-built and foreign-owned merchant vessels for India’s cargo and logistics needs

**We view India’s low share in global commercial shipbuilding reflects both, structural gaps and a strategic opportunity. Building domestic capacity will reduce reliance on foreign entities and support national trade resilience.**

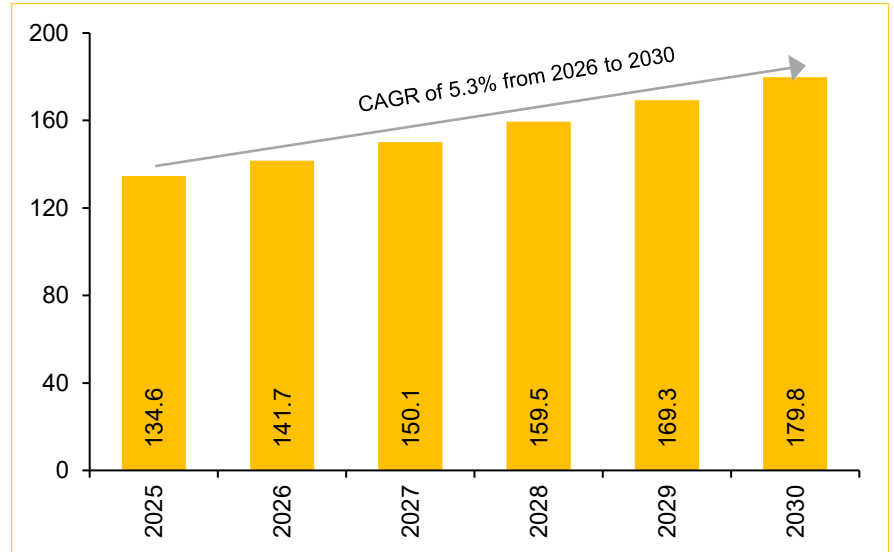
Decadal Growth Trajectory in Commercial Shipbuilding (USD 231Bn by FY35)



Source: Spherical, Choice Institutional Equities

- The market size for shipbuilding is worth USD 161 Bn in 2026
- The market size is projected to expand at a CAGR of 4.06% over 2026–2035
- Global shipbuilding market is anticipated to reach USD 231 Bn by 2035
- Asia Pacific is expected to generate the highest demand during the forecast period in the shipbuilding market
- The North America shipbuilding market is expected to grow the fastest in the forecast period

## 2.4 The Long Endgame: MRO as a Structural Growth Driver

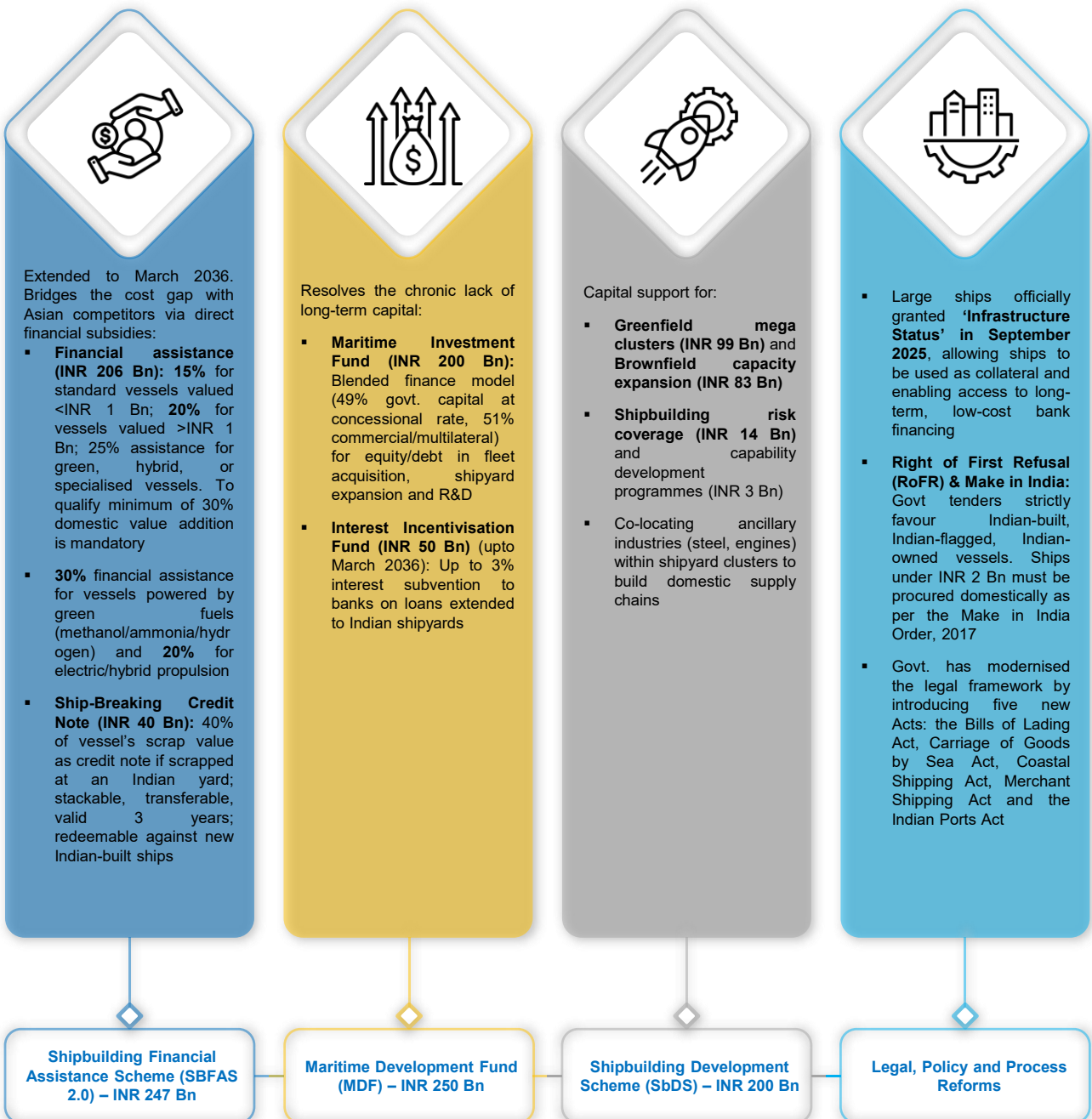


Source: the business research, Choice Institutional Equities

- The boat and ships MRO market size has grown strongly in recent years. It will grow from USD 134.6 Bn in 2025 to USD 179.8 Bn in 2030 at a CAGR of 5.3%
- This includes defence, commercial and private ships
- Expected to grow to USD 179.94 Bn in 2030 at a CAGR of 6.2%
- Expected to grow CAGR of 5.3% over medium to long term
- Rising marine trade fuels growth in boat and ship MRO market
- Strategic partnership reshaping the ship MRO market
- Asia-Pacific was the largest region and fastest growing region

## 2.5 Opening Gambit: The INR-697 Bn Mega Package

- To pivot towards commercial global competitiveness, the Indian Union Cabinet approved a landmark **INR-697 Bn package** in September 2025 to revitalise the maritime and shipbuilding ecosystem. This provides the crucial pivot from **defence-only to commercial shipbuilding**. Designed to transform India from a marginal player into a top-five global shipbuilding nation by 2047, the package addresses historical bottlenecks – specifically high capital costs, lack of scale and outdated regulations – through a comprehensive four-pillar approach.
- Maritime India Vision (MIV) 2030:** Aims to position India among the **Top 10** shipbuilding nations, increasing annual production from the current ~30,000 GT to over **500,000 GT**, driving investments of over **INR 200 Bn**
- Maritime Amrit Kaal Vision (MAKV) 2047:** Projects a massive **INR-80 Tn** investment across the maritime ecosystem to elevate India to the **Top 5 globally** in shipbuilding, aiming to increase the share of Indian-built ships from **5% to 69%**.



Source: PIB, Choice Institutional Equities

## 2.6 Relative Analysis

Company	Revenue							CAGR	
	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E	FY23-25	FY26E-29E
MAZDOCKS	78,272	94,666	1,14,319	1,30,063	1,49,573	1,73,504	2,03,000	20.9%	16.0%
GRSE	25,611	35,926	50,757	70,022	87,527	1,05,032	1,26,039	40.8%	21.6%
COCHIN	23,646	38,305	48,200	50,219	60,011	72,014	86,416	42.8%	19.8%

Company	EBITDA							CAGR	
	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E	FY23-25	FY26E-29E
MAZDOCKS	7,978	14,116	20,894	22,656	26,624	31,751	37,758	61.8%	18.6%
GRSE	1,490	2,341	4,213	7,953	10,095	12,219	14,789	68.1%	23.0%
COCHIN	2,535	8,686	8,779	8,114	10,562	12,890	15,728	86.1%	24.7%

Company	EBITDA Margin (%)						
	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
MAZDOCKS	10.2	14.9	18.3	17.4	17.8	18.3	18.6
GRSE	5.8	6.5	8.3	11.4	11.5	11.6	11.7
COCHIN	10.7	22.7	18.2	16.2	17.6	17.9	18.2

Company	PAT							CAGR	
	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E	FY23-25	FY26E-29E
MAZDOCKS	11,190	19,370	24,135	25,784	30,098	35,595	42,004	46.9%	17.7%
GRSE	2,281	3,573	5,274	7,479	9,459	11,462	13,914	52.0%	23.0%
COCHIN	3,047	7,833	8,273	7,167	9,378	11,619	14,466	64.8%	26.4%

Company	PAT Margin (%)						
	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
MAZDOCKS	14.3	20.5	21.1	19.8	20.1	20.5	20.7
GRSE	8.9	9.9	10.4	10.7	10.8	10.9	11.0
COCHIN	12.9	20.4	17.2	14.3	15.6	16.1	16.7

Company	ROE (%)						
	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
MAZDOCKS	26.0	35.2	34.0	28.8	27.2	26.5	25.9
GRSE	17.1	23.1	28.1	31.8	32.0	31.1	30.4
COCHIN	6.9	16.6	15.6	12.5	15.1	16.7	18.3

Company	ROCE (%)						
	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
MAZDOCKS	26.5	35.6	34.7	28.5	27.4	27.3	27.1
GRSE	20.3	27.4	32.4	36.8	35.9	34.7	33.7
COCHIN	8.0	20.0	19.0	16.7	18.9	20.6	22.5

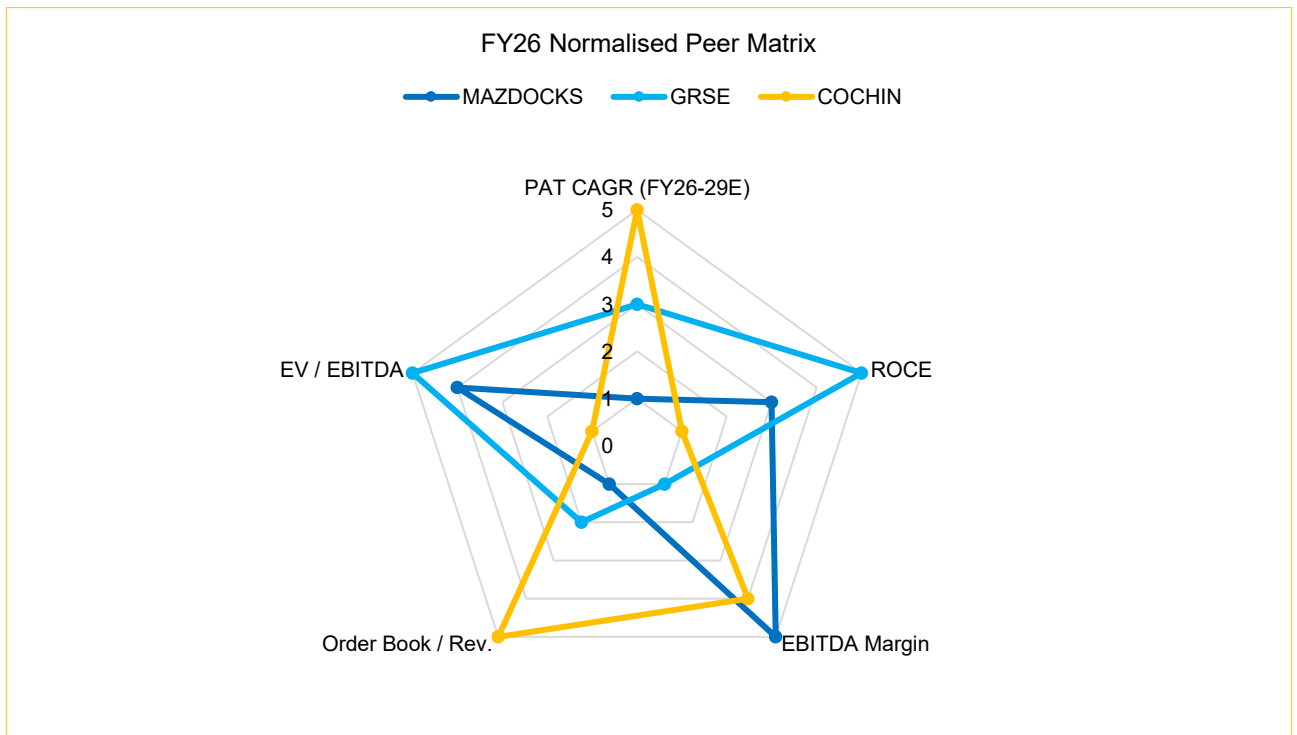
Financial Metrics	MAZDOCKS	GRSE	COCHIN
Order Book (INR Mn)	2,05,350	1,53,241	~1,90,577
Order Book / Rev.	1.6	2.2	3.8
Market Cap (INR Bn)	977	305	379
P/E	37.8	40.7	52.8
P/BV	48.9	11.6	6.4
EV/EBITDA	37.6	34.1	45.8
Debt/Equity	0.0	0.0	0.3
Fixed Asset Turnover (x)	6.7	12.3	1.4
Defence vs. Non-Defence OB (%)	78% / 22%	77% / 23%	~72% / 28%
Ship Repair % of Total Revenue	~5%	< 5%	30%
Export Orders as % of Order Book	~4%	~9%	~20%
Defence vs. Non-Defence OB (%)	78% / 22%	77% / 23%	~72% / 28%
Ship Repair % of Total Revenue	~5%	< 3%	30%
Export Orders as % of Order Book	~4%	~9%	~20%

Note: FY26 numbers

Source: Choice Institutional Equities

2.6 Relative Analysis

Core Competency & Moat	MAZDOCKS	GRSE	COCHIN
<b>Primary Vessel Class</b>	<b>Destroyers &amp; Submarines</b> (Project 15B, Project 75I)	<b>Frigates &amp; Corvettes</b> (Project 17A, ASW Corvettes)	<b>Offshore &amp; Commercial</b> (SOVs, NGAV, Dredgers)
<b>Key Competitive Advantage</b>	<b>Sole Supplier Status</b> The Indian Navy <b>must</b> use MAZDOCKS for strategic deterrence assets. No domestic alternative exists.	<b>Execution Velocity</b> Proven ability to deliver standardised warships ahead of schedule (driving a high fixed asset turnover).	<b>Aftermarket Monopoly</b> Dominates the high-margin ship repair and life-extension market for both commercial and naval fleets.
<b>Primary Risk Factor</b>	<b>Execution / Tech Transfer.</b> Delays in foreign OEM tech transfers (e.g., submarine engines) can stall projects.	<b>Margin</b> High-volume, standardised builds limit pricing power, keeping EBITDA margins structurally lower.	<b>Cyclicality</b> Highly exposed to global offshore oil & gas capex cycles and commercial shipping freight rates.



Note: Min-Max normalised FY26 metrics (1-5); higher score = better; EV/EBITDA inverted

Source: Choice Institutional Equities

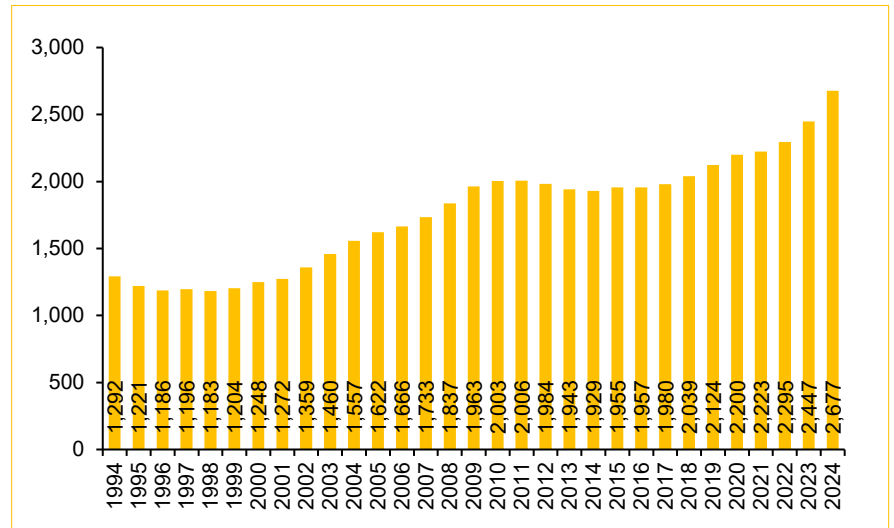
# Industry Analysis

Mapping the Board: Industry Structure & Strategic Positioning



**World military expenditure is on a growing trend (USD Bn)**

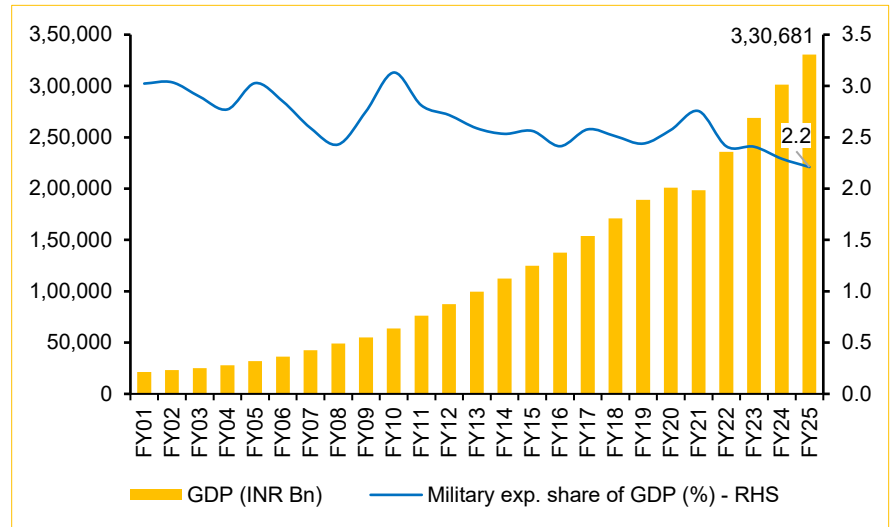
- Global military expenditure increased 107% from USD 1,292 Bn in 1994 to USD 2,677 Bn in 2024 (at constant 2023 prices)
- The 2024 figure represents a USD 229 Bn YoY increase, the largest absolute gain in the period
- Current spending stands at 2.2 times the 1998 trough level of USD 1,183Bn.



Note: Numbers in constant 2023 prices and exchange rates Source: SIPRI, Choice Institutional Equities

**Stable Defence Share as a % of GDP**

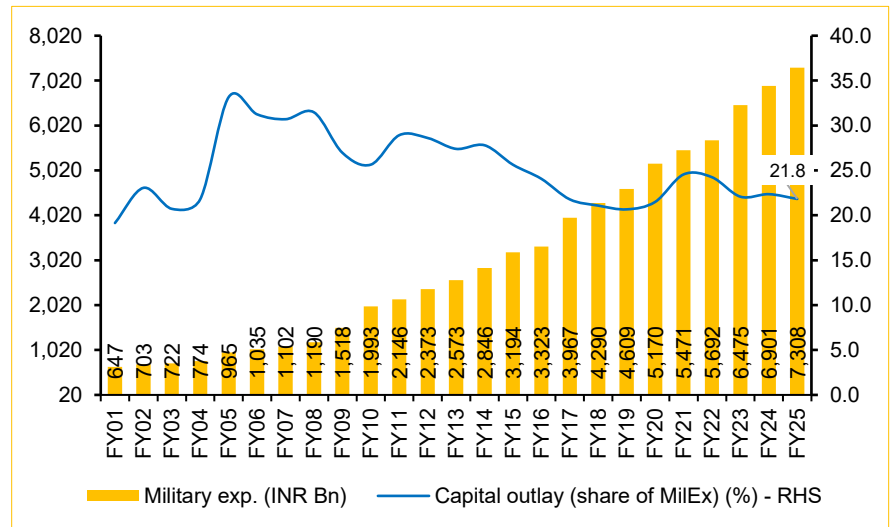
- India's GDP expanded from INR 21,399Bn in FY01 to INR 330,681Bn in FY25, representing a 15.5x nominal increase over the period.
- Military expenditure as a percentage of GDP declined systematically from 3.0% in FY01-FY02 to 2.2% in FY25, reaching its lowest level



Source: SIPRI, RBI, Choice Institutional Equities

**Sustained MilEx Growth with Stable Capital Outlay Share**

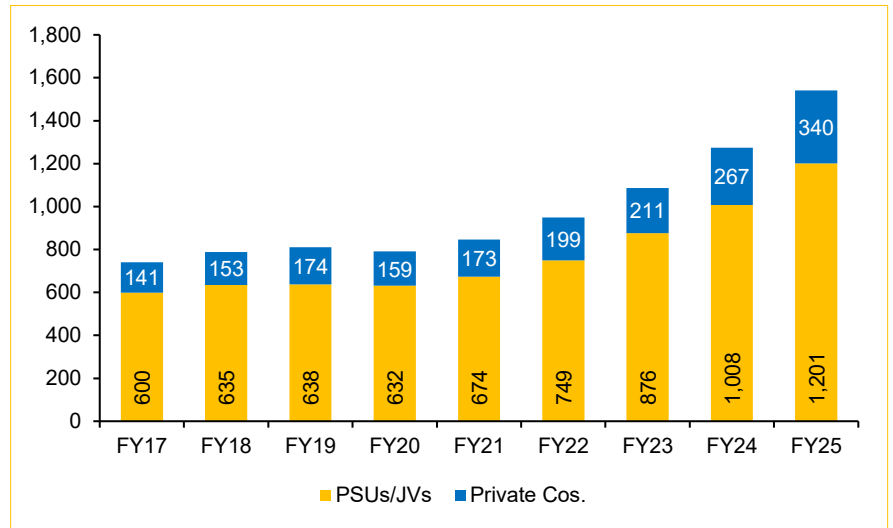
- India's military expenditure increased 11.3x from INR 647Bn in FY01 to INR 7,308 Bn in FY25, representing a CAGR of 10.6%
- Capital outlay as a proportion of total military expenditure exhibited a decline from 33% in FY05 to ~22% in FY25



Source: SIPRI, RBI, Choice Institutional Equities

**Defence Production Compounds at Scale (INR Bn)**

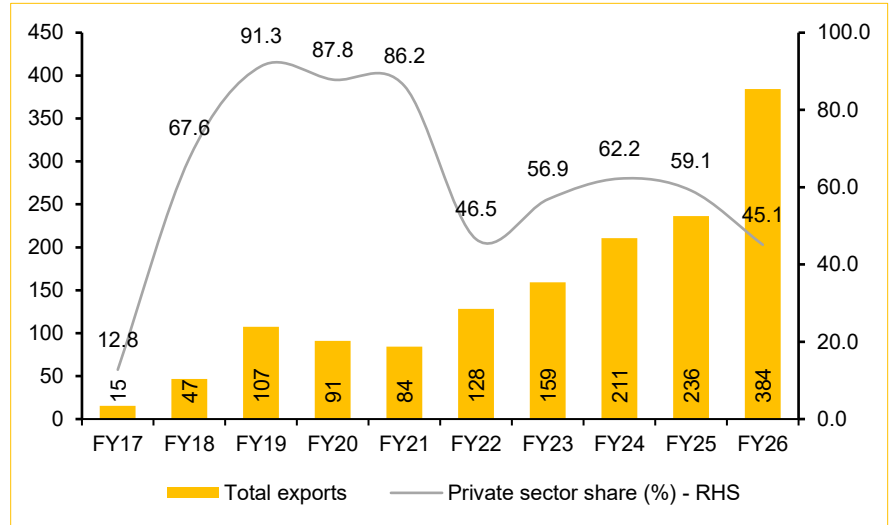
- The **defence production** has risen steadily over the last five years. It grew at a **CAGR of ~14%** over FY20–25
- **Private sector** companies contributed ~22% to the total defence production of FY25
- The **total production** of FY25 stood at **INR 1,541 Bn** and the government has targeted a production of **INR 3,000 Bn by 2029**, implying a CAGR of 18–19% over FY25–29



Source: MoD, Choice Institutional Equities

**Defence Exports Surge to Record Highs (INR Bn)**

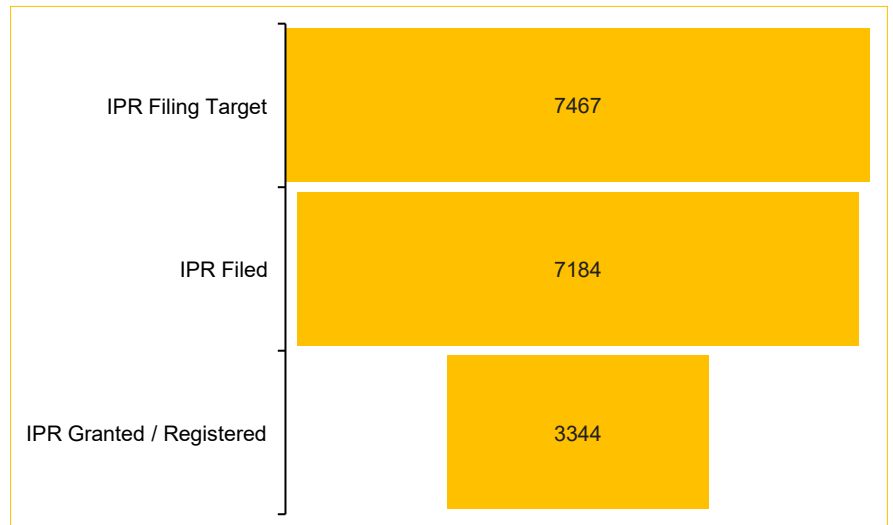
- **Defence exports** have increased at an exponential pace rising at a **CAGR of 35.4%** over FY21–26
- The government has set a target of **INR 500 Bn of defence exports** for the year 2029, implying a CAGR of 9.2% over FY26–29



Source: MoD, Choice Institutional Equities

**Defence Innovation Boost through Mission Raksha Gyan Shakti**

- Launched in April 2018 for creation and management of intellectual property rights (IPR) of DPSUs, **Mission Raksha Gyan Shakti** has led to filing of **7,184 IPR** till FY26-end



Note: Data till March 2026

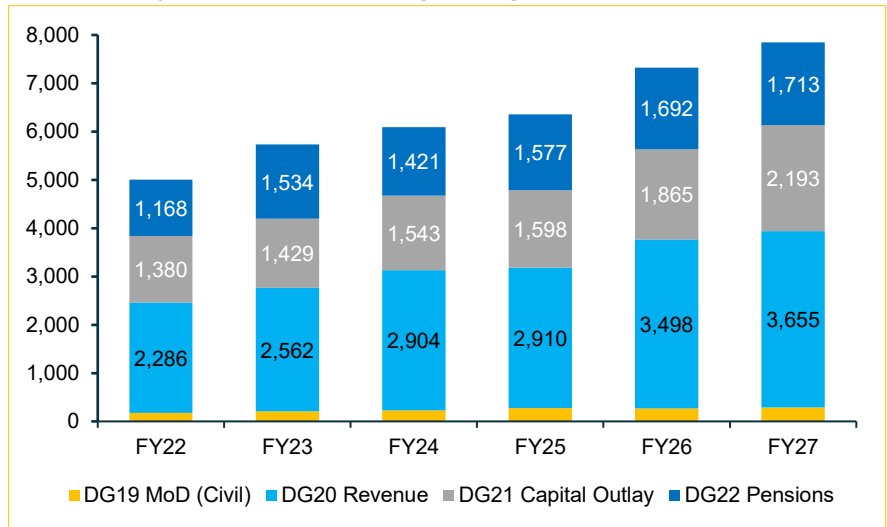
Source: MoD, Choice Institutional Equities

- The **defence budget appropriations expanded 56.7%** from INR 5,007 Bn in FY22 to INR 7,847 Bn in FY27BE
- **Capital outlay** demonstrated a strong growth trajectory at **59%** growth (INR 1,380 Bn in FY22 to INR 2,193 Bn in FY27BE)
- **Revenue expenditure** rose **60%** to INR 3,655 Bn, while pensions grew 46.7% to INR 1,713 Bn
- **Stronger focus on operations and modernisation** over legacy obligations
- Capital outlay's share (DG21) rebounded to 27.9% in FY27BE – its highest level in six years

- The Air Force received the most substantial expansion at **11.6% CAGR** (INR 876 Bn to INR 1,520 Bn)
- Followed by the **Navy at 11.2% CAGR** (INR 689 Bn to INR 1,169 Bn)
- While Army allocations grew a more modest 9.3% CAGR (INR 1,822 Bn to INR 2,836 Bn)

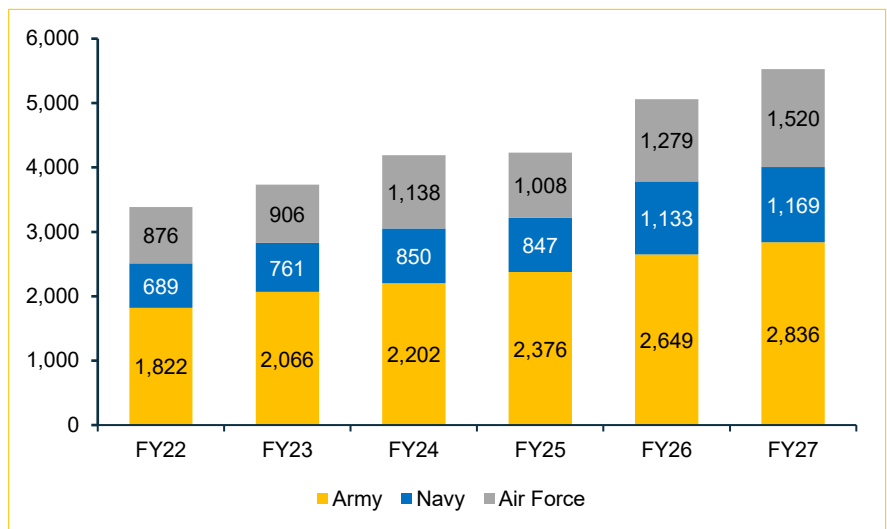
- India's defence **capital outlay** expanded **59%** from INR 1,380 Bn in FY22 to INR 2,193 Bn in FY27BE
- **R&D expenditure** increased by **68%** to INR 173 Bn over the same period
- The **R&D share** of capital outlay has demonstrated a sustained recovery trajectory, rising to 8.8% in FY25 before moderating at **~8%**
- Structural improvement in R&D intensity signals commitment to **indigenous defence technology development**

**Capital Outlay Accelerates, Affirming Strategic Intent (INR Bn)**



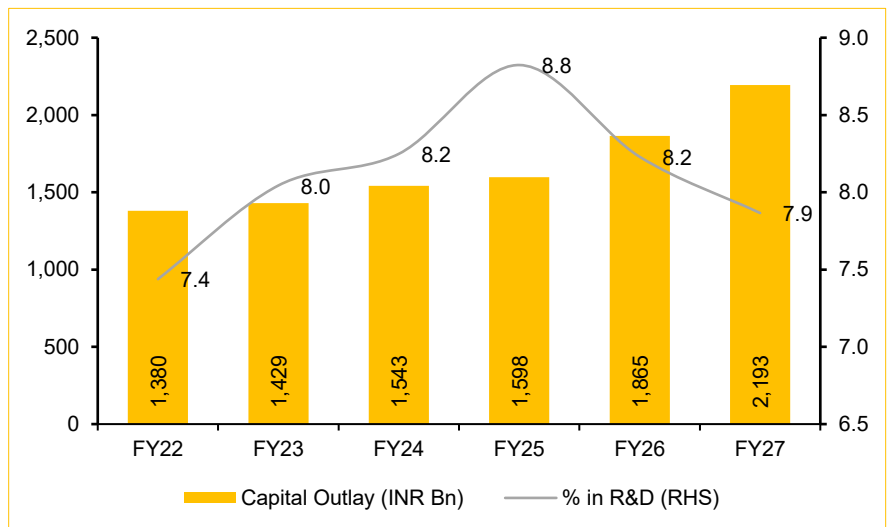
Source: MoD, MoF, Choice Institutional Equities

**All Three Services Record Capital Growth, Led by Navy and Air Force (INR Bn)**



Source: MoD, Choice Institutional Equities

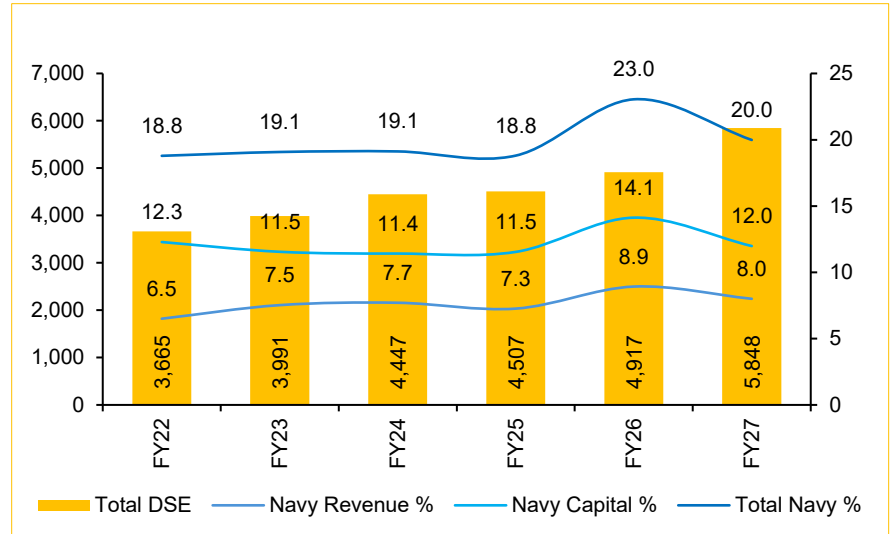
**Rising Capital Outlay; Consistent Spend on R&D (INR Bn)**



Source: MoF, Choice Institutional Equities

Note: FY26 nos. are revised estimates and FY27 nos. are budgeted estimates

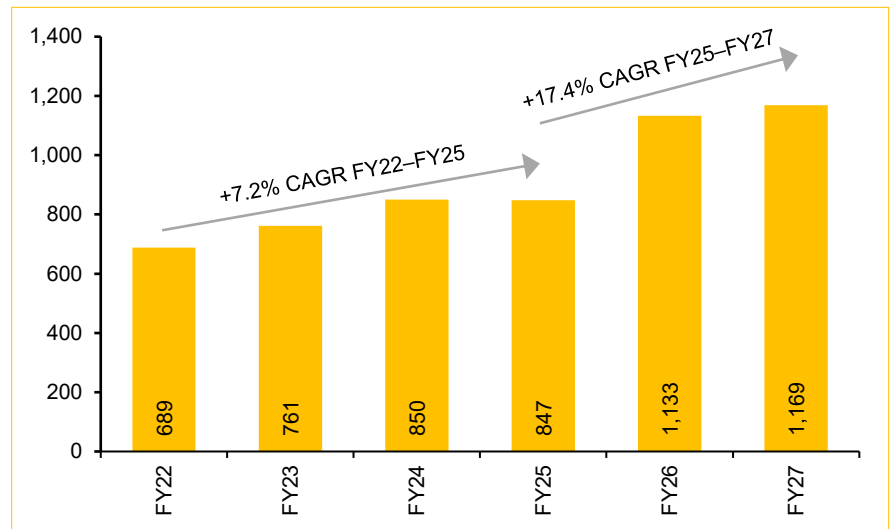
**Navy Commands ~20% of Total Defence Service Estimates (DSE) (INR Bn)**



Source: MoD, Choice Institutional Equities

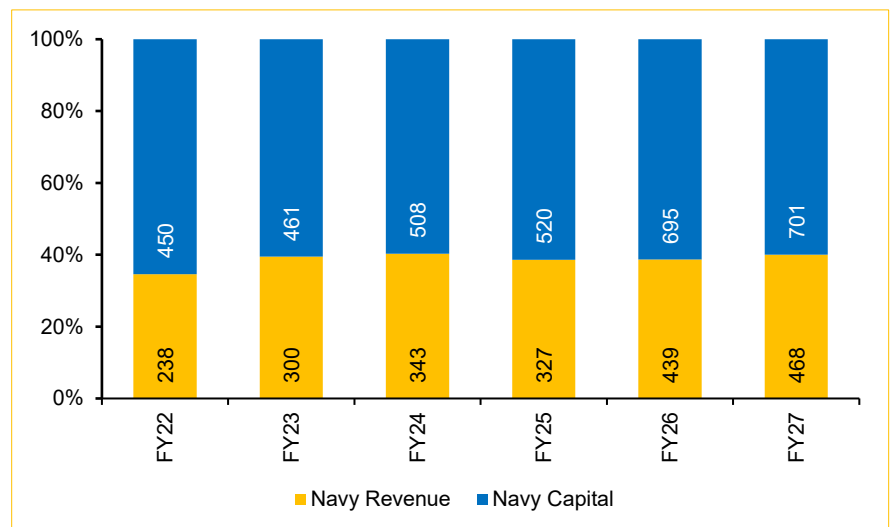
- The Indian **Navy** budget allocation for FY 2026-27 totals **INR 1,169 Bn**, with **capital allocation of INR 701 Bn**
- This represents a **CAGR of 11.2%** over FY22–FY27 and positions the Navy at **20.0%** of total Defence Services Estimates

**Steady Climb in Indian Navy Allocation (INR Bn)**



Source: MoD, Choice Institutional Equities

**CapEx Commands 60% of the Navy Allocation (INR Bn)**



**Navy capital allocation** demonstrated consistent expansion from INR 450 Bn in FY22 to INR 701 Bn in FY27BE, representing a **CAGR of 9.2%**

Note: FY26 nos. are revised estimates and FY27 nos. are budgeted estimates

Source: MoD, Choice Institutional Equities

Initiating Coverage

**Choice**  
Institutional Equities

# Mazagon Docks Shipbuilders Ltd. (MAZDOCKS)

*The Queen: India's Most Powerful Naval Piece*

JUNE 08, 2026

[institutional.equities@choiceindia.com](mailto:institutional.equities@choiceindia.com)

## Mazagon Dock Shipbuilders Ltd. (MAZDOCKS)

June 08, 2026 | CMP: INR 2,423 | Target Price: INR 3,100

Expected Share Price Return: 27.9 % | Dividend Yield: 0.7 % | Expected Total Return: 28.7 %

Sector View: Positive

BUY



Incorporated in 1934 as a private company, MAZDOCKS is a premier Indian defence shipyard under the Ministry of Defence. It has major facilities at Mumbai and Nhava, wherein the company designs, builds, repairs and upgrades warships and submarines.

## Company Information

BB Code	MAZDOCKS IN EQUITY
ISIN	INE249Z01020
Face Value (INR)	5.0
52-week High (INR)	3,548
52-week Low (INR)	2,057
Mkt Cap (INR Bn)	978
Mkt Cap (USD Bn)	10.3
Shares Out. (Mn)	403.4
Free Float (%)	18.8
FY28E EPS (INR)	88.2

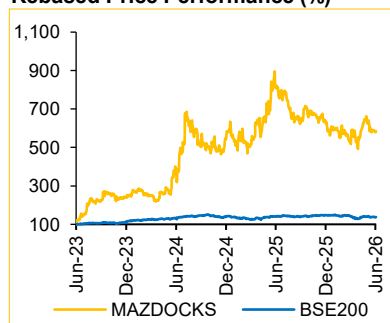
## Shareholding Pattern (%)

	Mar-26	Dec-25	Sep-25
Promoters	81.22	81.22	81.22
FIIIs	1.73	1.80	1.97
DIIIs	5.09	5.37	5.65
Public	11.95	11.62	11.15

## Relative Performance (%)

YTD	1 Yr	2 Yr	3 Yr
BSE 200	(2.9)	4.9	36.7
MAZDOCKS	(28.7)	74.8	395.7

## Rebased Price Performance (%)



## Investor Questions

## Bull / Bear Case

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## INR 1 Tn: 4x Order Book Expansion Secures Decadal Visibility

We believe that MAZDOCKS is entering a structural upcycle anchored by India's naval expansion and a visible pathway to an **INR-1 Tn order book by FY27E**. Starting from a strong base of **~INR 205 Bn (1.6x book-to-bill)**, the backlog is set to compound through high-probability awards, led by the **P-75I** submarine programme (**~INR 700 Bn**), alongside upcoming Project 17B frigates and next-generation destroyers. Incremental diversification via ONGC orders and early export opportunities further de-risks execution with a clear path to sustained value creation over the **next 5-7 years**.

## INR-200 Bn Capex to Command India's Naval Future

MAZDOCKS is entering into a **transformative, capacity-led phase**, backed by **~INR 65-70 Bn capex over 3-5 years and ~INR 200 Bn long-term**. In the medium-term, it aims to double the deadweight capacity, while the 37-acre Nhava Yard enables next-generation aircraft carriers and large commercial vessels. Mumbai yard upgrades, including P-75(I) infrastructure, enhance submarine throughput and support air-independent propulsion (AIP) submarines. The greenfield Tuticorin yard expands into VLCC-class shipbuilding. Collectively, these initiatives strengthen diversification, multi-year visibility and operational flexibility, positioning it as a **low-risk, multi-decade beneficiary of India's naval modernisation**.

## Commercial Shipbuilding Optionality in a USD-231 Bn TAM by 2035

We believe India's participation in global commercial shipbuilding is structurally misaligned with its trade footprint. Despite handling **~95%** of 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 demand or capability constraint. This imbalance heightens freight-cost volatility and supply-chain risk, reinforcing the strategic case for domestic capacity creation. With the global shipbuilding **TAM expanding from USD 164 Bn in 2026 to USD 231 Bn by 2035**, our **scenario analysis** indicates that raising India's share to **3%, 5% or 10%** can unlock incremental revenue **opportunities of ~INR 120 Bn, ~INR 200 Bn and ~INR 450 Bn**, respectively, for the company. We see MAZDOCKS as the best-positioned beneficiary, enabling commercial shipbuilding to emerge as a durable second growth engine alongside defence.

## Investment View

We initiate coverage on MAZAGON, a leader in India's defence shipbuilding with strong execution in complex platforms, particularly submarines, supported by a robust **order book stands at INR 205 Bn (~1.6x FY26 rev.)**, providing healthy revenue visibility. We expect the company to deliver **Revenue /EBITDA/PAT CAGR of 16.0%/18.6%/17.7%** over **FY26-29E**, driven by steady execution, operating leverage and improving mix. We **assign a 'BUY' rating with a target price of INR 3,100**, implying **28.7% upside**. Our valuation is based on **35x PE on FY28E EPS of INR 88.2**, implying a **PEG ratio of 2.2**. We have used DCF for sanity check, which implies fair value of INR 3,090.

**Key Risk:** Heavy reliance on large programs and MoD ordering cycles makes growth and earnings sensitive to project timing and execution milestones.

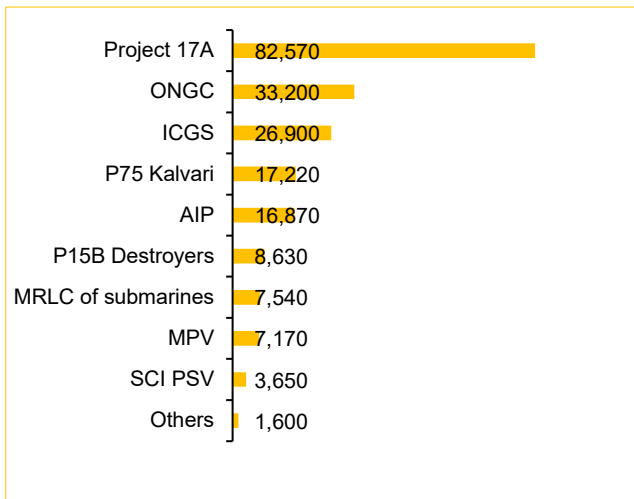
**Upcoming Trigger:** Order pipeline **P-75I (INR 700Bn) & P-15B (INR 800Bn)**

## Key Financials (INR Mn)

Particulars	FY25	FY26	FY27E	FY28E	FY29E
Revenue	1,14,319	1,30,063	1,49,573	1,73,504	2,03,000
YoY Growth (%)	20.8	13.8	15.0	16.0	17.0
<b>EBITDA</b>	<b>20,894</b>	<b>22,656</b>	<b>26,624</b>	<b>31,751</b>	<b>37,758</b>
EBITDA Margin (%)	18.3	17.4	17.8	18.3	18.6
PAT	24,135	25,784	30,098	35,595	42,004
<b>EPS (INR)</b>	<b>59.8</b>	<b>64.0</b>	<b>74.6</b>	<b>88.2</b>	<b>104.1</b>
ROE (%)	34.0	28.8	27.2	26.5	25.9
ROCE (%)	34.7	28.5	27.4	27.3	27.1
P/E (x)	40.5	37.8	32.5	27.5	23.3
EV/Sales (x)	7.1	6.5	5.6	4.8	4.1
EV/EBITDA (x)	39.1	37.6	31.3	26.0	21.9

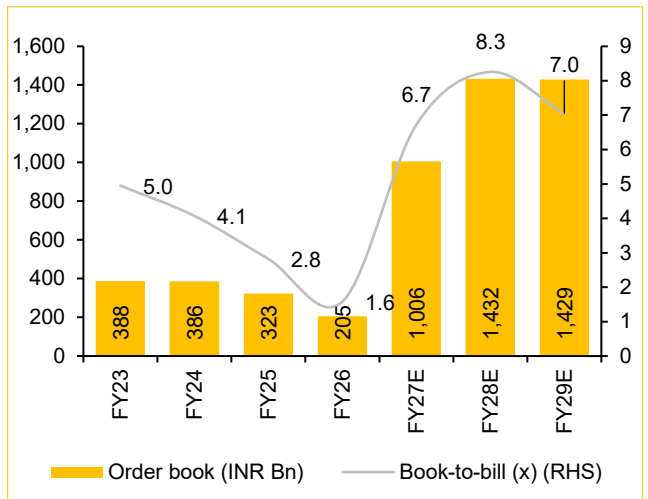
Investment thesis in charts

Order Book Composition as on 31 Mar, 2026 (INR Mn)



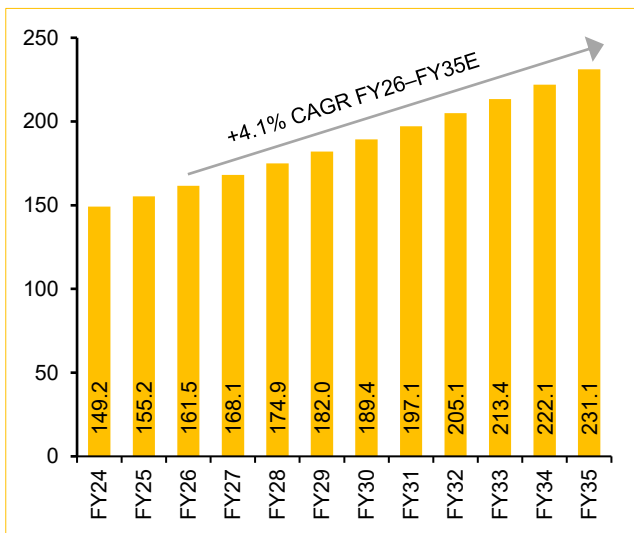
Source: MAZDOCKS, Choice Institutional Equities

Order book vs Book-to-bill (x)



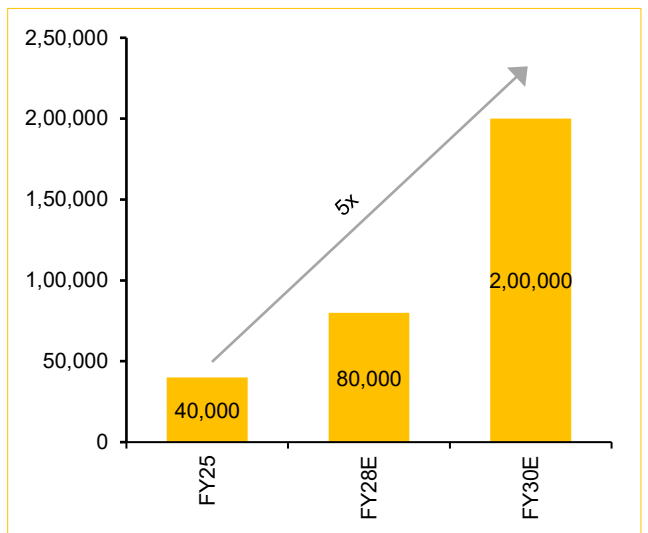
Source: MAZDOCKS, Choice Institutional Equities

Naval Shipbuilding Opportunity (USD Bn)



Source: Spherical, Choice Institutional Equities

Single-vessel Handling Capacity (DWT)



Source: MAZDOCKS, Choice Institutional Equities

Scenario Analysis Table

Metric	Current @2026	India @ 3% Share	India @ 5% Share	India @ 10% Share
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
Incremental Market vs Today (USD Bn)	—	~3.0	~6.0	~15.0
MAZDOCKS' Share (20-30%)	—	~0.9-1.4	~1.8-2.3	~3.3-5.0
<b>Incremental Revenue (INR Bn)</b>	—	<b>~81-126</b>	<b>~162-207</b>	<b>~297-450</b>

Source: Choice Institutional Equities

**Report Structure**

Sr. No.	Particulars	Page No.
1 Investment Thesis	<a href="#">1. INR 1 Tn: 4x Order Book Expansion Secures Decadal Visibility</a> 1.1 Revenue Visibility, Cash Flow Stability & Forecastability 1.2 Order Book vs Revenue Visibility (FY23–FY29E) 1.3 Order Book Visibility: INR 1,000 Bn Target by FY27E	32
	<a href="#">2. INR-200 Bn Capex to Command India's Naval Future</a> 2.1 Strong capex for future-ready programmes 2.2 Capacity Expansion by 5x to 200,000 DWT in the medium-term 2.3 Alignment with Maritime India Vision 2030	36
	<a href="#">3. Commercial Shipbuilding Optionality in a USD-231 Bn TAM by 2035</a> 3.1 India's Shipbuilding Footprint and Industry Dynamics <a href="#">3.2 Case Study-3 — Scenario Analysis Table</a> 3.3 Shipbuilding Market Size & Statistics 3.4 Strategic IOR Expansion: CDPLC Acquisition 3.5 Strategic Value Beyond Numbers	38
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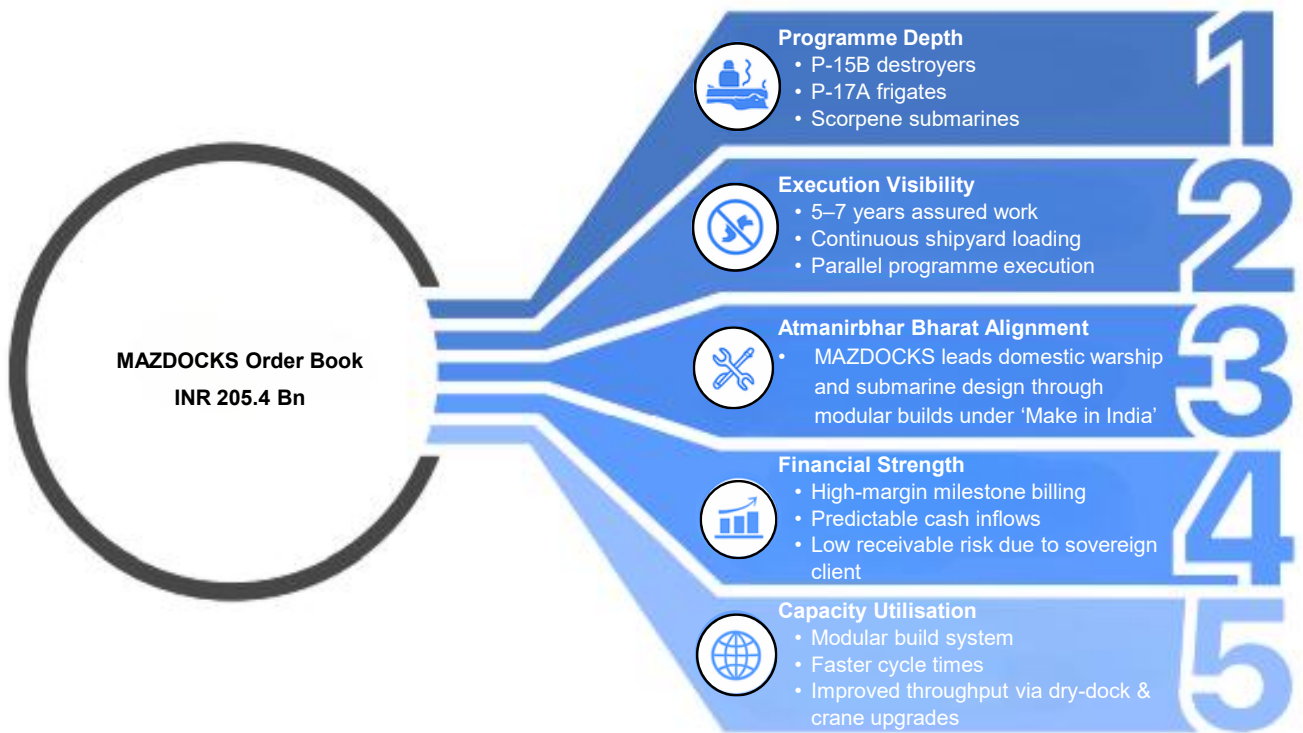


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**1. INR 1 Tn: 4x Order Book Expansion Secures Decadal Visibility**

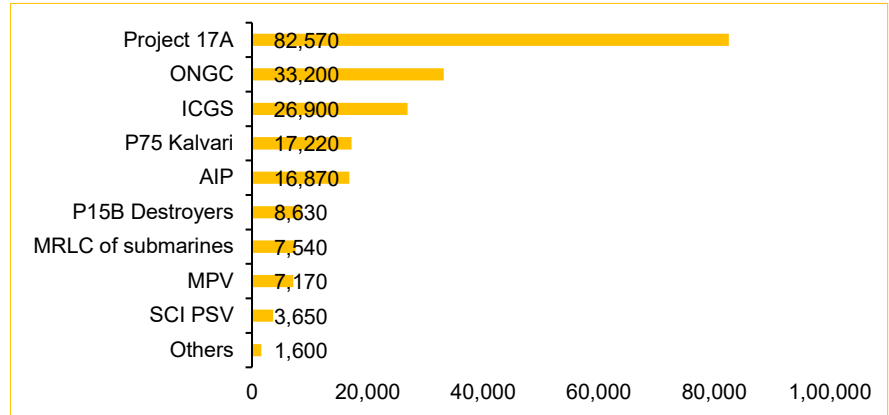
- We believe MAZDOCKS is exceptionally well-positioned to benefit from the long-term opportunities arising from India’s multi-decade naval expansion. Its **robust order book of ~INR 205 Bn**, which translates to a **1.6x book-to-bill ratio**, provides a combination of **multi-year revenue visibility and coordinated execution across destroyers, frigates and submarines**. This backlog not only secures near-term operations but, in our view, will continue to **compound through FY30**, providing a solid foundation for **future earnings growth**. This makes MAZDOCKS the **most dependable beneficiary of India’s naval modernisation agenda**, a rare position in an industry often subject to tendering uncertainty.
- Looking ahead, we find the company’s ambition to achieve an **order book of INR 1,000 Bn (~USD 11 Bn) by FY27E** both, credible and well-supported. Our analysis suggests that this growth trajectory is anchored in the near-finalisation of the **P-75I submarine deal with TKMS (~INR 700 Bn)**, which would secure a critical share of India’s submarine modernisation efforts. Simultaneously, anticipated **RFPs for Project 17B frigates and a new class of destroyers (collectively INR 1,200–1,400 Bn)** are likely to provide the company with another wave of high-value, high-visibility contracts. Beyond domestic defence programmes, our research indicates that **commercial diversification through ONGC orders (~INR 65 Bn) and emerging export opportunities** could meaningfully broaden MAZDOCKS’ revenue streams and reduce reliance on government procurement cycles.
- We believe this blend of **secured domestic backlog, high-probability near-term awards and international opportunities** makes MAZDOCKS a **visible, low-risk play on India’s naval expansion**, with a strong runway for value-creation in the next 5–7 years.



**1.1 Revenue Visibility, Cash Flow Stability & Forecastability**

**MAZDOCKS Order Book Composition, by Project (at 31 Mar. 2026) (INR Mn)**

*Dominated by high-value projects, such as P-17A frigates and ONGC projects*

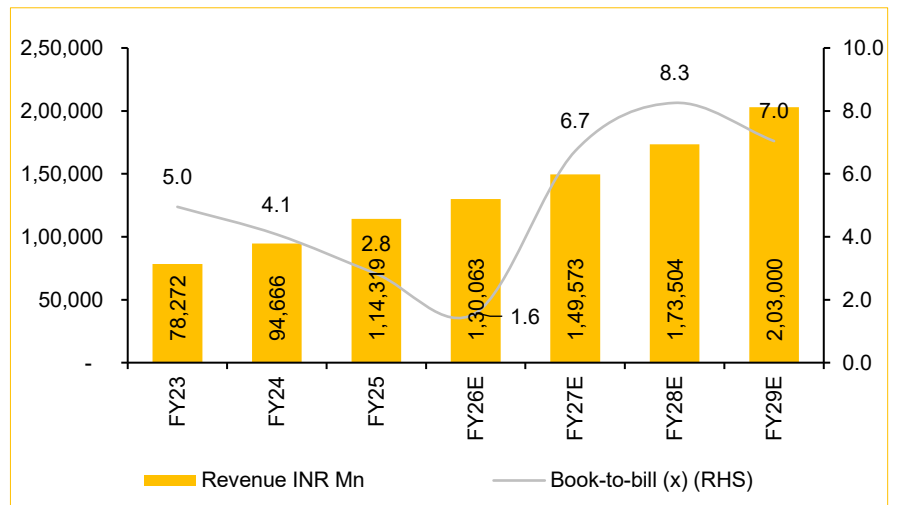


Source: MAZDOCKS, Choice Institutional Equities

*MAZDOCKS' INR 205.4 Bn backlog covers approx. 1.6 years of its FY26 revenue*

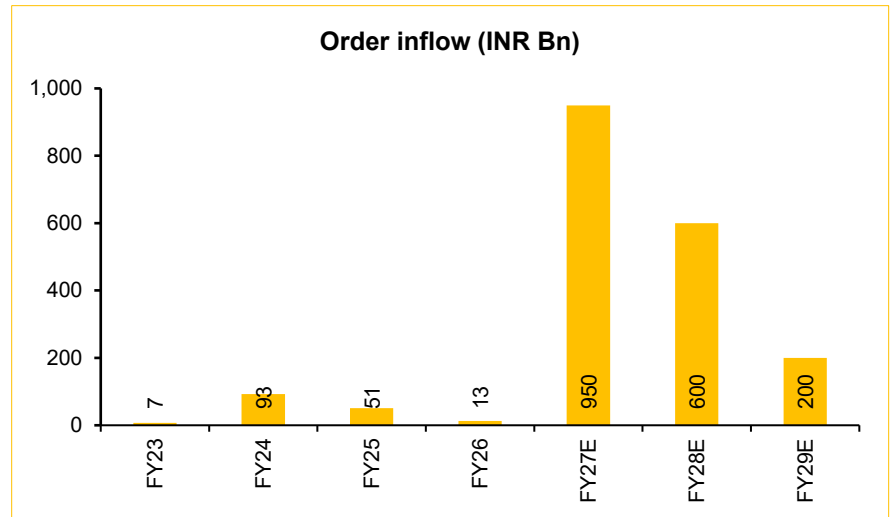
- The company's existing order book stands at **1.6x book-to-bill** ratio, which gives us clarity for financial forecasting
- Advance payments and milestone billing generate strong operational cash flow
- MAZDOCKS' **zero-debt** balance sheet and **high-cash** position means it can fund its expansion internally
- Receivable risk is close to zero because orders are sovereign
- We assume that the company will **convert 90–95% of the current order book in the next few years**, supporting PAT compounding without volatility
- Globally, few naval shipyards enjoy this level of **predictability**

**1.2 Order Book vs Revenue Visibility (FY23–FY29E)**



Source: MAZDOCKS, Choice Institutional Equities

## 1.3 Order Book Visibility: INR 1,000 Bn Target by FY27E



Source: MAZDOCKS, Choice Institutional Equities

While the existing order book stands at **INR 205.4 Bn**, management has guided for an **INR 1,000 Bn (~USD 11 Bn)** target by FY27E. This is backed by:

- MAZDOCKS' zero-debt balance sheet and high cash position, which means it can self-fund all expansion
- **P-75I Submarine Project: ~INR 700 Bn (~USD 8 Bn)** Indo-German submarine deal with TKMS nearing finalisation
- **Surface Combatants:** Expected RFPs for **Project 17B Frigates (INR 500–600 Bn)** and a new class of **Destroyers (INR 700–800 Bn)**
- **Commercial Diversification:** Secured offshore orders from ONGC (**INR 65 Bn**) and MAZDOCKS' focus on export markets

*Order book expected to quadruple by FY27-end*

## Potential Opportunity over Near-to-Medium Term

Project Name	Quantity	Estimated Value	Current Status / Timeline
Project-75 (I) Submarines	6 Submarines	~INR 700 Bn	Contract signing expected in early-FY27.
Project-17 Bravo (Next Gen Frigates)	8 Ships	~INR 700 Bn	RFP expected in the near-term; order may be split with GRSE (potential for 4 ships for MAZDOCKS).
P-75 Additional Submarines (Scorpene)	3 Submarines	~INR 350 Bn	Commercial negotiations completed; currently at the government sanction stage.
Platform Docks (LPD)	4 Ships	~INR 350 Bn	AoN Cleared (Oct 2025). RFP expected to be issued by mid-2026. MoU signed with Swan Defence for use of their infrastructure for LPD.
Next-Gen Destroyers (Project 18)	8 ships	~INR 800 Bn	AoN expected by mid-2026 (first phase likely to cover 5 units).
Mine Counter Measure Vessels (MCMV)	12 Ships	~INR 440 Bn	AoN cleared in July 2025. Likely to be split between the L1 and L2 bidding shipyards in an 8:4 ratio. Goa Shipyard frontrunner; MAZDOCKS may compete for L2
Offshore / ONGC Projects	Multiple Platforms	~INR 70 Bn	Currently under execution (including PRP and DSF II projects).
Commercial Multipurpose Vessels	Multiple Platforms	~INR 10 Bn	Orders for export (e.g., Denmark client) and domestic PSUs.
<b>Total</b>		<b>~INR 3.4 Tn</b>	

Source: Choice Institutional Equities

## 2. INR-200 Bn Capex to Command India's Naval Future

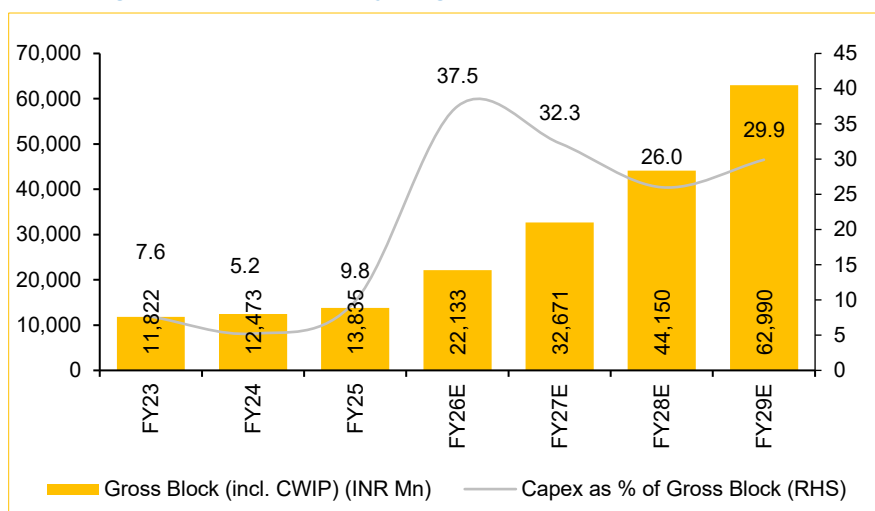
- We believe MAZDOCKS is entering a **transformative, capacity-led phase**, underpinned by a robust capex programme of INR 65–70 Bn in the next 3–5 years and ~INR 200 Bn in the long term. This investment will lead to **doubling of medium-term deadweight capacity**, from 40,000 DWT to 80,000 DWT and position MAZDOCKS to construct next-generation aircraft carriers and large commercial vessels at the integrated 37-acre Nhava Yard, which can ultimately handle **~200,000 DWT**. The expansion provides multi-year production visibility, operational flexibility and diversification in defence and heavy shipbuilding segments
- The **Mumbai yard**, historically constrained by space, is being modernised through capex, enabling **faster submarine build cycles and higher throughput**, including Air-Independent Propulsion (AIP) submarines. Simultaneously, the **greenfield Tuticorin yard** represents a strategic entry into large-scale commercial shipbuilding, with Phase-1 investment of INR 50 Bn supporting construction of vessels up to **300,000 DWT**, including VLCCs. **Collectively, these initiatives position MAZDOCKS as a visible, low-risk beneficiary of India's naval modernisation, supporting the management's INR 1,000 Bn order book target by FY27 and creating a multi-decade growth runway**

Project	Amount of Capex
Tuticorin shipyard	INR 150–180 Bn
Nhava Yard and South Yard Annex	INR 10 Bn
Infrastructure for P-75I project	INR 10 Bn

Source: MAZDOCKS, Choice Institutional Equities

### 2.1 Strong capex for future-ready programmes

The company is projected to double the fixed asset base over the next 2–3 years



Source: MAZDOCKS, Choice Institutional Equities

In our view, MAZDOCKS' status as India's only proven submarine builder forms the structural base of its long-term competitive moat

- The company's gross block is expected to more than triple from INR 13,835 Mn in FY25 to ~INR 44,150 Mn in FY28E
- The relatively modest capex intensity of 5.2% in FY24 and 9.8% in FY25 reflects completion of prior capital programmes and preparation for the subsequent investment cycle
- This elevated capex-to-gross-block ratio during FY26–FY29E, averaging ~31% highlights the company's **significant capacity expansion and modernisation initiatives in response to increased order book visibility** in India's defence shipbuilding sector

## 2.2 Capacity Expansion by 5x to 200,000 DWT in the medium-term

**CAPEX Overview:** MAZDOCKS has allocated INR 65–70 Bn for strategic capital expenditure in the medium term, with long-term infrastructure investments potentially reaching INR 200 Bn (USD 2.2 Bn).

### Major Expansion Initiatives

Site / Project	Current Status	Capacity After CAPEX
Mumbai Yard (Main)	~40,000 DWT	~80,000 DWT (via land reclamation & new dry docks)
Nhava Yard (New)	Land Acquired (37 Acres)	Scaled to 200,000 DWT
Tuticorin (Greenfield)	Phase 1 (INR 50 Bn)	300,000 DWT (Capable of building the world's largest ships)

Source: MAZDOCKS, Choice Institutional Equities

Major capex plans over the next few years will place the company among some of the top shipbuilders globally

### Capacity Transformation:

- Aggregate capacity expansion **from 40,000 DWT to 200,000+ DWT** represents a **five-fold increase**
- Positions MAZDOCKS to pursue commercial shipbuilding contracts previously beyond technical capability
- Enables construction of next-generation naval platforms including Platform Docks (LPDs) and aircraft carrier support vessels

Five-fold capacity expansion from 40,000 DWT to 200,000+ DWT

## 2.3 Alignment with Maritime India Vision 2030

The capacity expansion directly supports government objectives under Maritime India Vision 2030

- Diversification beyond naval combatants:** Entry into large cargo vessels and tanker construction
- Commercial shipbuilding penetration:** Capability to bid for VLCCs (Very Large Crude Carriers) and Capesize bulk carriers
- Next-generation naval requirements:** Infrastructure to support **100,000+ DWT** naval platforms including future LPDs and amphibious warfare vessels
- Market Positioning Impact:** The transition from specialised naval contractor (40,000 DWT ceiling) to diversified maritime manufacturer (300,000 DWT capacity) removes the company's primary infrastructure constraint and enables participation in the global commercial shipbuilding market

Capacity expansion enables diversification into large commercial and next-gen naval vessels

### 3. Commercial Shipbuilding Optionality in a USD-231 Bn TAM by 2035

- We believe that India's presence in global commercial shipbuilding is structurally misaligned with its role in global trade. Despite handling ~95% of its merchandise trade by volume, operating a ~7,500 km coastline and being a major consumer of global shipping services, India accounts for **less than 1% of global cargo vessel ownership**. In our view, this **gap reflects structural underinvestment** and long-standing dependence on foreign-owned fleets, rather than a lack of domestic demand or capability. **Our research suggests this imbalance creates potential geopolitical and supply-chain risks**, particularly during periods of trade disruption or regional conflict, strengthening the strategic case for domestic capacity creation
- In our assessment, the opportunity is underappreciated. As of early 2026, the **global shipbuilding TAM is estimated at USD 164 Bn and is expected to reach USD 231 Bn by 2035**. Even modest gains in India's global share can materially expand the revenue pool for domestic shipyards. Our scenario analysis suggests that increasing India's shipbuilding share from sub-1% to **3%, 5% or 10%** could translate into incremental revenue opportunities of **INR 120 Bn, INR 200 Bn and INR 450 Bn**, respectively, for MAZDOCKS in the medium to long term
- We believe that the company is uniquely positioned to capture this upside as an Indian shipyard with proven execution capabilities across both, defence and civilian, shipbuilding. Any policy-led push towards domestic shipbuilding is, therefore, likely to disproportionately benefit the company, turning commercial shipbuilding into a meaningful second growth lever beyond defence

#### 3.1 India's Shipbuilding Footprint and Industry Dynamics

- **India's global shipbuilding share remains tiny**, which is estimated at well below 1% of total global shipbuilding output, despite a 7,500-km coastline and ~95% of trade being seaborne. This contrasts sharply with China (~55%), South Korea (~28%) and Japan (~13%), which together make up ~95% of global shipbuilding capacity
- **Commercial shipbuilding in India is underdeveloped**: Historically, domestic players have focussed on defence, offshore and support vessels, rather than large-scale merchant fleets. This has resulted in heavy reliance on foreign-built and foreign-owned merchant vessels for India's cargo and logistics needs

**We view India's low share in global commercial shipbuilding reflects both, structural gaps and a strategic opportunity. Building domestic capacity will reduce reliance on foreign entities and support national trade resilience.**

Global Shipbuilding Market Share — (2025 snapshot, based on 2024 deliveries)

Rank	Country	Output share (GT, 2024)	Delivered GT (2024, 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
<b>9</b>	<b>India</b>	<b>0.06%</b>	<b>~43,015</b>
10	United States	0.04%	~28,676

Source: Statranker, Choice Institutional Equities

**3.2 Case Study-3 — Scenario Analysis Table****If India Targets 3% / 5% / 10% Global Shipbuilding Share, then..****Our Assumptions:**

- Global shipbuilding market size: **~USD 164 Bn annually**
- India current share: **<1% (~USD 1–1.5 bn)**
- MAZDOCKS captures **20–30%** of incremental domestic opportunity (conservative vs PSU dominance)

**Scenario Analysis Table**

Metric	Current @2026	India @ 3% Share	India @ 5% Share	India @ 10% Share
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
Incremental Market vs Today (USD Bn)	—	~3.0	~6.0	~15.0
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

Source: Choice Institutional Equities

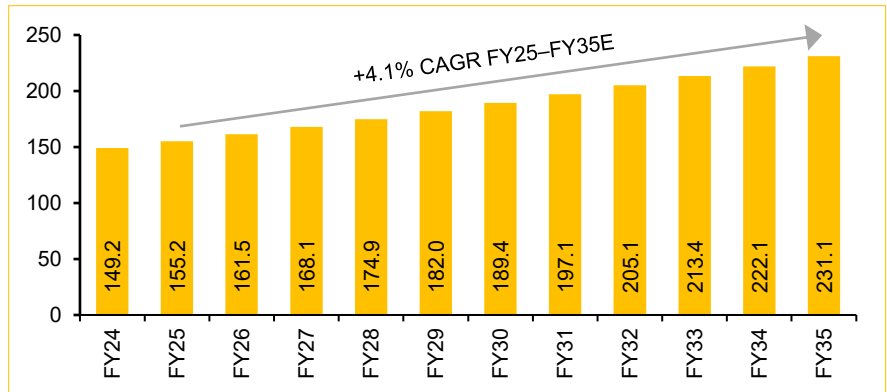
**Our assumptions include:**

- We believe India's **sub-1% share** starkly contrasts with its 95% trade volume and a 7,500-km coastline
- **Global shipbuilding demand remains broadly stable at ~USD 160–170 bn over the medium term**
- India's global share rises incrementally through exports, offshore fabrication, commercial builds and repair-led opportunities – not overnight displacement of incumbents
- **Export incentives, indigenisation mandates** and diplomatic defence ties remain supportive
- MAZDOCKS sustains a **20–30% share of India's complex shipbuilding opportunity**, driven by scale, execution capability and strategic importance
- **Incremental revenues are absorbed largely through existing infrastructure** and operational leverage, with no additional capex assumed
- Share gains are assumed to be driven by execution reliability rather than price-led competition

*India's sub-1% shipbuilding share vs ~95% seaborne trade creates significant upside even with modest gains*

**Under conservative and clearly defined assumptions, we believe that due to this low base effect, India's sub-1% starting share makes for a huge potential upside. Even modest execution-led share gain materially expands its revenue ceiling, diversifies growth beyond domestic defence cycles and supports a structurally higher valuation framework.**

### 3.3 Shipbuilding Market Size & Statistics



Source: Spherical, Choice Institutional Equities

- The market size for shipbuilding is worth USD 161 Bn in 2026
- The market size is projected to expand at a CAGR of 4.06% over 2026–2035
- Global shipbuilding market size is anticipated to reach USD 231.1 Bn by 2035
- Asia Pacific is expected to generate the highest demand during the forecast period in the shipbuilding market
- The North America shipbuilding market is expected to grow the fastest in the forecast period

### 3.4 Strategic IOR Expansion: CDPLC Acquisition

- MAZDOCKS has acquired a **controlling stake (51%)** in Colombo Dockyard PLC (CDPLC), a listed shipbuilding and ship repair company based in Sri Lanka, for ~USD 53 Mn (~INR 5 Bn)
- CDPLC currently generates revenues of ~INR 8 Bn, split between commercial shipbuilding and ship repair
- Management has guided for a **~50% revenue ramp-up over the next two years**, driven by CDPLC's established European and Scandinavian client base and India's **growing ship repair order** pipeline
- The acquisition marks MAZDOCKS' **entry into commercial shipbuilding**, an area increasingly supported by Government of India policy incentives
- It also broadens MAZDOCKS' revenue base beyond defence-linked contracts, reducing earnings concentration risk

*MAZDOCKS' acquisition expands into commercial shipbuilding and diversifies revenue beyond defence*

*CDPLC*

### 3.5 Strategic Value beyond Numbers

- The acquisition aligns with broader Indian initiatives, such as **Maritime Amrit Kaal Vision 2047**, which aim to strengthen the maritime industry and regional presence
- Securing an asset at the **Port of Colombo** also has geopolitical implications. China's influence in Sri Lankan port infrastructure (e.g., Hambantota) is significant and India's presence at Colombo provides a counterbalance in the Indian Ocean Region

*The Colombo presence adds strategic depth, aligning with India's maritime ambitions and regional influence*

**We view this is not just commercial diversification but a strategic push to integrate India's shipbuilding ecosystem into the Indian Ocean's economic and security landscape.**

## 4. Investment View (1/2)

### 4.1 Key Investor Questions

#### Q1. Why are we now initiating coverage on Mazagon Dock?

We believe Mazagon Dock is entering a **high-growth phase driven by an impending submarine-led capex cycle**, where it enjoys a near-monopoly position in India. With large-ticket programs like P-75(I) and next-generation destroyers in the pipeline, earnings visibility is structurally improving beyond the current order book.

#### Q2. What makes Mazagon Dock strategically unique?

In our view, Mazagon's **core strength lies in submarine manufacturing**, a highly complex and strategic capability with significant entry barriers. This positions the company as a **critical national asset**, limiting competition and ensuring sustained order inflows over the long term.

#### Q3. How strong is the order book visibility?

While the current order book provides near-to-medium term visibility, we believe the **real value lies in the executable pipeline**, particularly submarines and large surface combatants. This creates a **multi-year revenue runway**, with potential step-up in order book over the next 2–3 years.

#### Q4. What drives Mazagon Dock growth over the next 3–5 years?

We expect growth to be driven by **execution ramp-up in existing projects, operating leverage and induction of higher-value platforms**. Unlike smaller shipbuilders, Mazagon benefits from **large contract sizes**, which meaningfully scale revenues during peak execution phases.

#### Q5. How does margin evolve, going forward?

We believe margin is likely to remain **structurally strong with a positive bias**, supported by high-value contracts, better cost control and improved execution efficiency. Additionally, increasing indigenisation and learning curve benefits should help mitigate cost pressures.

#### Q6. What gives confidence in execution capability?

Mazagon has already demonstrated execution capability in **complex platforms, such as Scorpene-class submarines and destroyers**, which significantly de-risks future execution. We believe this **proven track record reduces typical shipbuilding uncertainties**.

#### Q7. Is there risk of lumpy earnings?

Yes, earnings may remain **inherently lumpy due to milestone-based revenue recognition**. However, we believe increasing scale, multiple concurrent projects and a stronger pipeline will gradually **smoothen earnings volatility over time**.

#### Q8. How do we see return ratios evolving?

We expect **return ratios to remain healthy**, supported by asset-light working capital structures (milestone payments) and improving profitability. As execution scales up, operating leverage should further support returns.

#### Q9. What are the key risks to our thesis?

Key risks include **delays in finalisation of large submarine programs, execution slippages and cost overruns**. However, given Mazagon's strategic importance and government backing, we believe downside risks are relatively contained.

#### Q10. Why do we believe valuation is justified?

Despite seemingly elevated multiple, we believe the valuation is supported by **long-term earnings visibility, scarcity premium and strategic positioning in submarines**. The market is increasingly pricing in Mazagon as a **structural compounder rather than a cyclical defence play**.

#### Q11. What are key upside triggers?

Major triggers include **award of P-75(I), new submarine programmes and faster execution of existing high-value contracts**. Any progress on export opportunities or technology partnerships could further re-rate the stock.

#### Q12. What is our overall investment view?

We believe Mazagon Dock is a **high-conviction play on India's naval modernisation**, combining **strong execution, strategic relevance and long-term visibility**, making it one of the most compelling opportunities within the defence shipbuilding space.

## 4. Investment View (2/2)

*Key concerns: High MoD dependence (~80%), Colombo Dockyard turnaround challenges, cost disadvantage vs East Asia*

*We recommend 'BUY' on MAZDOCKS with a Price Target of INR 3,100, an upside of 28.7% based on PE valuation method*

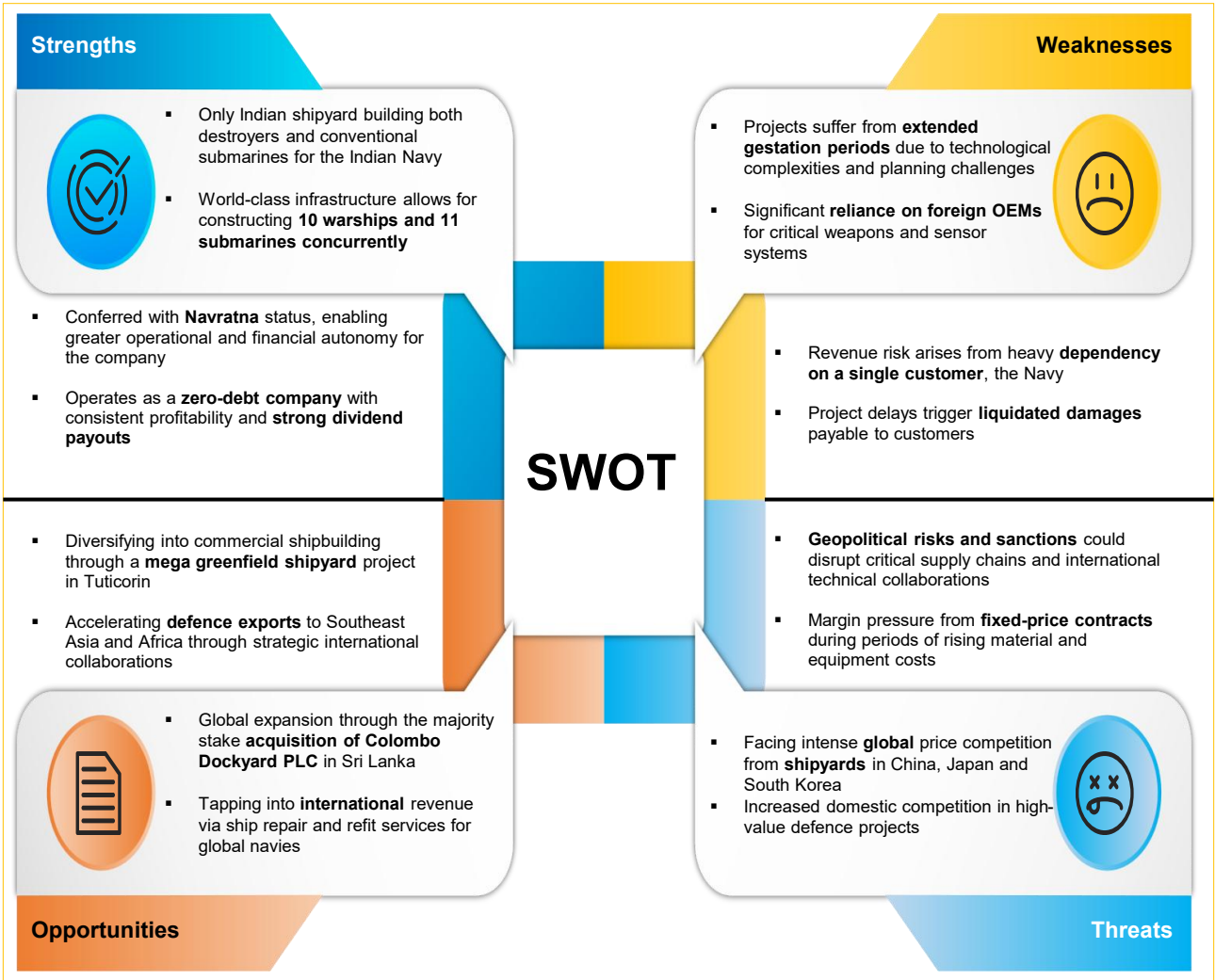
### 4.2 Key Investor Concerns:

- **High Dependence on MoD Orders (~80% OB):** Revenue visibility remains closely tied to government ordering cycles, where multi-layered approval processes and procurement delays can materially impact execution timelines and near-term cash flows
- **Reliance on Large Submarine Programs (P-75(I)):** A meaningful part of the next growth leg depends on timely finalisation of submarine programs. Any delay in tendering or award could create an order inflow gap post current execution peak
- **Earnings Volatility from Lumpiness in Execution:** Revenue recognition is milestone-based and concentrated across a few large platforms, leading to inherent quarterly volatility despite a structurally strong order book
- **Execution Risk in Scaling Complex Platforms:** Expansion into higher-value, technologically complex platforms (submarines/destroyers) increases risks around timelines, cost overruns and margin variability
- **Limited Diversification & Global Competitiveness:** Being largely a pure-play defence shipbuilder, MAZDOCKS has limited exposure to repair/commercial segments, while relatively higher domestic cost structures also constrain competitiveness in global shipbuilding markets.

### 4.3 Investment View:

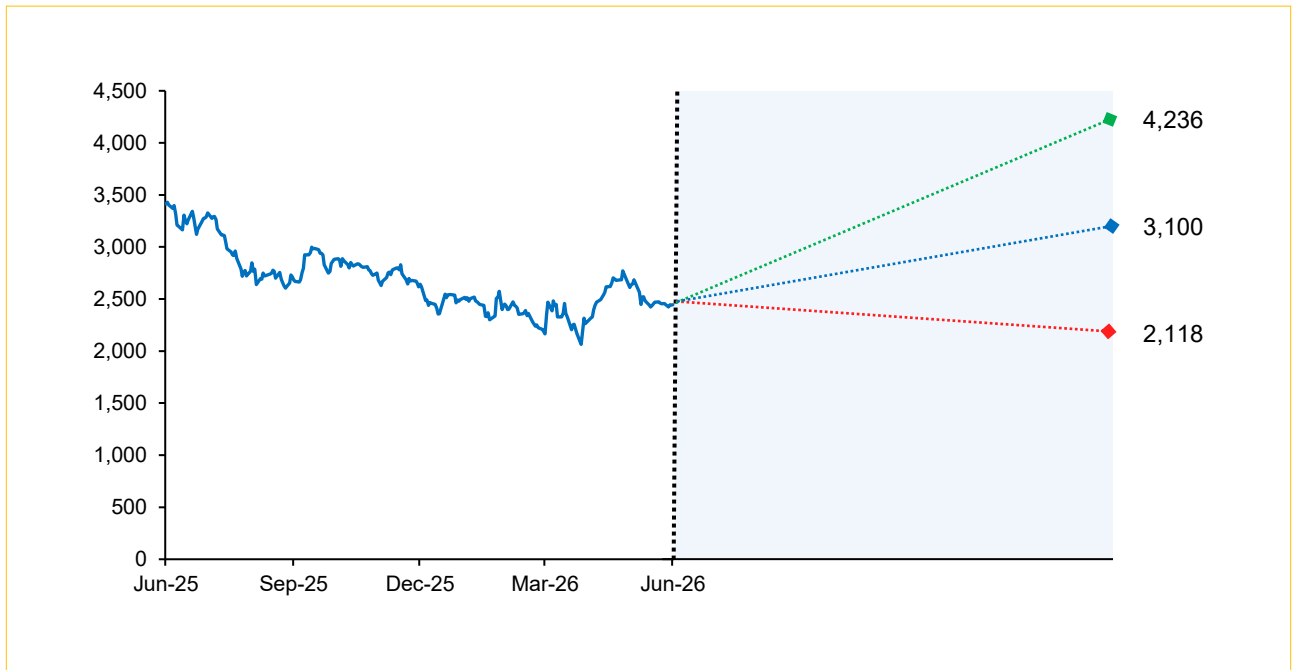

We initiate coverage on MAZAGON, a leader in India's defence shipbuilding with strong execution in complex platforms, particularly submarines, supported by a robust **order book stands at INR 205 Bn (~1.6x FY26 rev.)**, providing a healthy revenue visibility. We expect the company to deliver **Revenue /EBITDA/PAT CAGR of 16.0%/18.6%/17.7%**, respectively, over **FY26–29E**, driven by a steady execution, operating leverage and improving mix. We **assign a 'BUY' rating with a target price of INR 3,100**, implying **28.7% upside**. Our valuation is based on **35x PE on FY28E EPS** of INR 88.2, implying a **PEG ratio of 2.2**. We have used DCF for sanity check, which implies a fair value of INR 3,090.

5. SWOT Analysis



## 6. Financial Analysis

## 6.1 Bull/Bear: Analysis

**INR 4,236**  
75% Upside

**BULL Assumptions**

- Timely award of large-ticket programmes (P-75(I), additional submarine orders) drives order book expansion to INR 1.5–1.7 Tn
- Execution acceleration in submarines improves throughput; revenue CAGR >15%, EBITDA margin >18–19%
- Strong indigenisation and scale benefits drive ROCE expansion and robust FCF generation
- Export/MRO scale-up (>7–8% of revenues) supports valuation re-rating to premium multiples



**INR 3,100**  
29% Upside

**BASE Assumptions**

- Order inflows broadly aligned with visible pipeline; staggered execution of submarine projects
- Revenue/EBITDA CAGR of ~12–14% / ~14–16% over FY26–29E
- EBITDA margins sustain at ~15–16%, supported by operating leverage and execution normalization



**INR 2,118**  
13% Downside

**BEAR Assumptions**

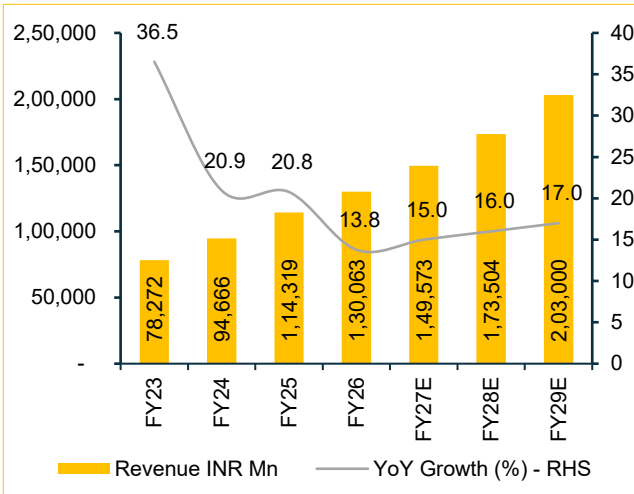
- Delays in P-75(I) or submarine approvals defer **20–25% of incremental order inflows**
- Execution bottlenecks compress margins to ~13–14%
- Slower defence capex growth leads to **multiple compression**

Source: MAZDOCKS, Choice Institutional Equities

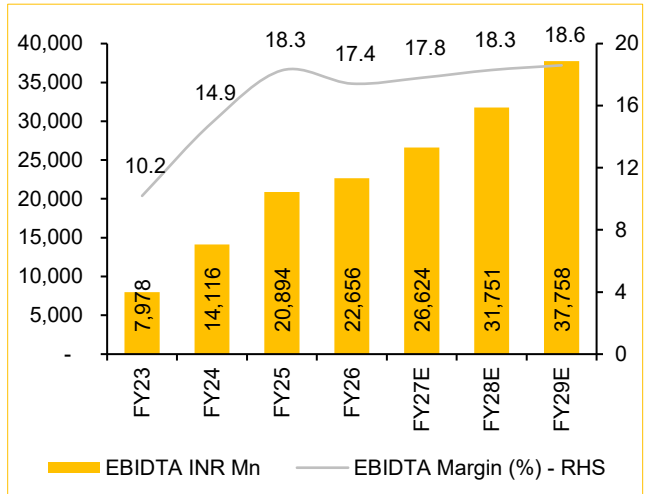
6.2 Graphs & Trends

Rev. expected to expand ~16.0% CAGR over FY26–29E

EBITDA margin to expand



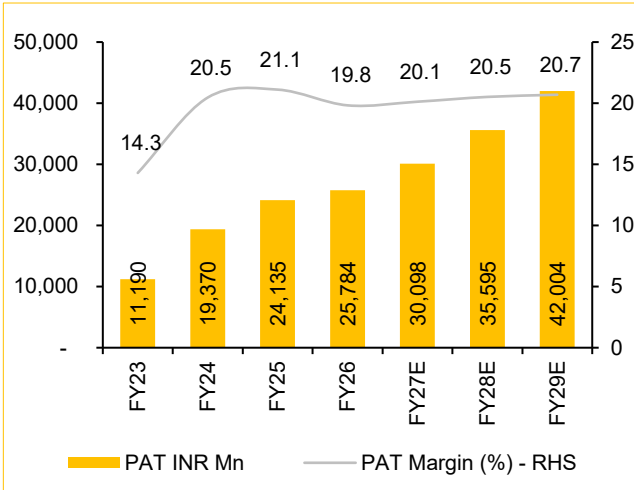
Source: MAZDOCKS, Choice Institutional Equities



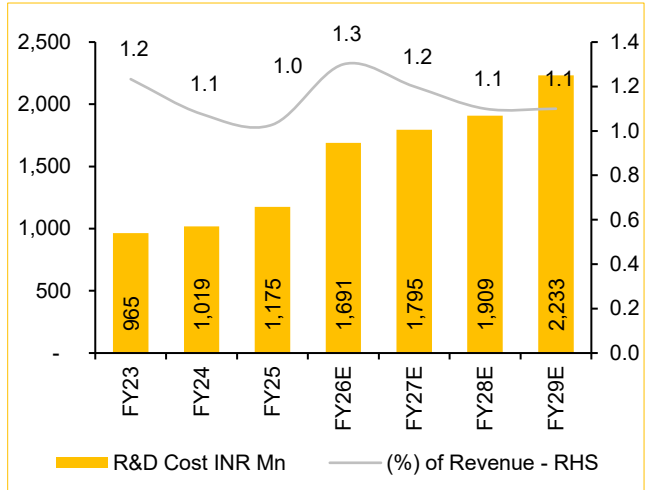
Source: MAZDOCKS, Choice Institutional Equities

PAT expected to expand ~17.7% CAGR over FY26–29E

R&D to continue to attain technological leadership



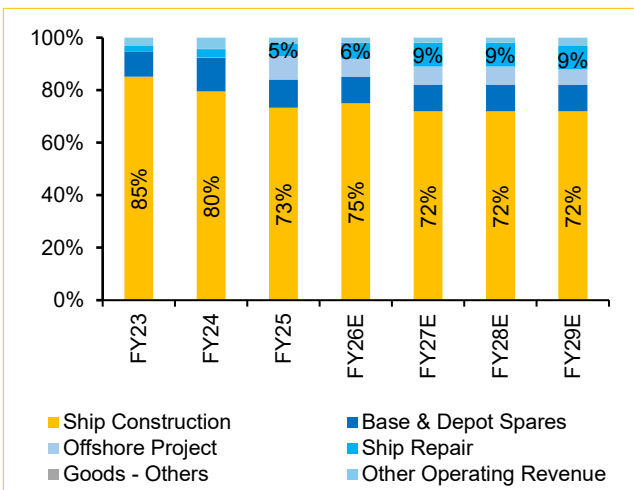
Source: MAZDOCKS, Choice Institutional Equities



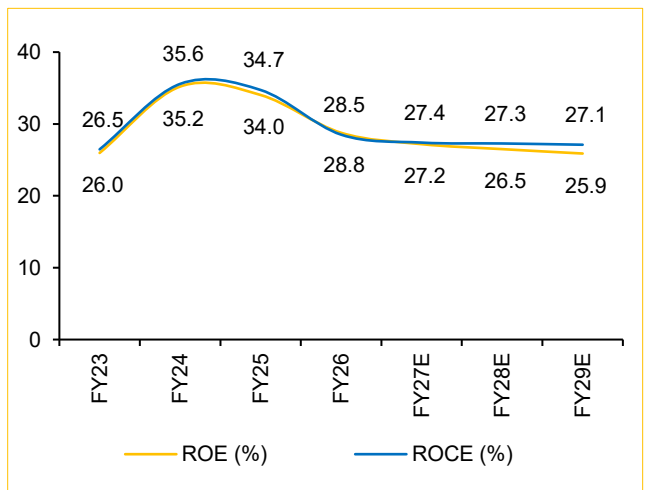
Source: MAZDOCKS, Choice Institutional Equities

Revenue Mix (%)

ROE & ROCE trend



Source: MAZDOCKS, Choice Institutional Equities



Source: MAZDOCKS, Choice Institutional Equities

## 6.3 Financials &amp; Ratios

## Income Statement (Consolidated in INR Mn)

Particulars	FY25	FY26	FY27E	FY28E	FY29E
Revenue	1,14,319	1,30,063	1,49,573	1,73,504	2,03,000
Gross Profit	57,496	56,672	65,064	76,168	89,117
Other Operating Exp.	36,602	34,016	38,440	44,417	51,359
<b>EBITDA</b>	<b>20,894</b>	<b>22,656</b>	<b>26,624</b>	<b>31,751</b>	<b>37,758</b>
Other Income	11,116	11,394	13,013	15,268	18,270
Depreciation	1,152	967	1,336	1,709	2,357
EBIT	30,857	33,084	38,301	45,311	53,671
Interest Expense	241	716	823	954	1,116
PBT	31,978	33,933	39,603	46,835	55,269
Reported PAT	24,135	25,784	30,098	35,595	42,004
<b>EPS</b>	<b>59.8</b>	<b>64.0</b>	<b>74.6</b>	<b>88.2</b>	<b>104.1</b>

## Balance Sheet (Consolidated in INR Mn)

Particulars	FY25	FY26	FY27E	FY28E	FY29E
Net Worth	79,399	99,840	1,21,511	1,47,139	1,77,382
Non-current liabilities	9,448	16,182	18,226	18,918	20,570
Trade payables	37,383	45,126	53,272	61,796	72,301
Contract liability	1,54,944	1,03,029	1,22,936	1,42,606	1,66,849
Other current liabilities	5,903	10,400	9,745	9,818	10,673
<b>Total Liabilities</b>	<b>2,87,077</b>	<b>2,74,578</b>	<b>3,25,691</b>	<b>3,80,277</b>	<b>4,47,775</b>
Fixed Assets	15,989	23,143	34,149	46,148	65,472
Other Non-Current Assets	23,950	28,885	36,285	46,366	59,257
Inventories	45,371	26,169	40,979	47,535	55,616
Trade Receivables	10,672	26,057	20,489	23,768	27,808
Cash & Bank Balance	1,61,496	1,30,965	1,46,672	1,51,394	1,51,315
Other Current Assets	29,599	39,360	47,117	65,065	88,306
<b>Total Assets</b>	<b>2,87,077</b>	<b>2,74,578</b>	<b>3,25,691</b>	<b>3,80,277</b>	<b>4,47,775</b>
Capital Employed	88,847	1,16,022	1,39,737	1,66,057	1,97,952

## Cash Flow Statement (Consolidated in INR Mn)

Cash Flows (INR Mn)	FY25	FY26	FY27E	FY28E	FY29E
Cash Flows from Operations	21,021	(28,907)	29,648	37,626	45,371
Cash Flows from Investing	(12,990)	12,092	(19,743)	(23,789)	(34,572)
Cash Flows From Financing	(7,362)	(7,379)	(10,206)	(10,910)	(11,226)

DuPont Analysis	FY25	FY26	FY27E	FY28E	FY29E
Tax Burden	75%	76%	76%	76%	76%
Interest Burden	104%	103%	103%	103%	103%
EBIT Margin	27.0%	25.4%	25.6%	26.1%	26.4%
Asset Turnover	0.4	0.5	0.5	0.5	0.5
Equity Multiplier	4.0	3.1	2.9	2.8	2.8
<b>ROE</b>	<b>34.0%</b>	<b>28.8%</b>	<b>27.2%</b>	<b>26.5%</b>	<b>25.9%</b>

Source: MAZDOCKS, Choice Institutional Equities

Ratio Analysis	FY25	FY26	FY27E	FY28E	FY29E
<b>Growth Ratios</b>					
Revenue (%)	20.8	13.8	15.0	16.0	17.0
EBITDA (%)	48.0	8.4	17.5	19.3	18.9
PAT (%)	24.6	6.8	16.7	18.3	18.0
<b>Return Ratios (%)</b>					
Gross Margin	50.3	43.6	43.5	43.9	43.9
EBITDA Margin	18.3	17.4	17.8	18.3	18.6
PAT Margin	21.1	19.8	20.1	20.5	20.7
ROE	34.0	28.8	27.2	26.5	25.9
ROCE	34.7	28.5	27.4	27.3	27.1
<b>Leverage Ratios (x)</b>					
D/E	-	0.0	0.0	-	-
Current Ratio	1.2	1.4	1.4	1.3	1.3
<b>Turnover Ratio</b>					
Fixed Assets Turnover (x)	9.1	6.7	5.2	4.3	3.6
Inventory Days	145	73	100	100	100
Debtors Days	35	74	50	50	50
Payable Days	120	127	130	130	130
Contract Liability Days	495	289	300	300	300
<b>Valuation Metrics</b>					
Market Cap (INR Bn)	977	977	977	977	977
PE (x)	40.5	37.8	32.5	27.5	23.3
EV (INR Bn)	816	851	832	826	826
EV/EBITDA (x)	39.1	37.6	31.3	26.0	21.9
BVPS	196.8	49.5	60.2	73.0	87.9
P/BV (x)	12.3	48.9	40.2	33.2	27.6

Source: MAZDOCKS, Choice Institutional Equities

**About the Company:**

**Overview & Strategic Positioning**

MAZDOCKS is a premier Indian defence shipyard under the Ministry of Defence, with facilities in Mumbai and Nhava engaged in the design, construction, repair and upgrade of warships and submarines. Established in 1774 and incorporated in 1934, the company has evolved into a key pillar of India's naval capability and is the lead yard for large surface combatants. It is the only Indian shipyard with proven capability across both destroyers and conventional submarines, supported by two independent submarine assembly and launch lines.

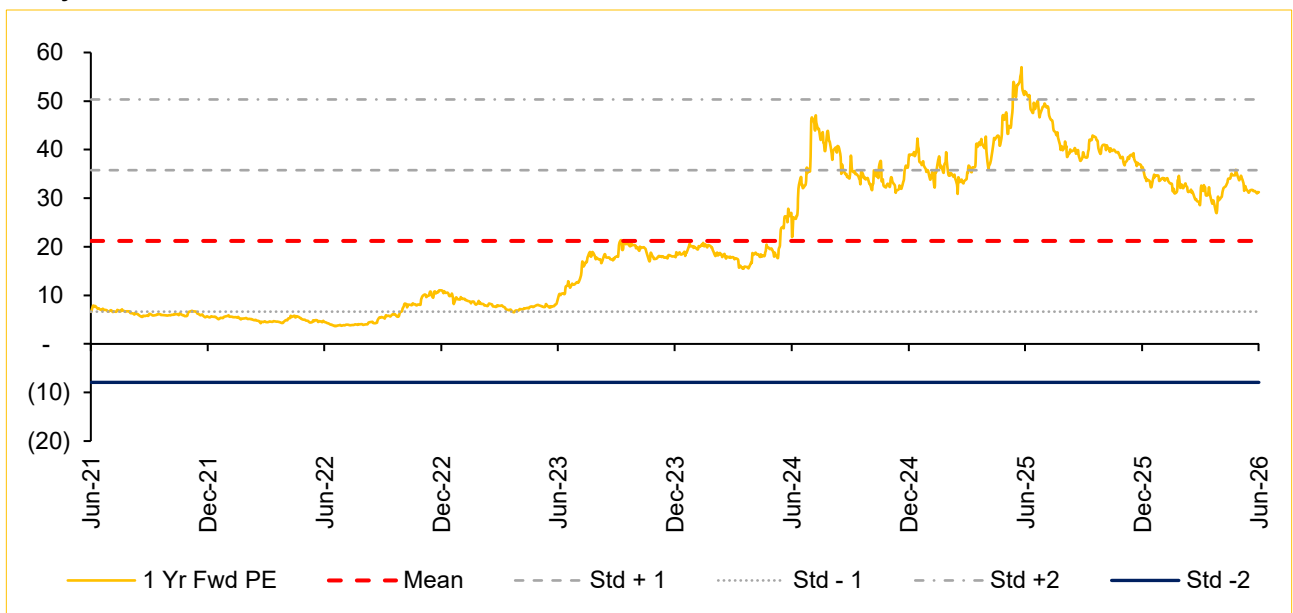
**Execution Track Record and Recognition**

The company has a strong execution track record, reflected in the delivery of 808 vessels since 1960, including 33 warships and 8 submarines. Key recent milestones include the completion of six Kalvari-class submarines between 2017 and 2025, along with ahead-of-schedule delivery of multiple destroyers. Reflecting its operational performance, the company was granted Mini-Ratna-I status in 2006 and elevated to Navratna status in June 2024, becoming the first government shipyard and the third Defence PSU to receive this distinction.

Shareholding Pattern	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26
Promoters	84.8%	84.8%	84.8%	84.8%	84.8%	81.2%	81.2%	81.2%	81.2%
The President of India	84.8%	84.8%	84.8%	84.8%	84.8%	81.2%	81.2%	81.2%	81.2%
FIIIs	2.4%	2.4%	1.5%	1.6%	2.3%	2.6%	2.0%	1.8%	1.7%
DIIIs	0.7%	0.8%	1.0%	1.5%	1.7%	5.2%	5.7%	5.4%	5.1%
Life Insurance Corporation Of India						3.3%	3.3%	3.3%	3.3%
Public	12.1%	11.9%	12.7%	12.2%	11.2%	11.0%	11.2%	11.6%	12.0%

Source: Screener, Choice Institutional Equities

**One-year forward PE band**



Source: MAZDOCKS, Choice Institutional Equities

**Shipbuilding Segment**



**P15A Kolkata Class**



**P17 Shivalik Class Stealth Frigates**



**P15B Visakhapatnam Class**

**Submarine and Heavy Engineering**



**Scorpene Class Submarine**



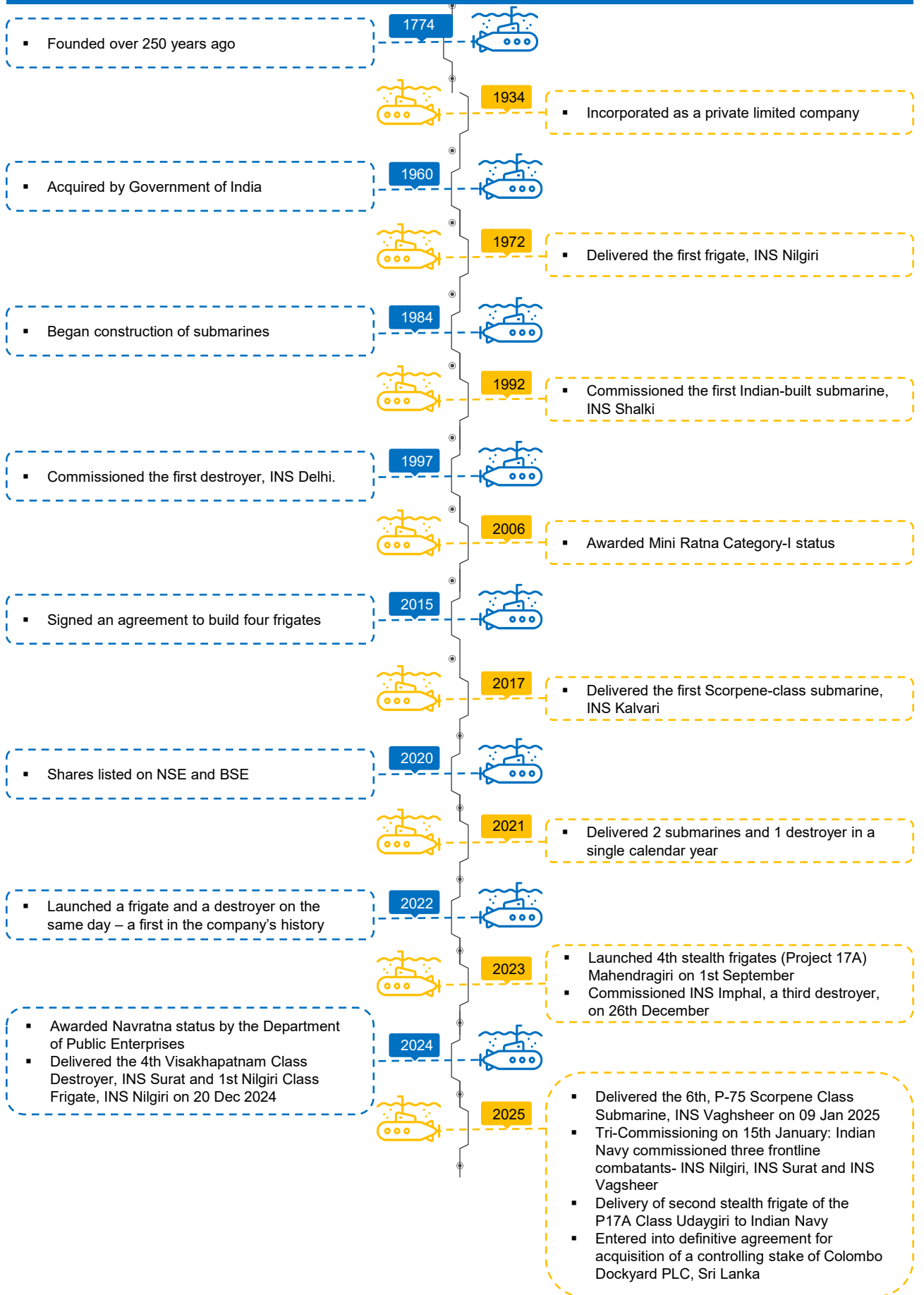
**SSK Class**

Source: MAZDOCKS, Choice Institutional Equities

Management Team		
 <p><b>Capt. Jagmohan (Retd.)</b></p>	<p><b>Chairman and Managing Director</b></p>	<ul style="list-style-type: none"> <li>▪ Capt. Jagmohan (Retd.) has been serving as CMD since April 2025, with over 25 years of experience in the Indian Navy</li> <li>▪ A Naval Architect (CUSAT), he holds post-graduate and M. Tech degrees in Naval Construction &amp; Ocean Engineering from IIT Delhi and IIT Kharagpur</li> <li>▪ During his naval career, he held key assignments in the Directorate of Naval Design and Naval Dockyard, Mumbai</li> <li>▪ He brings strong expertise in warship design and execution, having led design programmes for projects such as stealth frigates, ASW corvettes, survey vessels, ASW shallow water crafts and fast patrol vessels</li> </ul>
 <p><b>Mr. Biju George</b></p>	<p><b>Director (Shipbuilding)</b></p>	<ul style="list-style-type: none"> <li>▪ Mr. George has been serving as Director (Shipbuilding) since October 2021; he joined MAZDOCKS in 1991 and has 30+ years of experience in warship design and construction</li> <li>▪ He holds an Engineering degree (NSS College, Palakkad) and a post-graduate degree in Ocean Engineering &amp; Naval Architecture (IIT Kharagpur)</li> <li>▪ He oversees naval shipbuilding, refits (Navy &amp; Coast Guard), exports and R&amp;D/AI initiatives</li> <li>▪ He has led key initiatives including capex programs, ship repair revival, diversification and infrastructure expansion (incl. Nhava yard) and has delivered multiple destroyers and stealth frigates, including early deliveries</li> </ul>
 <p><b>Cdr. Vasudev Puranik, IN (Retd.)</b></p>	<p><b>Director (Corporate Planning &amp; Personnel)</b></p>	<ul style="list-style-type: none"> <li>▪ Cdr. Vasudev Puranik (Retd.) has been serving as Director (Corporate Planning &amp; Personnel) since June 2022; he has been associated with MAZDOCKS since June 2010</li> <li>▪ He holds a B.Tech (Mechanical) from JNU and a Master's in Engineering from Pune University and is an alumnus of INS Shivaji</li> <li>▪ He served 22+ years in the Indian Navy, with assignments across warships (INS Rana, Nishank, Mysore) and key technical/production roles including Naval Design, Ship Production and Naval Dockyard (Mumbai)</li> </ul>
 <p><b>Mr. Ruchir Agrawal</b></p>	<p><b>Director (Finance) &amp; CFO</b></p>	<ul style="list-style-type: none"> <li>▪ Mr. Agrawal has been serving as Director (Finance) since March 2025, with over 31 years of experience in the oil &amp; gas sector</li> <li>▪ He is a Fellow Member of the ICMAI and a member of the Institute of Chartered Ship Brokers (London)</li> <li>▪ His experience spans treasury, international trade, corporate finance, gas, shipping and E&amp;P, along with roles in business development, R&amp;D and corporate audit</li> </ul>
 <p><b>Cmde. S B Jamgaonkar (Retd.)</b></p>	<p><b>Director (Submarine &amp; Heavy Engineering)</b></p>	<ul style="list-style-type: none"> <li>▪ Cmde S B Jamgaonkar (Retd.) has been serving as Director (Submarine &amp; Heavy Engineering) since March 2025; he joined the company in September 2023 after ~29 years in the Indian Navy (Submarine Arm)</li> <li>▪ He holds a Mechanical Engineering degree (BVM, Gujarat) and a post-graduate qualification in Nuclear Technology (BARC, Mumbai)</li> <li>▪ At MAZDOCKS, he has led key submarine programs including P75 additional submarines, AIP plug integration for Scorpene submarines and indigenisation of submarine equipment</li> </ul>

Source: MAZDOCKS, Choice Institutional Equities

**Key Milestones**



# Cochin Shipyard Ltd. (COCHIN)



*The Bishop: Commanding the Diagonals of MRO & Commercial Builds*

June 08, 2026

[institutional.equities@choiceindia.com](mailto:institutional.equities@choiceindia.com)

**Cochin Shipyard Ltd. (COCHIN)**

June 08, 2026 | CMP: INR 1,439 | Target Price: INR 1,550

Expected Share Price Return: 7.7% | Dividend Yield: 0.7% | Expected Total Return: 8.4%

Sector View: Positive

**ADD**

COCHIN operates as India's largest CPSE shipyard by capacity under the administrative control of the Ministry of Ports, Shipping and Waterways. The company addresses both, defence and commercial, segments and has two subsidiaries, viz. Udupi Cochin Shipyard Ltd. and Hooghly Cochin Shipyard Ltd.

**Company Information**

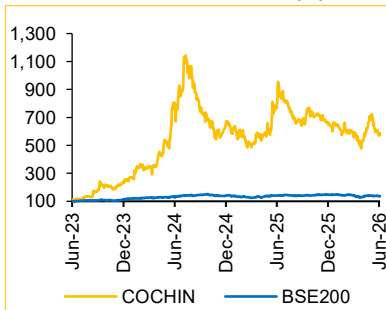
BB Code	COCHIN IN EQUITY
ISIN	INE704P01025
Face Value (INR)	5.00
52-wk High (INR)	2,545
52-wk Low (INR)	1,187
Mkt Cap (INR Bn)	377
Mkt Cap (USD Bn)	4.0
Shares Out. (Mn)	263.1
Free Float (%)	32.1
FY28E EPS (INR)	44.2

**Shareholding Pattern (%)**

	Mar-26	Dec-25	Sep-25
Promoters	67.91	67.91	67.91
FIs	3.10	2.74	3.22
DIs	6.05	6.47	6.48
Public	22.95	22.88	22.38

**Relative Performance (%)**

YTD	1Y	2Y	3Y
BSE 200	(2.9)	4.9	36.7
COCHIN	(38.8)	(14.7)	414.3

**Rebased Price Performance (%)****Investor Questions****Bull / Bear Case****Putta Ravi Kumar**

Email: ravi.putta@choiceindia.com  
Ph: +91 22 6707 9908

**Ashutosh Bagaria**

Email: ashutosh.bagaria@choiceindia.com  
Ph: +91 22 6707 9908

**Lifecycle Economics Create 4–6x the Initial Contract Value**

We believe lifecycle economics are a structurally underappreciated value driver in Indian defence shipbuilding. **Our analysis suggests** initial construction typically represents only **15–25% of a naval platform's lifetime cost**. The remainder is incurred through maintenance, periodic dockings, mid-life refits, upgrades and life-extension programmes over a **30–40 years service life**. Mid-life refits alone can equal **70–100% of original build value**, implying **cumulative monetisation of 4–6x** of the initial contract value. COCHIN commands **~45% of India's ship repair market** (Source: MoPSW) and is the **only yard capable of aircraft carrier repairs**, making lifecycle work effectively **'yard-locked'** to the original builder.

**Book-to-bill at ~3.8x of FY26 Rev. Anchors Multi-year Visibility**

COCHIN offers **robust revenue visibility**, anchored by a **multi-year order book of ~INR 190 Bn (65–70% defence)**. The company has **75 vessels on order** at various stages of execution, providing **3–4 years of execution certainty** across design, fabrication and advanced completion stages. Defence projects feature long gestation, policy-backed funding and low cancellation risk, while ship repair adds a **recurring, higher-margin layer**. Beyond the backlog, the sector has a **forward pipeline of ~INR 2,850 Bn**, in the medium term, supported by frameworks, such as **Maritime India Vision 2030** and **Maritime Amrit Kaal Vision 2047**.

**Exports & Green Shipbuilding Create Non-defence Growth Engine**

Global shipbuilding is entering a regulation-led replacement cycle, with **~50% of the global order book now comprising alternative-fuel** or fuel-ready vessels. COCHIN is already executing – having built **India's first hydrogen fuel cell vessel**, building a **fully electric autonomous ferry for ASCO (Norway)** and **14 vessels for Norwegian clients** and **22 for the Indian market** from its subsidiaries. **Even 15–20% export mix** introduces **non-defence optionality**, positioning COCHIN as a **long-duration compounder**.

**Investment View**

We initiate coverage on COCHIN, a key player in India's defence shipbuilding and ship repair segment, with strong execution across complex platforms and a growing presence in maintenance and commercial shipbuilding. Its diversified business mix and a healthy **order book of ~INR 190 Bn (~3.8x FY26 revenue)** provide strong revenue visibility. We expect **Revenue/EBITDA/PAT CAGR of 19.8%/24.7%/26.4%**, respectively, **over FY26–29E**, driven by execution ramp-up, operating leverage and an improving mix. We assign an **'ADD'** rating with a **target price of INR 1,550 (8.4% upside)**, valuing the stock at 35x FY28E EPS of INR 44.2 (PEG 2.0); our DCF implies a fair value of INR 1,553.

**Key Risk:** Growth depends on timely conversion of defence opportunities, while margins remain exposed to ship repair cyclicality.

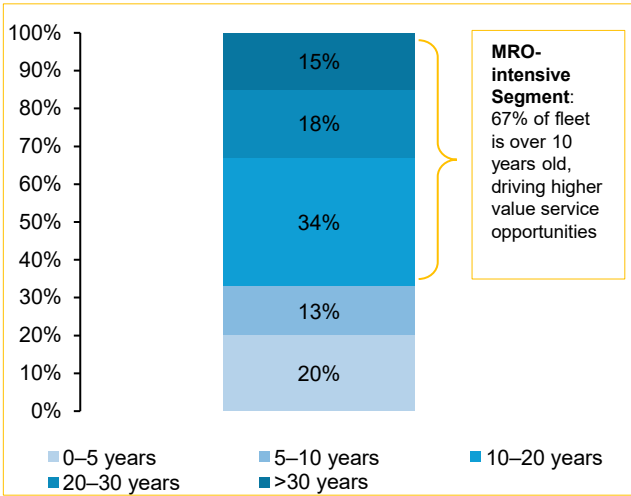
**Upcoming Trigger:** Order pipeline IAC2 (INR 500Bn) & LPDs (INR 300Bn)

**Key Financials (INR Mn)**

Particulars	FY25	FY26E	FY27E	FY28E	FY29E
Revenue	48,200	50,219	60,011	72,014	86,416
YoY Growth (%)	25.8	4.2	19.5	20.0	20.0
EBITDA	8,779	8,114	10,562	12,890	15,728
EBITDA Margin (%)	18.2	16.2	17.6	17.9	18.2
PAT	8,273	7,167	9,378	11,619	14,466
EPS (INR)	31.5	27.2	35.6	44.2	55.0
ROE (%)	15.6	12.5	15.1	16.7	18.3
ROCE (%)	19.0	16.7	18.9	20.6	22.5
P/E (x)	45.8	52.8	40.4	32.6	26.2
EV/Sales (x)	7.3	7.4	6.1	5.0	4.1
EV/EBITDA (x)	40.2	45.8	34.4	27.8	22.4
Debt/Equity (x)	0.10	0.28	0.29	0.26	0.24

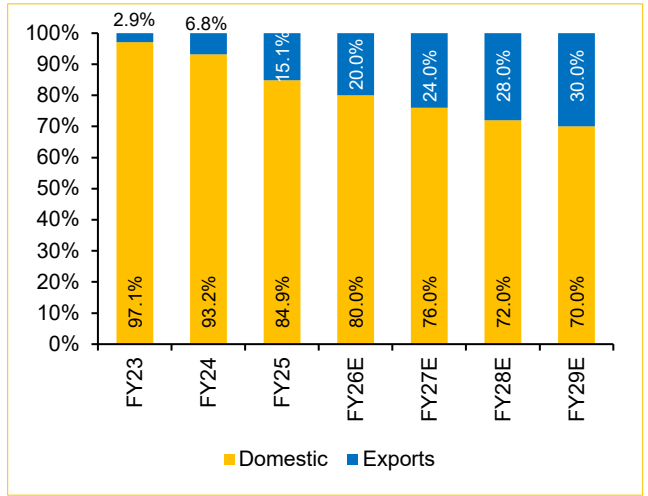
Investment thesis in charts

Ageing analysis of Indian Navy's major platforms



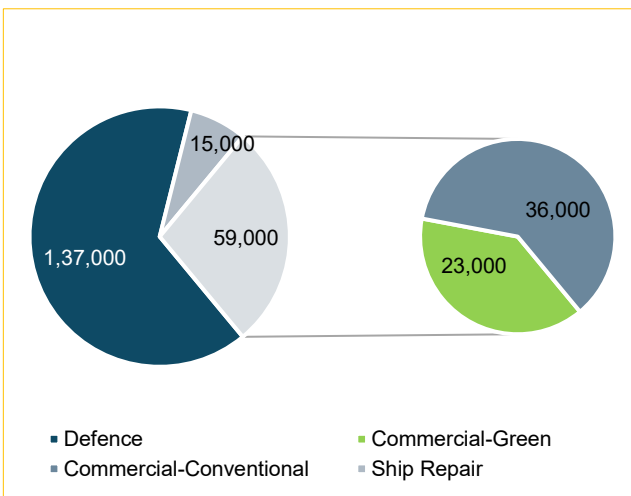
Source: COCHIN, Choice Institutional Equities

Revenue Breakup – Geographic



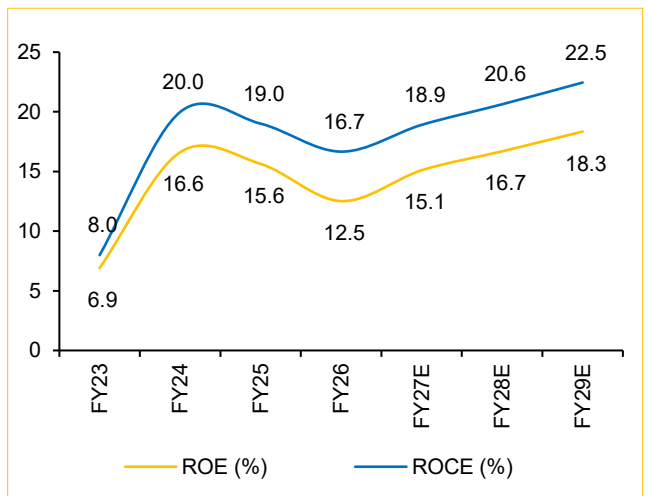
Source: COCHIN, Choice Institutional Equities

Order Book Stand at INR 190 Bn as on 30 June, 2025



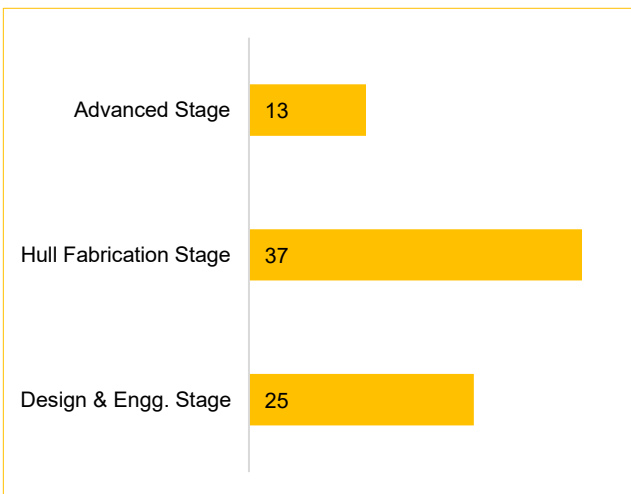
Source: COCHIN, Choice Institutional Equities

ROE and ROCE trend



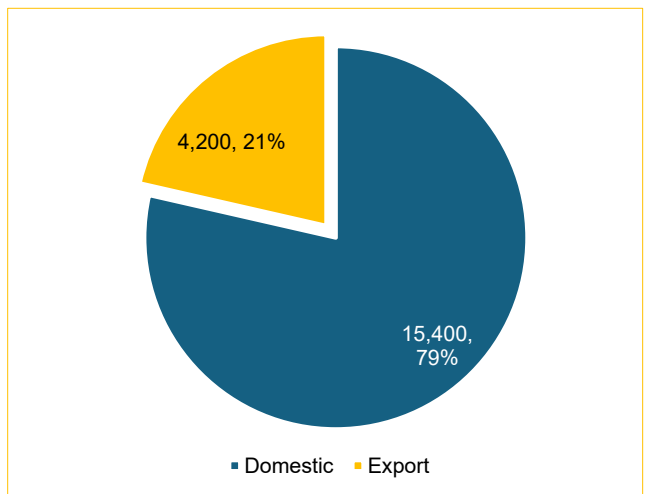
Source: COCHIN, Choice Institutional Equities

Execution Stage of Order Book (No. of vessels) as on 30 June, 2025



Source: COCHIN, Choice Institutional Equities

Shipbuilding Order Book Breakup – Geographic (as on 30 June, 2025) (INR Mn)



Source: COCHIN, Choice Institutional Equities

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## 1. Lifecycle Economics Create 4–6x the Initial Contract Value

- We believe lifecycle economics represent one of the most underappreciated and durable value drivers in Indian defence shipbuilding. **Our analysis indicates that initial construction typically accounts for only 15–25% of a naval platform's total lifetime cost. The remainder** is incurred through maintenance, scheduled dry-docking, mid-life refits, system upgrades and life-extension programmes over a **30–40 years service life**. In value terms, mid-life refits alone can command **70–100% of the original build cost**, while cumulative through-life spending can expand **total monetisation to 4–6x the initial contract value**.
- **Based on our research**, this expenditure profile is **structurally sticky and recurring**. The technical complexity, platform-specific design knowledge and security sensitivity strongly favour the original builder for downstream work, effectively making naval assets 'yard-locked'. COCHIN commands **~45% of India's ship repair market** and, at present, is the **only shipyard in India capable of undertaking aircraft carrier repairs** (Source: MoPSW). Its new **310m dry dock can handle next-gen carriers up to 70,000 tons** (vs. 45,000-ton IAC-1), further deepening the yard-lock. Each new platform delivery seeds **three to four decades of high-confidence aftermarket revenue**, positioning COCHIN as a long-duration defence infrastructure franchise rather than a cyclical shipbuilder.

*One-time EPC contractor – 40-year lifecycle partner*

### 1.1 Case Study-4 — Our Research

**We use a simplified case study to quantify lifecycle economics at the platform level.** The analysis highlights how initial construction is only a fraction of total lifetime expenditure, with the majority of value accruing through decades of refits, upgrades and sustainment.

#### Our Assumption

- Platform: Aircraft Carrier
- Build/Manufacturing Cost: ~INR 200 Bn
- Service Life: 40 years
- Platform: Medium aircraft carrier (IAC-class)

Cost Head	Typical % of Lifetime Cost	Value (INR Bn)	Remarks
Initial Construction	15–20%	200	One-time shipyard revenue
Operations & Maintenance (O&M)	35–40%	400–500	Crew, fuel, routine maintenance
Mid-life Refit (MLR)	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
<b>Total Lifetime Cost</b>	<b>100%</b>	<b>940–1,200</b> <b>(USD 10.3–13.2 Bn)</b>	<b>Over 40 years</b>

Source: Choice Institutional Equities

**Our findings are given below:**

**In our research, we found out that, for every INR 1 spent on building an aircraft carrier, INR 4–6 is spent over its lifetime.**

So..

Build cost: INR 200 Bn

Lifetime spend: INR 800–1,200 Bn

**Extra spend over life: INR 600–1,000 Bn**

*Aircraft carriers are not INR-200 Bn assets; they are 800+ Bn lifetime platforms, with shipyards monetising the majority of value post-delivery*

#### Why This Matters for Cochin Shipyard?

- We believe that naval platforms reshape COCHIN's economics beyond one-time construction orders. While initial builds provide large, visible revenues, the real value lies in the **30–40-year lifecycle**.
- Refits, upgrades and MRO lead to recurring business. Importantly, **mid-life refits can equal 70–100% of original build cost**, materially expanding lifetime monetisation. COCHIN positions itself as a **long-term lifecycle partner**, not just a shipbuilder, thus significantly enhancing earnings visibility.

**1.2 Case Study-5 — Ageing Fleet Anchors a Structural Naval MRO Opportunity**

*The company's three major repair units handled ~400 repairs last year*

India's naval fleet profile is inclined towards **mid-life and ageing platforms**, structurally underpinning long-term maintenance, refit and life-extension demand. Of ~94 major naval platforms in service, a clear majority are beyond initial operating years, where **dock-based refits, propulsion upgrades, hull life extension and system modernisation** become non-discretionary. COCHIN operates **five dedicated ship repair units** – including Mumbai andaman & Nicobar (Marine Dock) and Kolkata (Netaji Subhash Docks) – handling **~400 repairs last year** at the three major units. The company also possesses a **specialised dry dock for jack-up rigs** (unavailable elsewhere in India), with ONGC rigs scheduled for servicing.

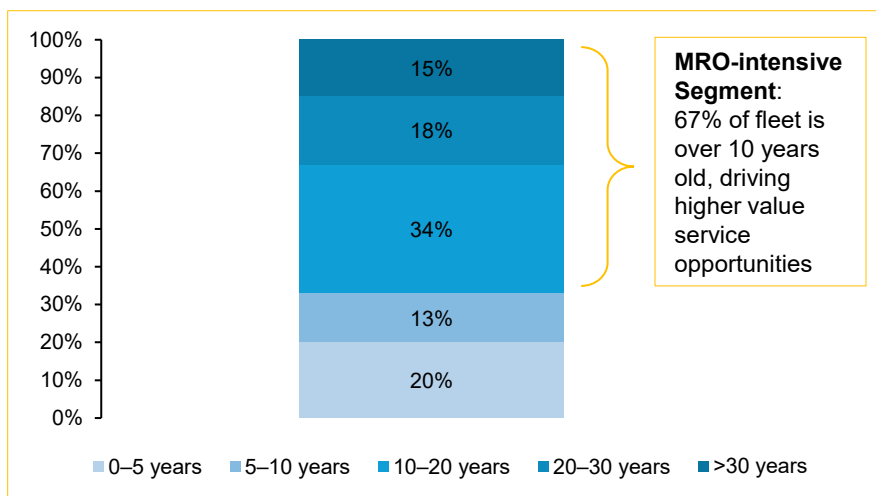
*Unlike new-build programmes which are subject to budget timing and procurement cycles, MRO spending is fleet-age-driven and operationally unavoidable*

Importantly, even newer platforms require scheduled docking and OEM-supervised maintenance, ensuring a steady MRO baseline. Unlike new-build programmes which are subject to budget timing and procurement cycles, MRO spending is **fleet-age-driven and operationally unavoidable**, positioning naval MRO as a structurally resilient revenue stream.

**Fleet Age Distribution (~94 Major Platforms)**

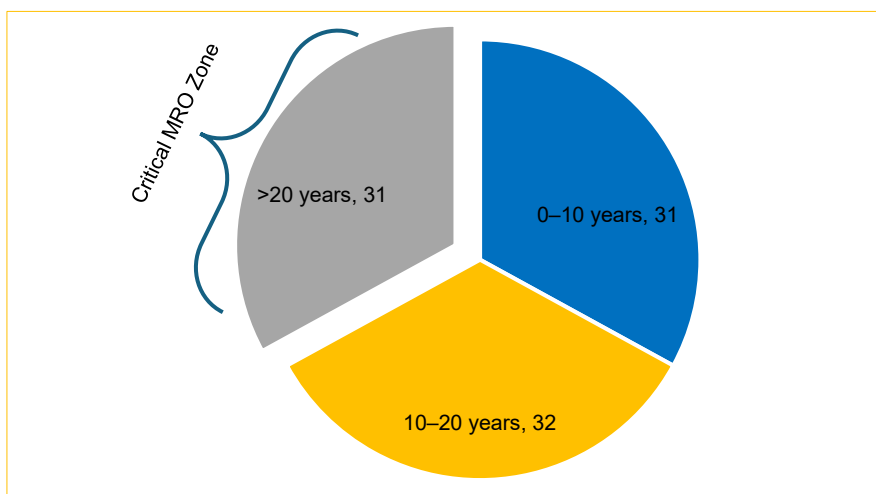
- **0–5 yrs:** 19 (~20%) | **5–10 yrs:** 12 (~13%) | **10–20 yrs:** 32 (~34%)
- **20–30 yrs:** 17 (~18%) | **>30 yrs:** 14 (~15%)

**~67% of the fleet is older than 10 years; ~33% exceeds 20 years**



Source: COCHIN, Choice Institutional Equities

**The Life-extension Pipeline:** 33% of the fleet has surpassed the 20-year mark, representing a high-margin opportunity for structural refurbishment and obsolescence management



Source: COCHIN, Choice Institutional Equities

Category	Platform / Class	Approx. Count	Commissioning Span	Approx. Age (2025)
Aircraft Carriers	INS Vikramaditya	1	2013	~12 yrs
	INS Vikrant	1	2022	~3 yrs
Destroyers	Visakhapatnam-class	4	2021–2025	~0–4 yrs
	Kolkata-class	3	2014–2016	~9–11 yrs
	Delhi-class	3	1997–2000	~25–28 yrs
Frigates	Nilgiri-class (P17A)	~6	2024–2025	~0–1 yrs
	Shivalik-class	3	2010–2012	~13–15 yrs
	Talwar-class	~6	2003–2013	~12–22 yrs
	Brahmaputra-class	3	2000–2001	~24–25 yrs
Corvettes	Kamorta-class	4	2014–2016	~9–11 yrs
	Khukri-class	4	1989–1991	~34–36 yrs
	Kora-class	4	1998–2003	~22–27 yrs
	ASW SWC (Arnala androth, Mahe)	~3	2025	~0 yrs
Submarines	SSBN (Arihant/Arighat)	~2	2016–2020	~5–9 yrs
	Kalvari-class (Scorpene)	6	2017–2025*	~0–8 yrs
	Sindhughosh-class (Kilo)	~6	1980s–90s	~30–40+ yrs
	Shishumar-class	4	1980s–90s	~30–40+ yrs
Amphibious & Ships	INS Jalashwa	1	2007	~18 yrs
	LSTs (Shardul, Magar, etc.)	~4	Late 1990s–2007	~18–26 yrs
	LCUs (51–58)	~8	Since 2017	~8 yrs
Auxiliary / Support Ships	Tankers (Deepak, Shakti, Jyoti, Aditya)	~4	2011–##	~10–14 yrs (Deepak/Shakti)
	Survey / Research Vessels (Nirdeshak, Ikshak, etc.)	~3	2000s–2010s	~10–25 yrs
	Diving Support Vessel (Nistar)	1	2025	~0 yrs
	Patrol / Misc. Vessels (INS Sumitra, etc.)	~10+	2010s	~10–15 yrs

Note\*: This list covers major platforms only

Source: MoD, Choice Institutional Equities

### Our Key Observations

- **Mid-life bulge is dominant:** The 10–20-year cohort is the single largest, where MRO intensity rises sharply
- **Late-life platforms persist:** ~15% of the fleet is >30 years old, ensuring sustained refit and life-extension demand
- **New inductions do not dilute MRO:** Even sub-5-year platforms require annual docking, OEM-led maintenance and warranty refits
- **Submarines & auxiliaries are MRO-heavy:** These segments exhibit the highest frequency and ticket size of maintenance spend
- **Demand is operationally mandatory:** Availability, not budgets, drives MRO execution

~15% of the major naval platforms are >30 years old, ensuring sustained refit and life-extension demand

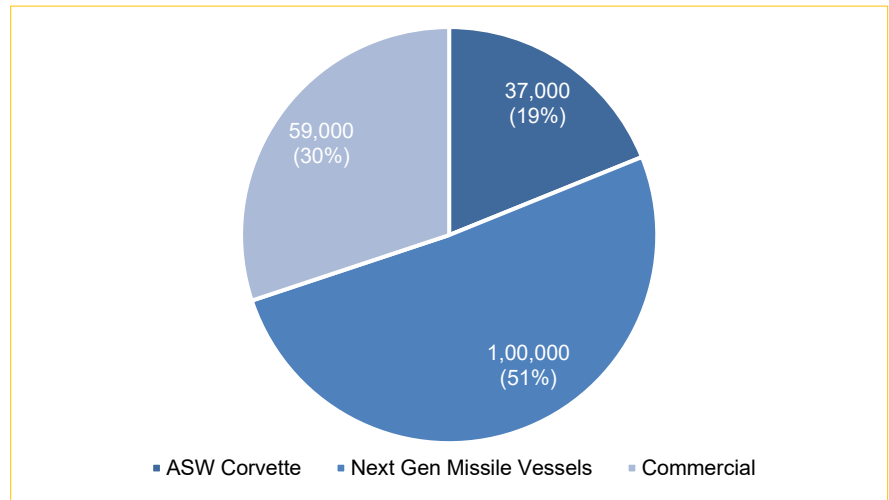
With two-thirds of the Indian Navy's fleet already beyond 10 years of service, naval MRO emerges as a **structural, annuity-like earnings driver**. In our view, COCHIN's execution credentials, dock capacity and proximity to key naval bases, position it as a **primary beneficiary of this inevitable fleet-age-driven spend cycle**, materially de-risking long-term revenue visibility.

We believe COCHIN's investment case is best understood **not through order book size alone**, but through the **embedded lifetime economics of every naval asset it builds and services**. The combination of a deep defence pipeline, long asset lives, recurring lifecycle revenue and strong yard lock-in creates a **multi-decade value pool**.

**2. Book-to-bill at ~3.8x of FY26 Rev. Anchors Multi-year Visibility**

- We believe **COCHIN** offers superior revenue visibility relative to domestic and global peers, anchored by **~INR 190 Bn multi-year order book** as of Mar 2026, providing **3–4 years of execution visibility**. The backlog is well-spread across design, fabrication, hull construction and final completion stages, **reducing execution cliffs and smoothing revenue recognition**. Defence-led orders account for **65–70%**, backed by policy funding, long gestation and low cancellation risk, while **ship repair (~INR 15 Bn)** adds recurring, higher-margin revenue. This mix **reduces earnings volatility** and differentiates COCHIN from trade-driven yards exposed to freight cycles and price pressure.
- Beyond the visible order book, the sector benefits from a **forward pipeline of ~INR 2.85 Tn, over the medium term**, underpinned by policy frameworks, such as **Maritime India Vision 2030** and **Maritime Amrit Kaal 2047**. The defence segment (~INR 2.2 Tn) spans bidding, RFI and execution stages, providing **long-term replenishment visibility**. Defence ordering is probability-weighted, favouring yards with proven capability, continuity and platform familiarity – areas where COCHIN is structurally advantaged. **Export orders**, including fully electric tugs for Svitzer, add ESG-aligned, non-defence optionality from FY27E. Together, these factors **reduce cyclicality, enhance earnings durability and position it as a long-term compounding business rather than a cyclical shipyard**.

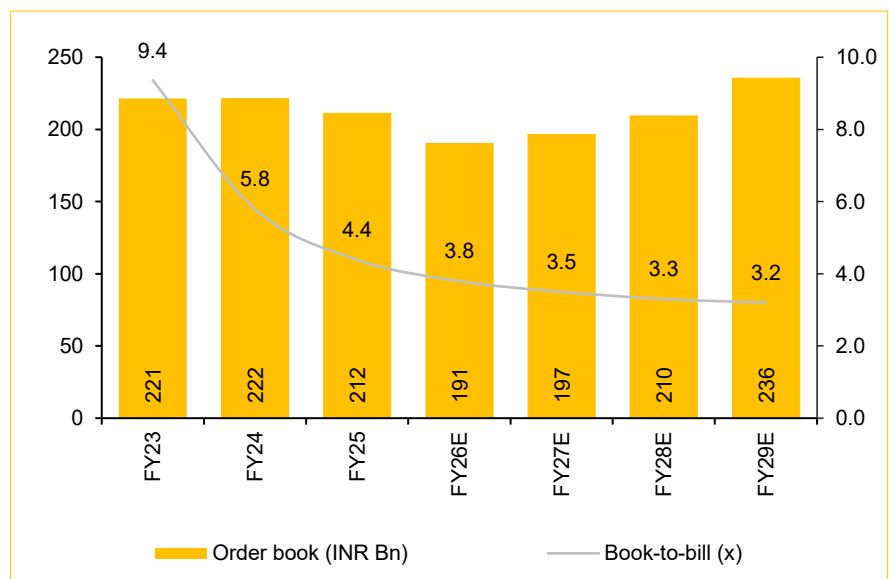
**Order Book Composition (as on 30 June 2025) (INR Mn)**



*Diversified order book compared to other players*

Source: COCHIN, Choice Institutional Equities

**Order Book and Book-to-bill**



*Strong order book with multiple large-ticket orders in pipeline*

Source: COCHIN, Choice Institutional Equities

**2.2 Defence Platform Pipeline**

Project Category	Approx. Value (INR Bn)	Current Stage	Estimated Timeline for Order (in Years)
Next-gen Survey Vessels (NGSV)	50	Declared L1 in Feb 2026	Short Term
Project 17 Bravo (Stealth Frigates)	700–800	RFI Stage	Medium Term (3–5)
Platform Docks (LPD)	350	RFI Stage	Medium Term (3–5)
Mine Countermeasure Vessels (MCMV)	150–200	RFI Stage	Medium Term (3–5)
Indigenous Aircraft Carrier 2 (IAC-2)	400+	Planning / Internal Discussions	Medium-to-long Term (4–6)
International Merchant Vessels	400 (Pipeline)	MOU / Strategic Exploration	Medium Term (3–5)
Domestic Commercial (Green/Hybrid)	250 (Pipeline)	Ongoing Bidding / RFP	Continuous (Short-to-medium)

Source: Choice Institutional Equities

**2.3 Commercial Pipeline (~INR 650 Bn)**

The company is leveraging specialised and sustainable shipping expertise across international and domestic markets. Subsidiaries Hoogly Cochin Shipyard and Udupi Cochin Shipyard are constructing 14 ships for Norwegian clients and 22 for the Indian market.

*Commercial pipeline is driven by green vessels, global orders and partnerships, supporting long-term growth visibility*



**Green Vessels:** Leader in zero-emission, hybrid-electric and hydrogen-powered ships for European clients



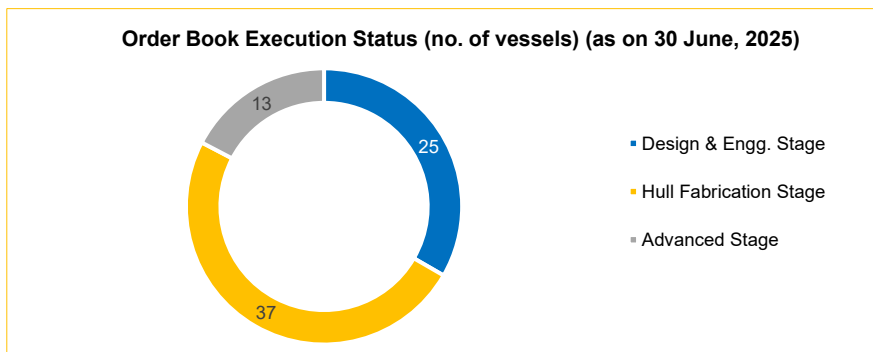
**Container Ships:** INR 20 Bn CMA CGM contract – 6 dual-fuel LNG ships (1,700 TEU), delivery 2029–2031



**Global Collaboration:** MoUs with HD KSOE (South Korea) and Drydocks World (UAE) to scale productivity and international reach over 3–5 years

**2.4 Stage Diversification Anchors Multi-year Revenue Visibility**

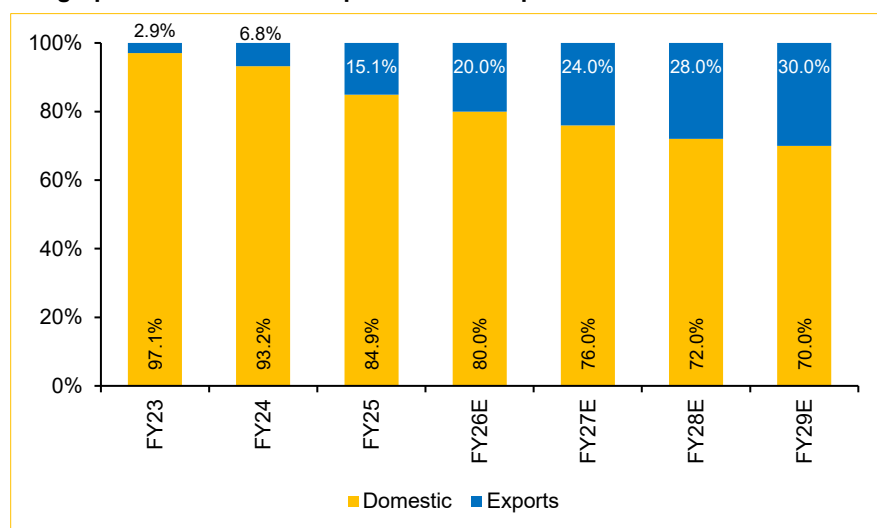
- **Near-term visibility:** 13 vessels in advanced completion stages supports high-confidence revenue recognition over the next 12–24 months
- **Steady earnings base:** 37 vessels in hull fabrication creates a rolling production base underpinning yard utilisation and revenue conversion
- **Forward pipeline:** 25 vessels in design & engineering extends revenue visibility beyond the immediate cycle; stage dispersion reduces delivery clustering and earnings lumpiness



### 3. Exports & Green Shipbuilding Create Non-defence Growth Engine

- We believe that COCHIN's export and green shipbuilding opportunity represents a **structural earnings lever which is materially under-reflected in current valuation**. Globally, the shipbuilding market is entering a fresh upcycle, driven not by volume, but by **regulation-led replacement and energy transition**. Over **50% of the global order book now comprises alternative-fuel or fuel-ready vessels** as compared with <10% a decade ago. At the same time, specialised and niche vessels account for **35–40% of global order book value**, despite far lower share by numbers – signalling a shift towards complexity-led pricing power.
- In our view, this transition creates a natural opening for yards, such as COCHIN, which operate outside commoditised bulk and tanker segments dominated by East Asia. Even a **modest export penetration of 15–20% of revenues** can materially improve COCHIN's earnings mix, given **shorter execution cycles, faster cash conversion and structurally higher engineering content** in green platforms. Crucially, export and green orders diversify COCHIN away from purely defence-led cyclicity, improve capacity utilisation during defence gaps and enhance return stability.
- We believe markets continue to value COCHIN primarily as a domestic defence shipbuilder, while under-appreciating its evolution into a **diversified, maritime infrastructure platform relevant globally** – creating a meaningful long-term re-rating optionality.

#### Geographic revenue mix – exports to scale up



Source: COCHIN, Choice Institutional Equities

#### 3.1 Global Shipbuilding Demand is Shifting Towards Niche, High-value Segments where COCHIN is Competitive

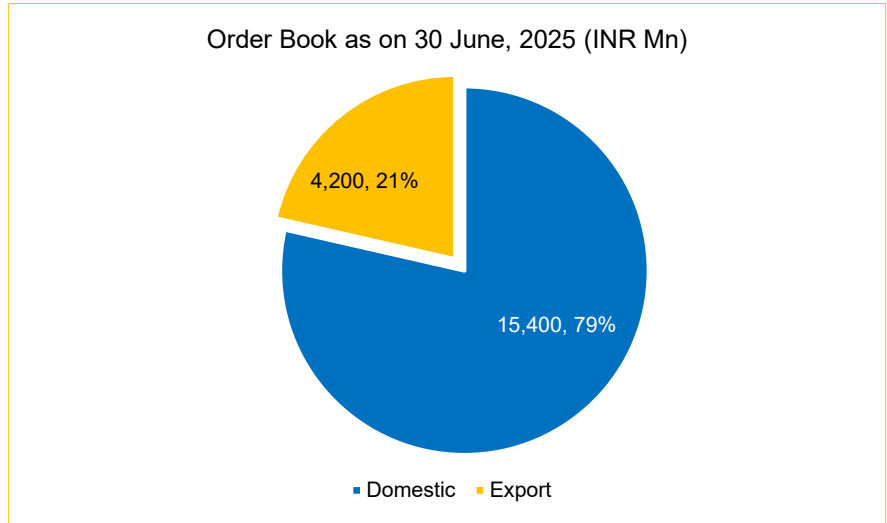
- Global shipbuilding demand is no longer dominated by commoditised bulk carriers and tankers – segments controlled by East Asian mega-yards
- Growth is increasingly concentrated in **niche, regulation-driven categories**, such as offshore vessels, dredgers, specialised cargo ships and low-emission platforms
- According to Clarksons, over **35–40% of the global order book in terms of value** now sits in specialised and complex vessels, despite accounting for a much lower share by volume

*35–40% of global order value is shifting to specialised vessels, supporting COCHIN's positioning advantage*

We believe COCHIN is structurally better-positioned in this segment owing to its experience in complex hull construction, offshore vessels and government-linked execution standards. Importantly, these segments command **20–30% higher realisation and better margin resilience** than commoditised shipbuilding, making them economically attractive even at moderate volumes.

**3.2 Export Orders Improve Earnings Quality through Counter-cyclical and Better Capital Efficiency**

- Export and green orders **materially change COCHIN's earnings profile** – shorter cycles, faster cash conversion vs. lumpy defence orders. COCHIN, along with its subsidiaries, is building **14 ships for Norwegian clients and 22 vessels for the Indian market**
- Even **15–20% export revenue** can materially smoothen earnings volatility – COCHIN's multiple should reflect a **diversified maritime platform**, not a pure-play PSU shipyard



Source: COCHIN, Choice Institutional Equities

**Why Export Orders Matter**

**Counter-cyclical Revenue**

- **Svitzer contract:** 4 electric tugs (+ 4 option) for Denmark, delivery from late 2027
- **Independent of defence cycles:** Reduces order-book concentration risk
- Export shipbuilding → follow-on orders and multi-year client relationships

**Faster Cash Conversion**

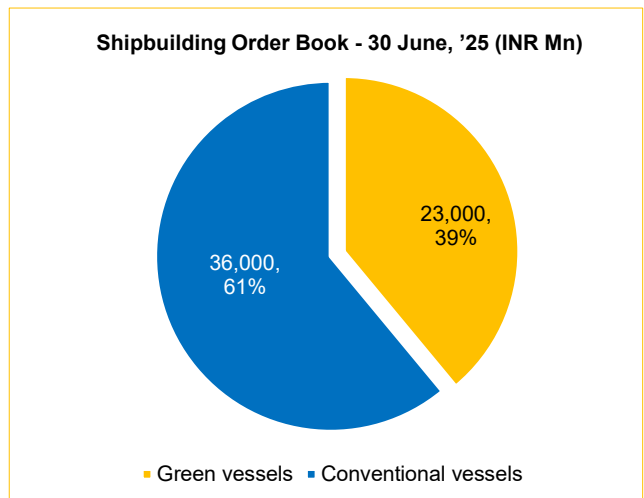
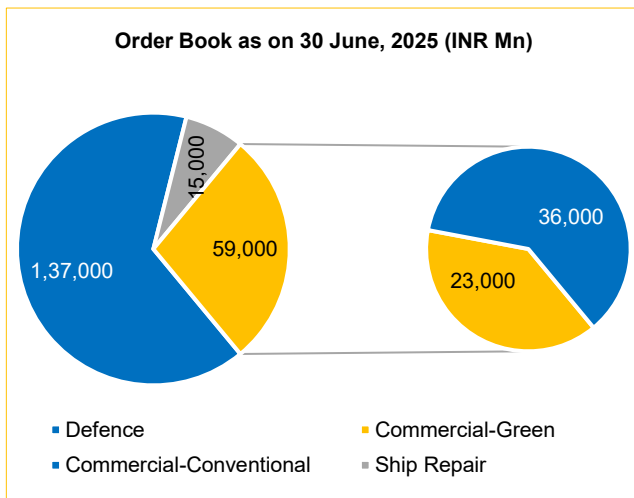
- **Shorter build cycles** vs. large defence platforms → better working capital
- **Lower lumpiness:** Smoother revenue recognition and yard utilisation
- 15–20% export mix can materially reduce earnings volatility

**Multiple Re-rating Optionality**

- **Tier-1 global operator stamp:** Svitzer in 30+ countries validates COCHIN's credentials
- **Opens tenders:** Harbour tugs, coastal vessels, specialised workboats
- Platform re-rating: Diversified maritime exporter, not PSU shipyard

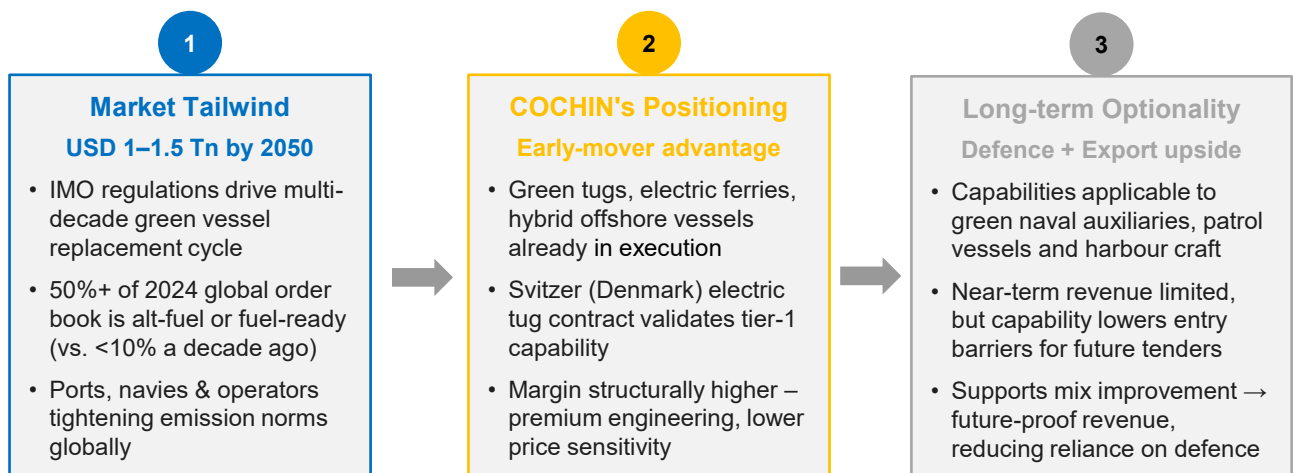
**3.3 Green Transition is Creating a Fresh Order Cycle, not a One-time Demand Spike**

- IMO regulations to drive **USD 1–1.5 Tn incremental spend by 2050**; **>50% of global order book** now consists of alternative fuel vessels (up from <10% a decade ago)
- COCHIN has developed India’s **first hydrogen fuel-cell vessel** and is currently building a fully electric autonomous ferry for ASCO (Norway), aimed at autonomous cargo transport, with potential scalability into larger vessels for Norway–Denmark routes
- **INR 1 Bn allocated to the company’s Strategic and Advanced Solutions initiative**, which focuses on adoption of advanced technologies; the company expects INR 5–6 Bn future revenue potential in autonomy and sustainable automation



Source: COCHIN, Choice Institutional Equities

**COCHIN’s Green Journey: Market → Positioning → Optionality**



## 4. Investment View (1/3)

### 4.1 Key Investor Questions

#### Q1. Why are we now initiating coverage on Cochin Shipyard?

We believe Cochin Shipyard is entering a **strong growth phase supported by both, defence shipbuilding and a structurally resilient ship repair business**. With a healthy order book and rising defence opportunities, the company offers a **balanced growth profile with relatively lower earnings volatility**.

#### Q2. What makes Cochin Shipyard strategically unique?

In our view, Cochin's key differentiator is its **diversified business model**, combining shipbuilding, ship repair and increasing exposure to commercial and niche segments. This diversification provides **earnings stability compared to pure-play shipbuilders**.

#### Q3. How strong is the order book visibility?

The current order book provides **multi-year revenue visibility**, supported by defence shipbuilding contracts. Additionally, the **repair segment offers continuous inflows**, enhancing visibility beyond the headline order book.

#### Q4. What drives Cochin Shipyard's growth over the next 3–5 years?

Growth is expected to be driven by **execution ramp-up in defence shipbuilding, scaling up of the repair segment and increasing contribution from high-value and niche vessels**. The company is also well-placed to benefit from **future naval and commercial opportunities**.

#### Q5. How does margin evolve, going forward?

We expect margin to remain **relatively stable with a gradual improvement**, supported by a higher contribution from ship repair (typically better margin profile) and operating leverage from scale in shipbuilding.

#### Q6. What gives confidence in execution capability?

Cochin has demonstrated execution strength across **complex platforms including aircraft carriers and large vessels**, alongside consistent delivery in ship repair. This **dual capability reduces execution risk and enhances credibility**.

#### Q7. Is there risk of lumpy earnings?

While shipbuilding revenues remain milestone-based, the **repair segment provides a steady revenue stream**, which helps **reduce earnings volatility as compared to peers**.

#### Q8. How do we see return ratios evolving?

We expect **healthy and improving return ratios**, supported by better asset utilisation, operating leverage and contribution from higher-margin segments like repair.

#### Q9. What are the key risks to our thesis?

Key risks include possible **delays in defence order inflows, probable execution slippages in shipbuilding and chances of slower growth in the repair segment**. However, diversification helps partially mitigate these risks.

#### Q10. Why do we believe this valuation is justified?

We believe valuation is supported by **balanced growth visibility, diversified revenue streams and relatively stable earnings profile**, making Cochin a **lower-risk play within the shipbuilding space**.

#### Q11. What are key upside triggers?

Upside could come from **faster ramp-up in defence shipbuilding, higher-than-expected repair revenues and new order wins across defence and commercial segments**.

#### Q12. What is our overall investment view?

We believe Cochin Shipyard offers a **combination of growth and stability**, driven by its diversified model, making it a **relatively balanced play on India's shipbuilding and maritime opportunity**.

## 4. Investment View (2/3)

*High dependence on defence orders and execution timelines exposes growth and margins to delays and cyclicity*

## 4.2 Key Investor Concerns :

- **Order Concentration & Programme Timing Risk:** A large part of the order book is linked to milestone-based defence contracts, making revenue recognition sensitive to delays in approvals or execution of key programmes (e.g., IAC-2, LPDs), which could push growth timelines
- **Uncertainty in Scaling up Defence Order Inflows:** While COCHIN has demonstrated strong capabilities, consistent conversion of large-ticket defence opportunities into firm orders remains a key monitorable, impacting medium-term visibility
- **Dependence on Ship Repair for Margin Stability:** The repair segment currently anchors margins and cash flows; however, its inherently cyclical nature (linked to global shipping/offshore activity) raises concerns on sustainability of profitability
- **Execution Complexity across Segments:** Simultaneous execution of shipbuilding, repair and capacity expansion increases operational intensity; any imbalance or delay could impact margin and working capital efficiency
- **Capital Allocation & Diversification Risk:** Expansion into new/commercial segments introduces risk around return ratios and strategic focus, especially if capital is deployed in relatively lower-margin or volatile segments.

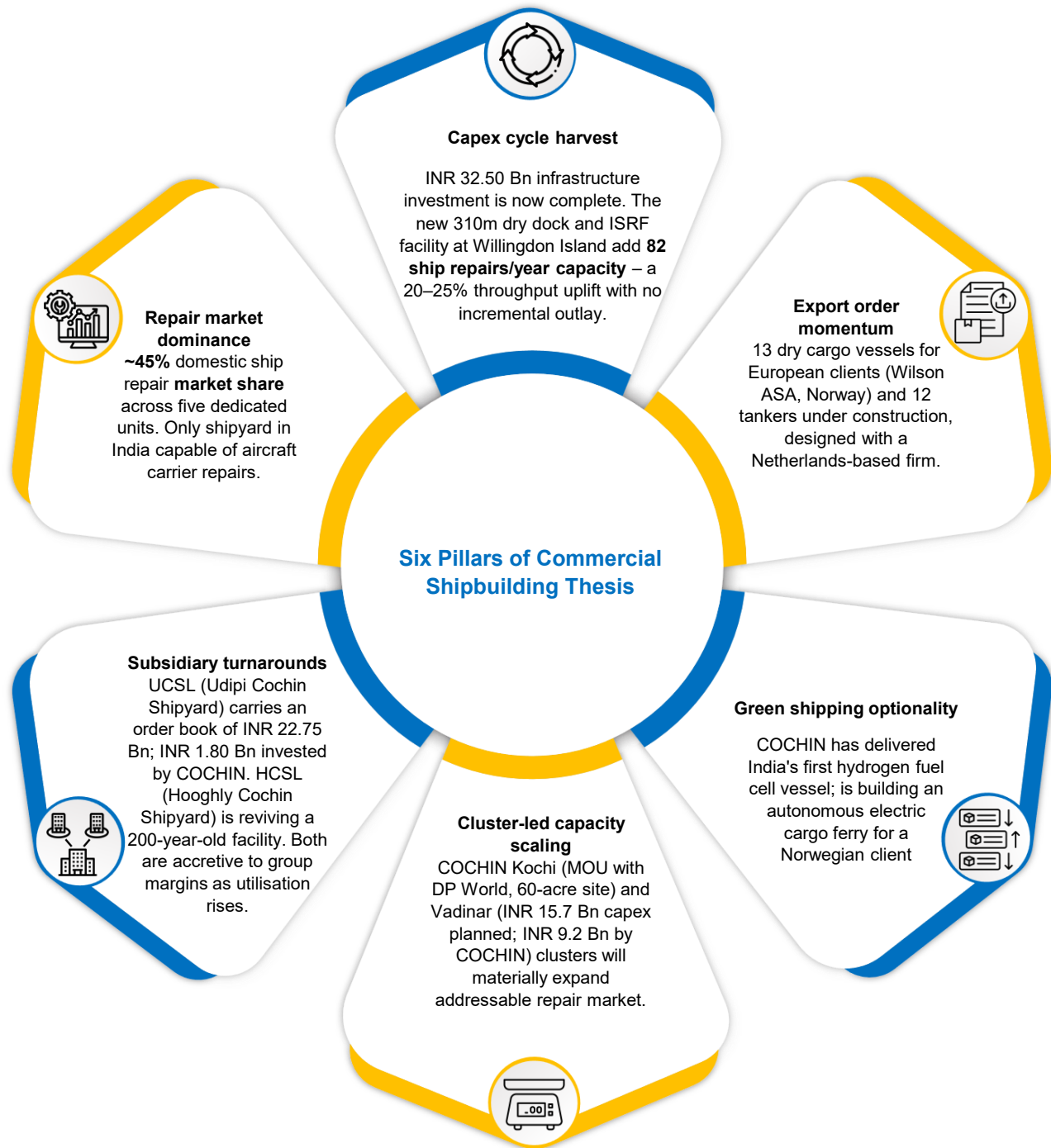
## 4.3 Investment View:

We initiate coverage on COCHIN, a key player in India's defence shipbuilding and ship repair segment, with strong execution across complex platforms and a growing presence in maintenance and commercial shipbuilding. Its diversified business mix and healthy **order book of ~INR 190 Bn (~3.8x FY26 revenue)** provide strong revenue visibility. We expect **Revenue/EBITDA/PAT CAGR of 19.8%/24.7%/26.4%**, respectively, **over FY26–29E**, driven by execution ramp-up, operating leverage and an improving mix. We assign COCHIN an 'ADD' rating with a **target price of INR 1,550 (8.4% upside)**, valuing the stock at 35x FY28E EPS of INR 44.2 (PEG 2.0); our DCF methodology implies a fair value of INR 1,553.

*We recommend 'ADD' on COCHIN with a Price Target of INR 1,550, an upside of 8.4% based on PE valuation method*

**4. Investment View (3/3)**

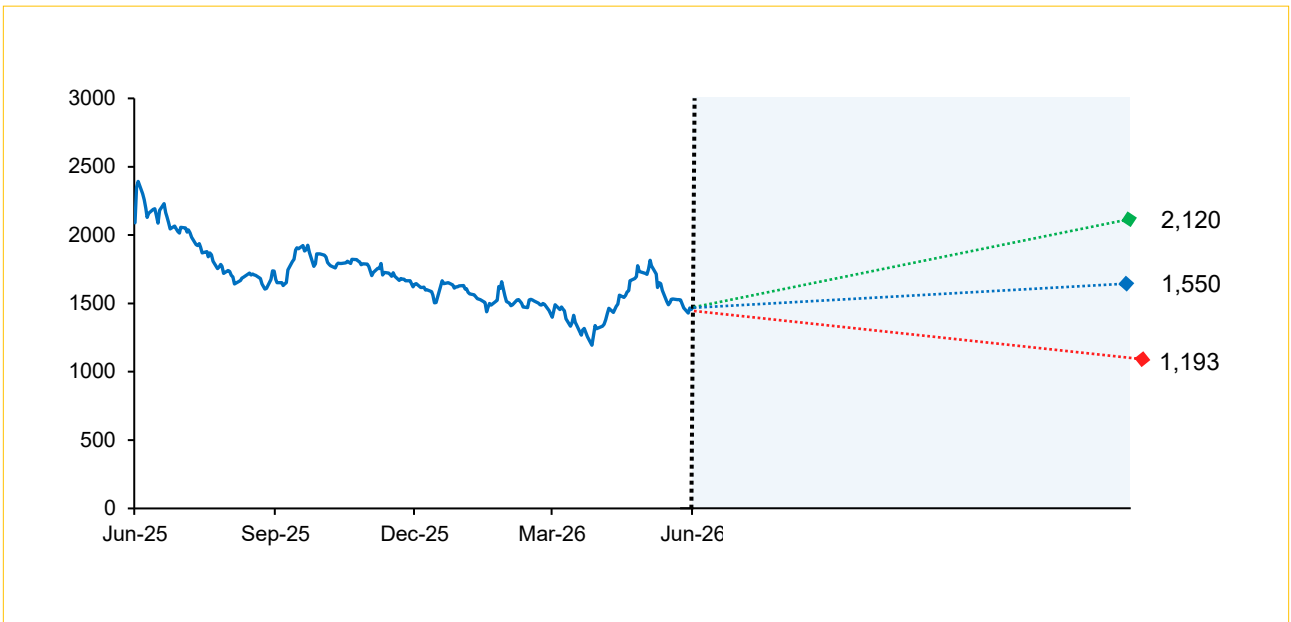
**4.4 Six Pillars of COCHIN's Commercial Shipbuilding Thesis**



Source: MoPSW, Choice Institutional Equities

## 5. Financial Analysis

## 5.1 Bull/Bear Analysis




**INR 2,120**  
47.3% Upside

**BULL Assumptions**

- Strong order inflows across aircraft carrier MRO, commercial vessels and green shipping drive order book to INR 900–1,000 Bn+
- Scaling of ship repair and international contracts drives revenue CAGR >16–18%, EBITDA margin >21%
- High-margin repair/MRO mix improves cash flow visibility and return ratios
- Strategic positioning in green vessels and global partnerships triggers valuation re-rating



**INR 1,550**  
8.4% Upside

**BASE Assumptions**

- Order inflows aligned with current defence and commercial pipeline
- Revenue/EBITDA CAGR of ~15% / ~18% over FY26–29E
- EBITDA margins hover around ~19–21%, supported by repair-led profitability



**INR 1,193**  
17.1% Downside

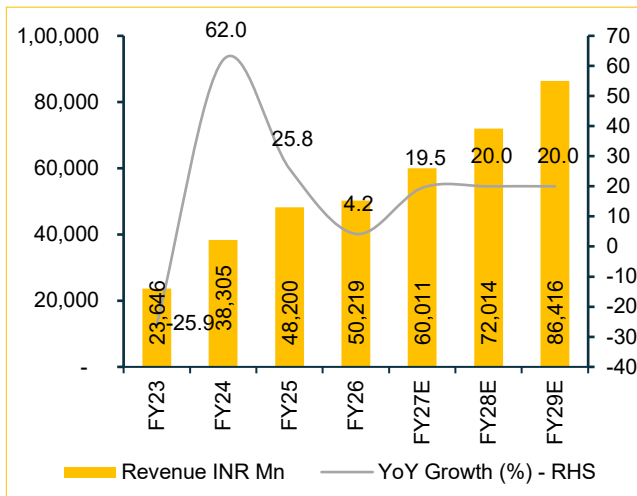
**BEAR Assumptions**

- Delay or deferral of large defence awards (IAC-2, LPDs) push revenue beyond FY28
- Lower dry-dock utilisation may compress margins to ~13–14%
- Slower global shipping and offshore capex impacts commercial repair volumes

Source: COCHIN, Choice Institutional Equities

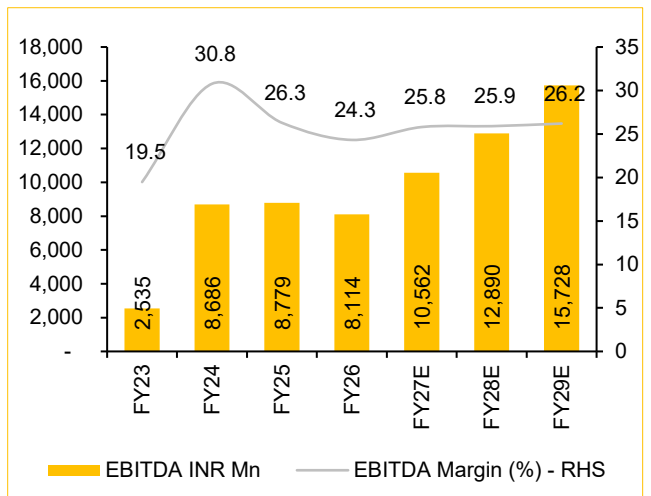
5.2 Graphs & Trends

Rev. expected to expand 19.8% CAGR over FY26–29E



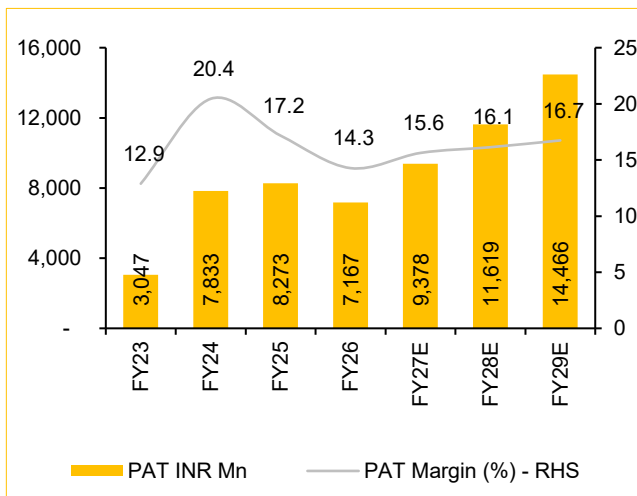
Source: COCHIN, Choice Institutional Equities

EBITDA margin expected to remain stable



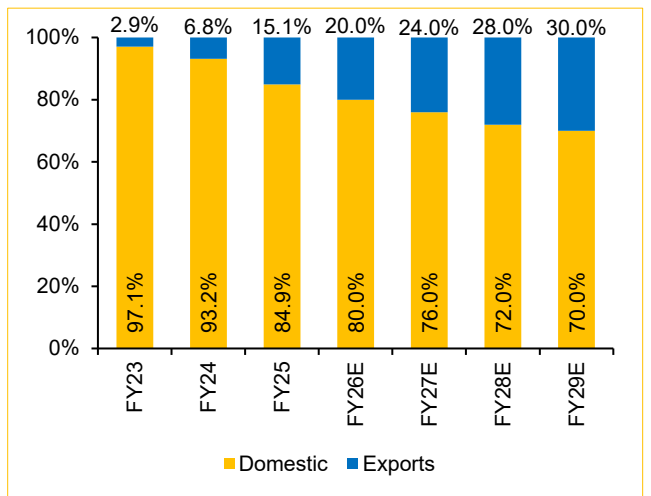
Source: COCHIN, Choice Institutional Equities

PAT expected to expand 26.4% CAGR over FY26–29E



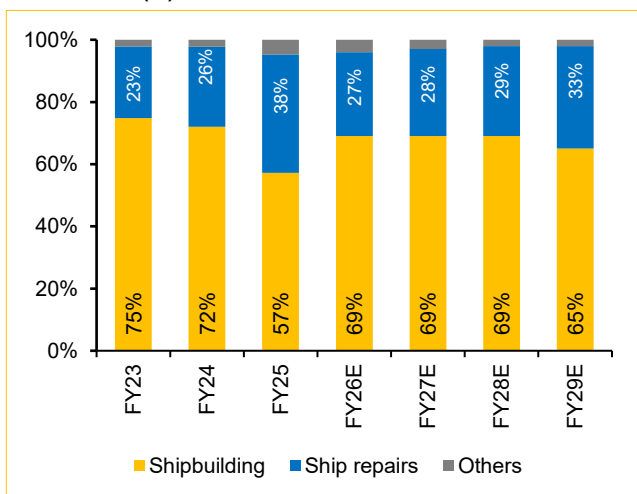
Source: COCHIN, Choice Institutional Equities

Share of exports in revenue to rise



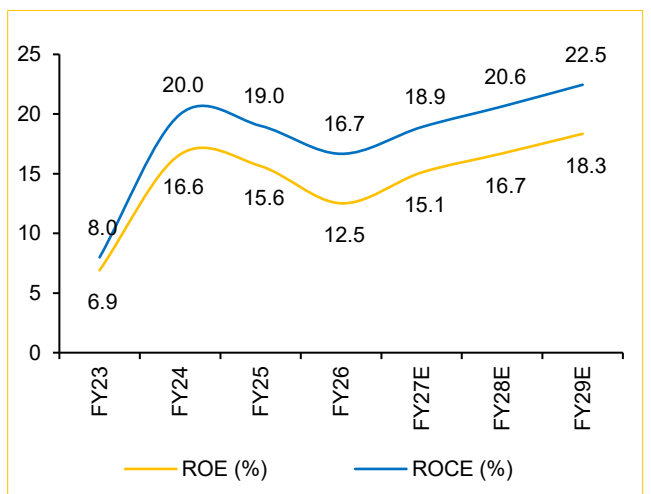
Source: COCHIN, Choice Institutional Equities

Revenue Mix (%)



Source: COCHIN, Choice Institutional Equities

ROE & ROCE trend



Source: COCHIN, Choice Institutional Equities

## 5.3 Financials &amp; Ratios

## Income Statement (Consolidated in INR Mn)

Particulars	FY25	FY26	FY27E	FY28E	FY29E
Revenue	48,200	50,219	60,011	72,014	86,416
Gross Profit	26,912	28,188	33,726	40,544	48,739
Other Operating Exp.	18,134	20,075	23,164	27,653	33,011
<b>EBITDA</b>	<b>8,779</b>	<b>8,114</b>	<b>10,562</b>	<b>12,890</b>	<b>15,728</b>
Other Income	3,891	4,098	4,921	5,761	6,913
Depreciation	1,032	1,298	1,409	1,479	1,549
EBIT	11,637	10,914	14,074	17,173	21,092
Interest Expense	386	924	1,315	1,364	1,410
Reported PAT	8,273	7,167	9,378	11,619	14,466
<b>EPS</b>	<b>31.5</b>	<b>27.2</b>	<b>35.6</b>	<b>44.2</b>	<b>55.0</b>

Ratio Analysis	FY25	FY26	FY27E	FY28E	FY29E
<b>Growth Ratios</b>					
Revenue (%)	25.8	4.2	19.5	20.0	20.0
EBITDA (%)	1.1	(7.6)	30.2	22.0	22.0
PAT (%)	5.6	(13.4)	30.8	23.9	24.5
<b>Return Ratios (%)</b>					
Gross Margin	55.8	56.1	56.2	56.3	56.4
EBIDTA Margin	18.2	16.2	17.6	17.9	18.2
PAT Margin	17.2	14.3	15.6	16.1	16.7
ROE	15.6	12.5	15.1	16.7	18.3
ROCE	19.0	16.7	18.9	20.6	22.5
<b>Leverage Ratios (x)</b>					
Debt/Equity	0.1	0.3	0.3	0.3	0.2
Current Ratio	1.3	1.3	1.4	1.4	1.4
<b>Turnover Ratio</b>					
Fixed Assets Turnover (x)	1.4	1.4	1.6	1.9	2.2
Inventory Days	325	379	340	330	320
Debtors Days	17	31	30	30	30
Payable Days	85	159	110	105	100
<b>Valuation Metrics</b>					
Market Cap (INR Bn)	378.6	378.6	378.6	378.6	378.6
PE (x)	45.8	52.8	40.4	32.6	26.2
EV (INR Bn)	353.1	371.3	363.5	358.4	351.9
EV/EBITDA (x)	40.2	45.8	34.4	27.8	22.4
BVPS	212.1	223.2	248.9	280.3	319.3
P/BV (x)	6.8	6.4	5.8	5.1	4.5

Source: COCHIN, Choice Institutional Equities

## Balance Sheet (Consolidated in INR Mn)

Particulars	FY25	FY26	FY27E	FY28E	FY29E
Net worth	55,793	58,728	65,480	73,729	84,000
Total debt	690	10,989	10,989	10,989	10,989
Other long-term Liabilities	5,199	6,537	8,732	9,272	9,704
Trade Payables	4,941	9,624	7,921	9,053	10,323
Other Current liabilities	67,370	59,429	72,314	84,832	99,465
<b>Total Liabilities</b>	<b>1,33,992</b>	<b>1,45,307</b>	<b>1,65,435</b>	<b>1,87,875</b>	<b>2,14,481</b>
Fixed Assets	35,627	37,505	38,250	39,269	40,173
Other Non-Current Assets	1,550	1,586	1,686	1,650	1,593
Inventories	18,961	22,884	24,485	28,452	33,032
Trade receivables	2,248	4,232	4,932	5,919	7,103
Cash and Bank balances	31,126	24,059	33,927	39,687	46,865
Other Current Assets	44,480	55,041	62,155	72,897	85,716
<b>Total Assets</b>	<b>1,33,992</b>	<b>1,45,307</b>	<b>1,65,435</b>	<b>1,87,875</b>	<b>2,14,481</b>
Capital Employed	61,221	65,495	74,442	83,231	93,934
Net Debt	(30,436)	(13,071)	(22,938)	(28,699)	(35,876)

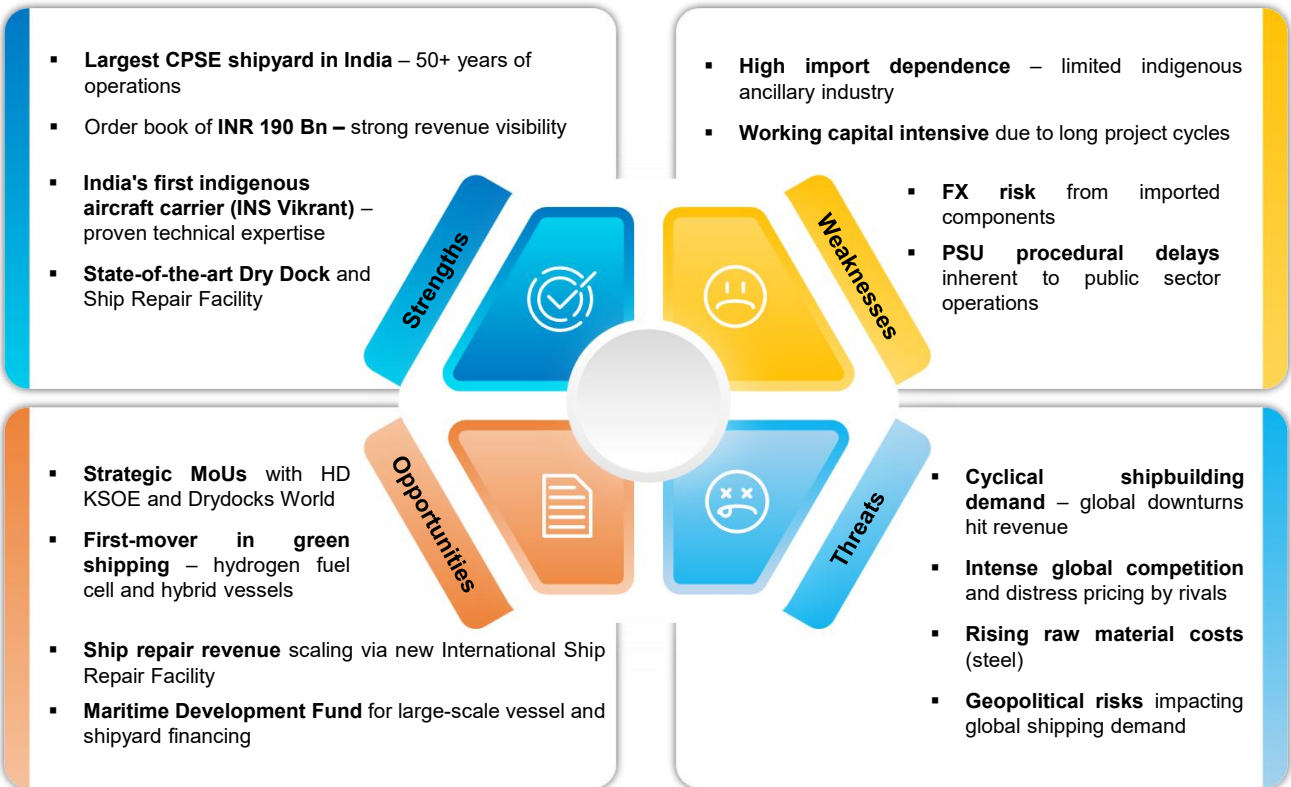
## Cash Flow Statement (Consolidated in INR Mn)

Cash Flows (INR Mn)	FY25	FY26	FY27E	FY28E	FY29E
Cash Flows from Operations	(2,842)	(12,341)	5,067	6,775	8,121
Cash Flows from Investing	5,376	3,271	(2,255)	(2,461)	(2,395)
Cash Flows From Financing	(2,431)	6,957	(1,746)	(4,194)	(5,174)

DuPont Analysis	FY25	FY26	FY27E	FY28E	FY29E
Tax Burden	73.5%	71.7%	73.5%	73.5%	73.5%
Interest Burden	96.7%	91.5%	90.7%	92.1%	93.3%
EBIT Margin	24.1%	21.7%	23.5%	23.8%	24.4%
Asset Turnover	0.4	0.3	0.4	0.4	0.4
Equity Multiplier	2.5	2.5	2.7	2.7	2.7
<b>ROE</b>	<b>15.6%</b>	<b>12.5%</b>	<b>15.1%</b>	<b>16.7%</b>	<b>18.3%</b>

Source: COCHIN, Choice Institutional Equities

6. SWOT Analysis



Source: COCHIN, Choice Institutional Equities

**About the Company:**

Cochin Shipyard Limited (COCHIN) is India's largest CPSE shipyard, operating under the Ministry of Ports, Shipping and Waterways with Miniratna status. It holds strategic defence significance as the sole Indian shipyard selected to build the country's first indigenous aircraft carrier, INS Vikrant and has conducted major refits for INS Viraat and INS Vikramaditya.

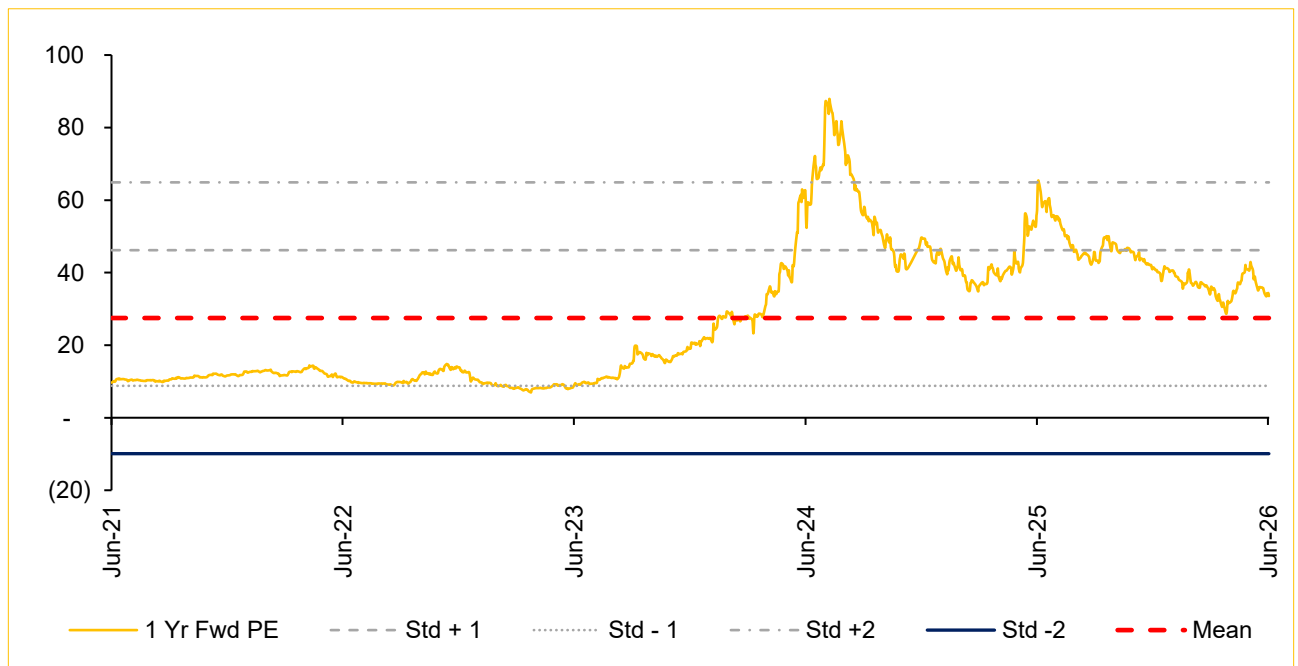
To date, COCHIN has delivered 194 vessels – including 31 defence, 22 large, 35 offshore support and 106 small/medium vessels – with 47 exported to clients across nine countries. Its infrastructure includes shipbuilding and repair dry docks of up to 110,000 and 125,000 DWT respectively. Recent capex of INR 27.7 Bn funded a new stepped dry dock (capable of handling carriers up to 70,000-tonne displacement and large commercial vessels) and the International Ship Repair Facility (ISRF) in Kochi.

Commercial operations are channelled through subsidiaries Udupi Cochin Shipyard Limited and Hooghly Cochin Shipyard Limited. As of June 2025, COCHIN's order book stands at INR 211 Bn, split across defence (65%), commercial-export (20%), commercial-domestic (8%) and ship repair (7%).

Shareholding Pattern	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26
<b>Promoters</b>	<b>72.9%</b>	<b>72.9%</b>	<b>72.9%</b>	<b>67.9%</b>	<b>67.9%</b>	<b>67.9%</b>	<b>67.9%</b>	<b>67.9%</b>	<b>67.9%</b>
President of India	72.9%	72.9%	72.9%	67.9%	67.9%	67.9%	67.9%	67.9%	67.9%
<b>FII</b> s	<b>5.2%</b>	<b>4.9%</b>	<b>3.8%</b>	<b>2.9%</b>	<b>2.9%</b>	<b>3.9%</b>	<b>3.2%</b>	<b>2.7%</b>	<b>3.1%</b>
<b>DII</b> s	<b>2.5%</b>	<b>2.5%</b>	<b>3.0%</b>	<b>6.6%</b>	<b>6.8%</b>	<b>6.3%</b>	<b>6.5%</b>	<b>6.5%</b>	<b>6.1%</b>
Life Insurance Corporation Of India				2.4%	2.9%	3.1%	3.3%	3.3%	3.3%
Nippon India Nifty Small Cap Fund	1.7%	1.6%	1.7%	2.0%	2.0%	1.7%	1.6%	1.5%	
<b>Public</b>	<b>19.5%</b>	<b>19.7%</b>	<b>20.3%</b>	<b>22.5%</b>	<b>22.4%</b>	<b>21.9%</b>	<b>22.4%</b>	<b>22.9%</b>	<b>23.0%</b>

Source: Screener, Choice Institutional Equities

**One-year forward PE band**



**Defence Segment**



**Indigenous Aircraft Carrier**



**Anti-Submarine Warfare Shallow Water Crafts**



**Floating Border Out-Post Vessels**



**Next Generation Missile Vessels**



**Hydrographic Survey Vessels**



**Pollution Control Vessels**

**Commercial Segment**



**Oil Tankers**



**Bulk Carriers**



**Dredgers**



**Pax Vessels**



**Tugs**



**Electric Autonomous Vessels**

Source: COCHIN, Choice Institutional Equities

**Ship Repair Segment**



**Maintenance and Repairs of Aircraft Carriers and other Defence Vessels**



**Repairs and Maintenance of Tankers, Bulk Carriers, all kinds of Commercial and Specialised Vessels**

Source: COCHIN, Choice Institutional Equities

**Shipbuilding Portfolio**

**Commercial**

- Oil Tankers
- Bulk Carriers
- Multi Purpose Vessels
- Container Vessels
- Passenger Vessels
- Ro-Pax Vessels
- Electric Passenger Ferries
- Fishing Vessels
- Dredgers
- Tugs

**Key Clients / Partners:**



**Offshore**

- Platform Supply Vessels
- Anchor Handling/Tug Supply Vessels
- Specialized Support Vessels
- Geotechnical Research Vessel
- Deck Cargo/Jacket Launch Barges
- Commissioning Service Operation Vessels
- Service Operation Vessels

**Key Clients / Partners:**



**Defence**

- Indigenous Aircraft Carrier
- Anti Submarine Warfare Shallow Water Craft
- Next Generation Missile Vessels
- Technology Demonstration Vessel
- Fast Patrol Vessels
- Floating Border Outpost Vessels

**Key Clients / Partners:**

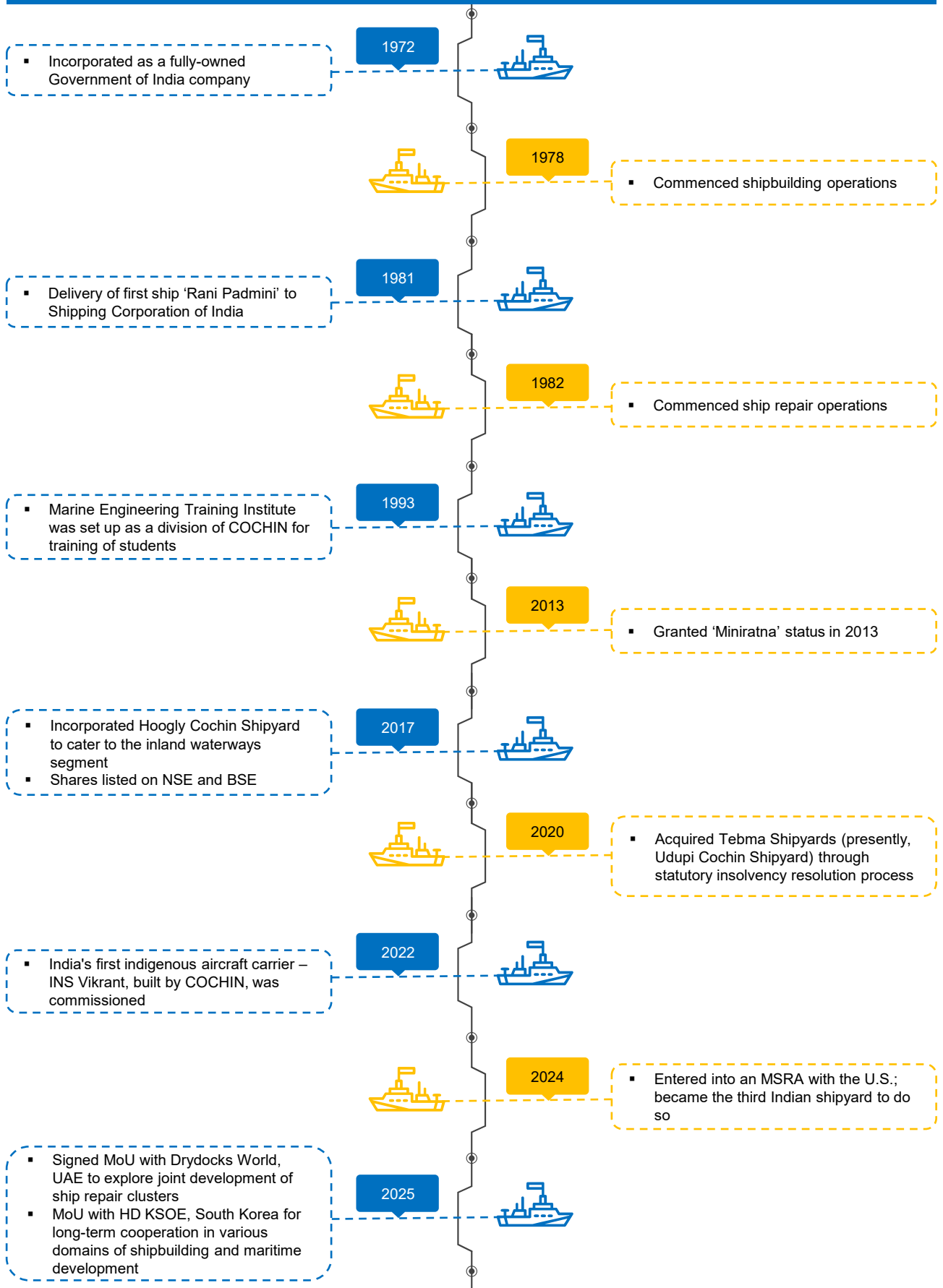


Source: MoPSW, Choice Institutional Equities

Management Team		
 <p><b>Mr. Jose V J</b></p>	<p><b>Charman, MD &amp; Director (Finance)</b></p>	<ul style="list-style-type: none"> <li>Mr. Jose V J has been serving as Director (Finance) &amp; CFO since August 2019, with 34 years of experience in financial management, strategic planning, risk, forex, budgeting and cost control</li> <li>He has been assigned additional charge of CMD for three months w.e.f. February 1, 2026 which has been extended for a further period of 3 months w.e.f. May 01, 2026</li> <li>He is a Member of the ICMAI and holds a Law degree (Government Law College, Ernakulam)</li> <li>He also heads the Information Systems function and serves as a Director on the boards of Hooghly Cochin Shipyard Ltd. and Udupi Cochin Shipyard Ltd</li> </ul>
 <p><b>Mr. Rajesh Gopalakrishnan</b></p>	<p><b>Director (Technical)</b></p>	<ul style="list-style-type: none"> <li>Mr. Gopalakrishnan has been serving as Director (Technical) since August 2025; he joined the company in 1995 as an Executive Trainee and has nearly 30 years of experience</li> <li>He holds a B.Tech (Mechanical Engineering) and an MBA (International Marketing)</li> <li>He has experience across shipbuilding, ship repair and conversions, with expertise spanning strategy, estimation, contracts, procurement, planning, project management and customer relations</li> <li>Prior to his current role, he served as Executive Director (Ship Repair) and is also a Director on the boards of Hooghly Cochin Shipyard and Udupi Cochin Shipyard</li> </ul>
 <p><b>Dr. Harikrishnan S</b></p>	<p><b>Director (Operations)</b></p>	<ul style="list-style-type: none"> <li>He has been serving as Director (Operations) since August 2025; he joined the company in 1995 as an Executive Trainee and has nearly 30 years of experience</li> <li>He holds a B.Tech (Mechanical Engineering), M.Tech (Production Engineering), MBA (International Business) and a PhD in Mechanical Engineering</li> <li>He has extensive experience across shipbuilding and ship repair, covering design, quality control, production, procurement, planning and project management</li> <li>Prior to his current role, he served as Executive Director (Shipbuilding) and is also a Director on the boards of Hooghly Cochin Shipyard and Udupi Cochin Shipyard</li> </ul>

Source: COCHIN, Choice Institutional Equities

**Key Milestones**



Source: COCHIN, Choice Institutional Equities

Initiating Coverage

**Choice**  
Institutional Equities

# Garden Reach Shipbuilders & Engineers Ltd. (GRSE)

*The Knight: Unconventional Moves, Unmatched Reach*

June 08, 2026

[institutional.equities@choiceindia.com](mailto:institutional.equities@choiceindia.com)

**Garden Reach Shipbuilders & Engineers Ltd. (GRSE)**

June 08, 2026 | CMP: INR 2,659 | Target Price: INR 3,500

Expected Share Price Return: 31.6 % | Dividend Yield: 0.5 % | Expected Total Return: 32.2 %

Sector View: Positive

**BUY**

GRSE is a central DPSU, operating under the administrative control of the Ministry of Defence. Its primary business segment is shipbuilding for the Indian Navy and Coast Guard. It is also engaged in construction of commercial vessels and engineering and engine production activities.

**Company Information**

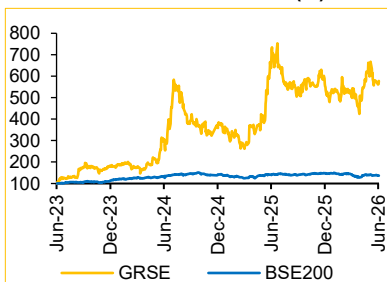
BB Code	GRSE IN EQUITY
ISIN	INE382Z01011
Face Value (INR)	10.00
52 Week High (INR)	3,538
52 Week Low (INR)	1,964
Mkt Cap (INR Bn)	304
Mkt Cap (USD Bn)	3.2
Shares Outstanding (Mn)	114.6
Free Float (%)	25.5
FY28E EPS (INR)	100.1

**Shareholding Pattern (%)**

	Mar-26	Dec-25	Sep-25
Promoters	74.50	74.50	74.50
FIIIs	3.51	2.96	3.26
DIIIs	1.69	1.64	1.99
Public	20.32	20.90	20.25

**Relative Performance (%)**

YTD	1Y	2Y	3Y
BSE200	(2.9)	4.9	36.7
GRSE	(21.4)	126.7	430.1

**Rebased Price Performance (%)****Investor Questions****Bull / Bear Case****Putta Ravi Kumar**

Email: ravi.putta@choiceindia.com  
Ph: +91 22 6707 9908

**Ashutosh Bagaria**

Email: ashutosh.bagaria@choiceindia.com  
Ph: +91 22 6707 9908

**Book-to-bill at ~2.2x of FY26 Revenue Provides Visibility**

GRSE commands a **robust order book of ~INR 153 Bn** as of May 2026, offering ~2 years of execution visibility at current run rate. With the expected Next-Generation Corvette (NGC) contract (~INR 330 Bn), the order book could **exceed INR 500 Bn by early-FY27, providing 8–10 years of forward revenue visibility** and de-risking earnings through FY35. The company delivered five warships in eight months, reflecting strong execution capability (1 vessel every 1.5 months). Revenue is diversified – 83% defence and 17% commercial – reducing cyclicality. The near-term defence **opportunity pipeline adds up to ~INR 1.6 Tn**, including high-value programmes, such as P-17 Bravo frigates (INR 700 Bn), Mine Counter-Measure Vessels (INR 320 Bn), Platform Docks (INR 350 Bn) and other platforms.

**First-mover Advantage in India's Green Maritime Transition Unlocks INR 130–290 Bn Opportunity by 2035**

We believe GRSE is well positioned to benefit from India's green maritime transition, driven by policy-led electrification across inland, coastal and harbour vessel segments. Based on initiatives by the Ministry of Ports, Shipping and Waterways and the Inland Waterways Authority of India, we estimate a **INR 55–115 Bn near-term opportunity**, scaling up to **INR 130–290 Bn by 2035** including defence and export potential.

Beyond order inflows, green vessels offer compelling lifecycle economics. Each vessel can generate **~1.3–1.6x of initial contract value over 25–30 years**, its lifecycle through battery replacements, refits and maintenance contracts, creating a recurring revenue stream. **In our view, GRSE's early-mover advantage in green vessel execution positions it to shift from a project-driven model to a more predictable, annuity-like earnings profile**, supporting long-term growth.

**Potential 150–250 bps EBITDA Margin Expansion**

We see GRSE entering a structural margin reset, with potential **150–250 bps EBITDA expansion over FY27–FY29E**, driven by execution maturity rather than cyclical factors. Transitioning from low-complexity patrol vessels to repeat execution of complex naval platforms – Next-Generation Corvette and P-17B – leverages previous P-17A experience, **reducing design, integration and vendor risks** while improving cost predictability and realisation per tonne. An **asset-light model, combined with Technologies integration**, shortens build cycles, enhances overhead absorption and strengthens high-value in-house integration. With **complex platforms set to dominate revenue, sustainable margin of 11.0–13.5% is achievable**, supporting a durable earnings re-rating. Base, bear and bull case analyses confirm that margin expansion is structural, repeatable and underappreciated.

**Investment View**

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% over FY26–29E**, driven by execution ramp-up, operating leverage and an improving mix. We assign GRSE a **'BUY' rating with a target price of INR 3,500 (27.5% upside)**, valuing the stock at 35x FY28E EPS of INR 100.1 (PEG 1.9); our DCF implies a fair value of INR 3,450.

**Key Risk:** High dependence on naval contracts and lower exposure to high-value platforms may constrain margin expansion and long-term growth diversification.

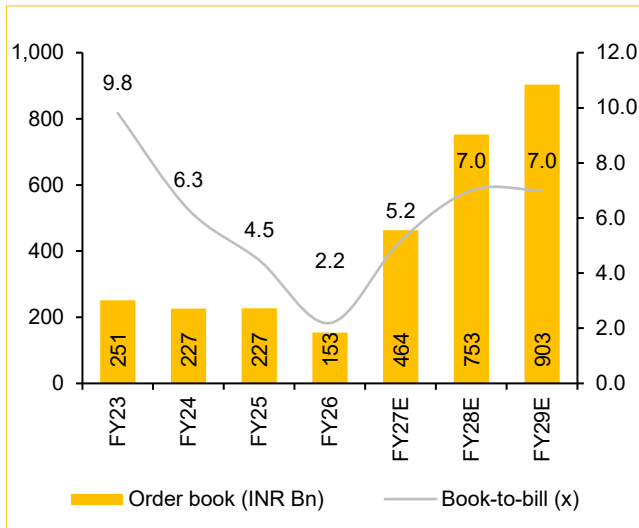
**Upcoming Trigger:** Order pipeline NGC (INR 300Bn) & MCMV (INR 300Bn)

**Key Financials**

Particulars (INR Mn)	FY25	FY26	FY27E	FY28E	FY29E
Revenue	50,757	70,022	87,527	1,05,032	1,26,039
YoY (%)	41.3	38.0	25.0	20.0	20.0
<b>EBITDA</b>	<b>4,213</b>	<b>7,953</b>	<b>10,095</b>	<b>12,219</b>	<b>14,789</b>
EBITDAM %	8.3	11.4	11.5	11.6	11.7
PAT	5,274	7,479	9,459	11,462	13,914
<b>EPS</b>	<b>46.0</b>	<b>65.3</b>	<b>82.6</b>	<b>100.1</b>	<b>121.5</b>
ROE %	28.1	31.8	32.0	31.1	30.4
ROCE %	32.4	36.8	35.9	34.7	33.7
PE(x)	57.7	40.7	32.2	26.6	21.9
EV/Sales (x)	5.3	3.9	3.0	2.4	1.9
EV/EBITDA (x)	63.5	34.1	25.8	20.5	16.1

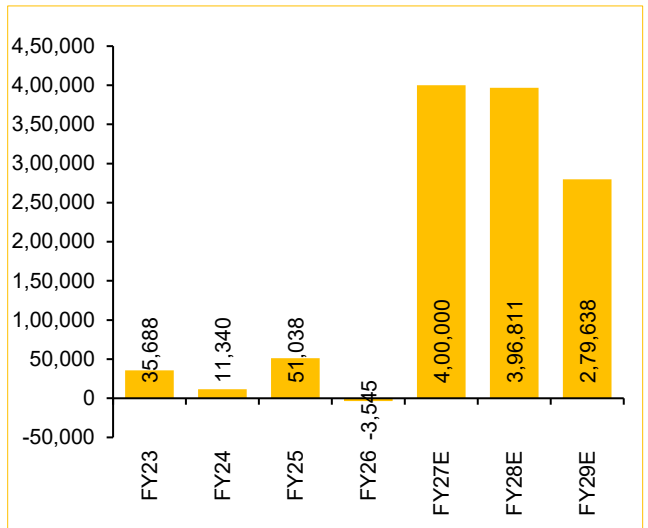
**Report Structure**

**Order Book and Book-to-bill**



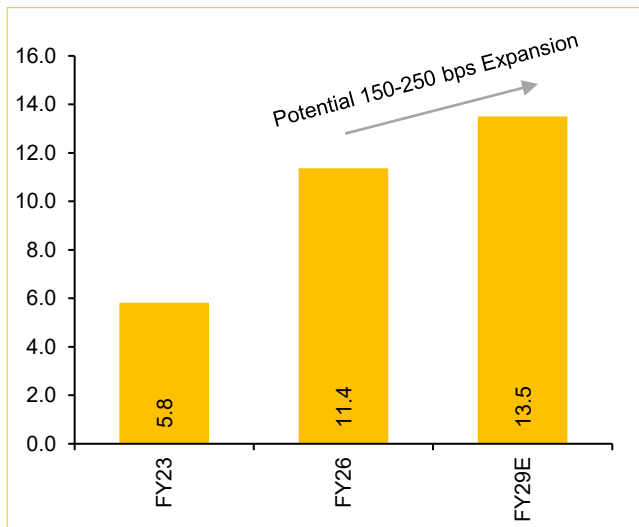
Source: GRSE, Choice Institutional Equities

**Order Inflow (INR Mn)**



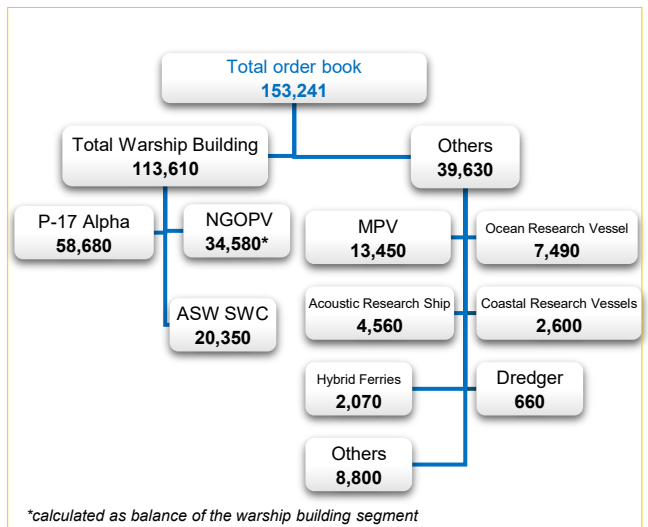
Source: GRSE, Choice Institutional Equities

**EBITDA margin expansion headroom**



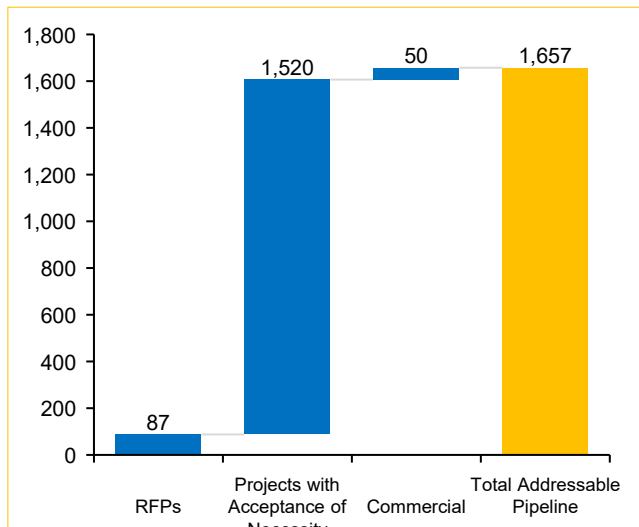
Source: GRSE, Choice Institutional Equities

**Order book composition (at March 31, 2026) (INR Mn)**



Source: GRSE, Choice Institutional Equities

**Upcoming order pipeline (INR Bn)**



Source: GRSE, Choice Institutional Equities

**Scenario Analysis**

Scenario	EBITDA Margin	Rationale / Data Points
Bear Case	7.5% – 8.5%	<b>Cost Overruns &amp; Commodity Spikes:</b> Potential delays in high-value projects like NGC or sudden spikes in steel prices. Execution friction in new greenfield facilities (Kandla) could temporarily dilute margins.
Base Case	~11.0%	<b>Status Quo Conservative:</b> Assumes that the margin benefits from outsourcing and digital tech are offset by 'entry-level' thin margins on new commercial/export orders (e.g., German MPVs).
Bull Case	12.5% – 13.5%	<b>High-Value Pivot:</b> Full conversion of the INR 330 Bn NGC project and P-17B frigates. Use of digital technologies significantly reduce production cycles.

Source: Choice Institutional Equities

Report Structure		
Sr. No.	Particulars	Page No.
1 Investment Thesis	<a href="#">1. Book-to-bill at ~2.2x of FY26 Revenue Provides Visibility</a> 1.1 Order Book Composition 1.2 Follow-on and Repeat Orders Reduce Execution Risk 1.3 Future Projects Pipeline and Export Opportunities 1.4 The Order Book 'Quantum Leap' (from INR 153 Bn to INR 700 Bn)	79
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## 1. Book-to-bill at ~2.2x of FY26 Revenue Provides Near-term Visibility

- GRSE demonstrates a strong multi-year revenue visibility, anchored by **~INR 153 Bn order book** as of March 31, 2026, representing approximately **two years of execution visibility** at current run rate. The company has emerged as a structurally advantaged player in India's defence shipbuilding sector, with an anticipated order book expansion to over **INR 500 Bn by early-FY27E**. Award of the Next-Generation Corvette (NGC) contract worth ~INR 330 Bn is expected soon. This positions GRSE with an unprecedented **8–10 years of forward revenue visibility**, substantially de-risking earnings trajectory through FY35.
- The company has demonstrated consistent execution capability, delivering five warships in the past eight months (**~1 vessel every 1.5 months**). GRSE has successfully diversified its revenue mix to **83% defence and 17% commercial platforms**, reducing cyclicalities relative to pure-play defence contractors. The defence shipbuilding **opportunity pipeline** is to the tune of **~INR 1,607 Bn** across near-term RFPs (INR 87 Bn) and projects with Approval of Necessity (INR 1,520 Bn), including high-value programmes, such as P-17 Bravo frigates (INR 700 Bn), Mine Counter-Measure Vessels (INR 320 Bn) and Platform Docks (INR 350 Bn).

### 1.1 Order Book Composition (March 2026)

Category / Project Name	Outstanding Value (INR Mn)	Remaining Quantity	Progress / Expected Completion Timeline
<b>Warship Building Segment</b>	<b>113,610</b>		
P-17 Alpha Project	58,680	1 ship	74% physical progress; delivery targeted during CY26.
Next-Gen Offshore Patrol Vessel (NGOPV) (balance)	34,580	4 ships	Project completion expected in FY29.
Anti-Submarine Shallow Water Craft (ASW SWC)	20,350	4 ships	Two ships at 80% progress (delivery mid-CY26); remaining two at 60% progress (delivery by FY27-end).
<b>Non-defence / Commercial Segment</b>	<b>39,630</b>		
Multipurpose Vessels (Export to Germany)	13,450	12 vessels	Keel laying completed for 3 ships.
Ocean Research Vessel	7,490	1 vessel	50% construction progress; planned for launch during CY26.
Acoustic Research Ship	4,560	1 ship	~20% physical progress.
Coastal Research Vessels	2,600	2 vessels	Construction is on track.
Hybrid Ferries	2,070	13 ferries	Completion planned by end-FY27.
Dredger (Export to Bangladesh)	660	1 dredger	Planned for launch during FY27.
Others (balance)	8,800		

Source: GRSE, Choice Institutional Equities

#### P-17 Alpha frigate project

- GRSE's largest single programme at **~INR 59 Bn** remaining value (38% of total order book)
- Final vessel targeted for **CY2026** delivery

#### Anti-Submarine Shallow Water Craft

- The Anti-Submarine Shallow Water Craft programme (INR 20.4 Bn remaining)
- Four delivered**; intend to complete contract in FY27
- Staging ensures consistent revenue recognition across multiple quarters

*Large ongoing programmes, such as P-17 Alpha, ASW-SWC, ensure steady execution and near-term revenue visibility*

The **NGOPV** programme extends visibility through FY29.

### 1.2 Follow-on and Repeat Orders Reduce Execution Risk

*Repeat programmes enhance earnings visibility, capacity utilization and lower execution risk*

- **Defence shipbuilding is inherently repeat-driven:** Inducted platforms lead to follow-on orders with **known designs, stable costs and pre-qualified vendors**, materially lowering execution risk
- **GRSE benefits extraordinarily from this structure:** Learning curves are embedded, technical risk resolved and tender uncertainty is lower as the Navy favours execution continuity
- **P-17 Alpha delivery de-risks P-17 Bravo:** Bravo is a direct design evolution with incremental upgrades; **management confidence is high** on order win, driven by execution credibility and cost-competitiveness. programme likely split (**4 ships to L1, 3 to L2**), with GRSE targeting the larger share
- **ASW Shallow Water Craft deliveries strengthen follow-on potential** as platform performance directly influences repeat procurement
- **30 mm Naval Surface Gun is a repeat-order annuity:**
  - 4 of 17 guns delivered
  - **49-gun inquiry pipeline** from Coast Guard; expected to convert into contract by Q1 FY27
  - Minimal re-qualification; **high multi-year revenue visibility**
- Repeat programmes may not spike annual inflows, but **significantly enhance earnings visibility, capacity utilisation and downside protection**

### 1.3 Future Projects Pipeline and Export Opportunities

Category	Value
RFPs	INR 87 Bn
<u>Projects with AoN</u>	
<ul style="list-style-type: none"> <li>• P-17 Bravo (7 ships)</li> <li>• MCMV (12 ships)</li> <li>• LPD (4 ships)</li> <li>• FIC (120 vessels)</li> <li>• Interceptor boats (18 vessels)</li> <li>• NG Fast Attack Crafts (31 vessels)</li> <li>• NOPV (5 vessels)</li> </ul>	INR 1,520 Bn
• Commercial ( Non-defence PSUs) (207 platforms)	INR 50 Bn
<b>Total Addressable Pipeline</b>	<b>INR 1,657 Bn</b>

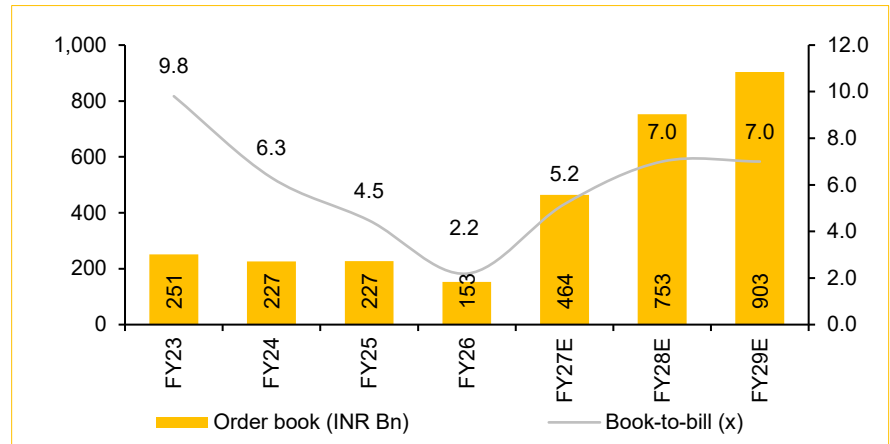
*Strong European interest and ongoing client discussions signal growing global ambition and possibility of commercial order expansion*

- **Export platforms**, primarily the **12 Multi-purpose vessels** for German clients, provide non-defence revenue diversification with deliveries extending through FY29
- This export portfolio demonstrates GRSE's ability to compete in international markets and positions the company to capitalise on **European shipowners' growing interest** in India as a cost-competitive shipbuilding destination
- Management has indicated active discussions with additional European clients for similar platforms, suggesting potential order pipeline **expansion in the commercial segment**

Source: GRSE, Choice Institutional Equities

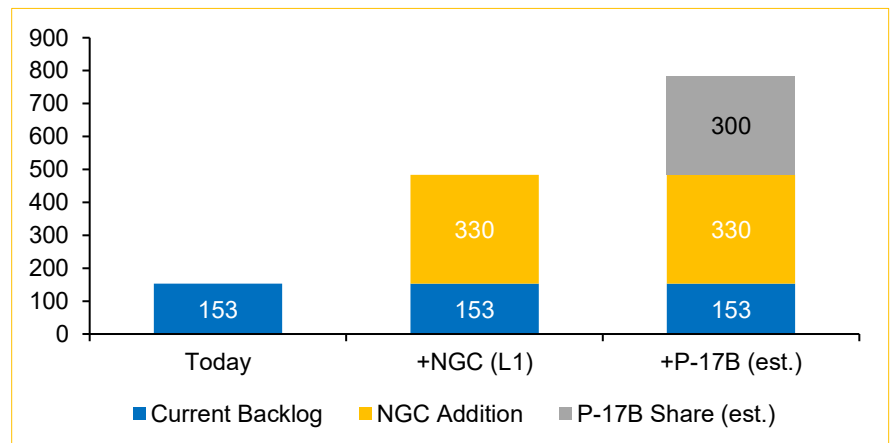
We believe GRSE is entering a ‘**contractual supercycle**’. It is moving from a steady-state backlog of INR 153 Bn towards a potential peak backlog of **INR 650–750 Bn** by FY28E

**Order book is expected to increase steadily providing multi-year visibility**



Source: GRSE, Choice Institutional Equities

**1.4 The Order Book ‘Quantum Leap’ (from INR 153 Bn to INR 700 Bn)**



*NGC alone will double the order book*

*P-17 Bravo is an INR 700 Bn frigate program; order expected by FY27, offering strong execution efficiency and higher margins due to design continuity with P-17A*

**The Next-Gen Corvette (NGC) Catalyst**

- GRSE has already been declared the **L1 (Lowest Bidder)** for the MoD’s prestigious NGC programme. This contract involves the construction of 5 advanced stealth corvettes valued at approximately **INR 330 Bn**
- Contract negotiations are in the final stages. This single order is more than double GRSE’s current order book. And also order book pipeline provides a revenue runway through 2035

**The P-17 Bravo Push**

- Total programme size: ~INR 700 Bn**, one of the largest surface-combatant orders in the pipeline
- Order-splitting likely:** Indian Navy/MoD historically split large frigate programmes between **MAZDOCKS** and **GRSE** to de-risk execution and utilise parallel capacity
- Expected allocation: 4:3 or 3:4 split;** even if we consider base case a **3-ship win for GRSE implies ~INR 300 Bn** incremental order inflow
- Timing:** Order crystallisation likely in **FY27**
- Execution advantage: P-17B is an evolutionary design of P-17A**, enabling full carryover of learning curves
- Margin implication:** Reuse of **infrastructure, modular construction systems and vendor ecosystem** typically drives **higher EBITDA margin vis-a-vis first-of-class vessels**

**2. First-mover Advantage in Green Maritime Transition Unlocks INR 130–290 Bn Opportunity by 2035**

- We believe GRSE is uniquely positioned to capitalise on India’s green maritime transition, supported by a structurally emerging opportunity across inland waterways, coastal mobility and harbour vessel segments. **In our view, the opportunity is not captured by any single industry estimate; rather, it is best understood through a bottom-up synthesis of policy targets, replacement cycles and cost benchmarks.**
- This opportunity is anchored in multiple regulatory and policy tailwinds, including initiatives led by the Ministry of Ports, Shipping and Waterways such as Maritime India Vision 2030 and the Green Tug Transition Programme, alongside inland vessel electrification driven by the Inland Waterways Authority of India. Based on currently announced targets and visible execution pipelines, we estimate a **INR 55–115 Bn near-term addressable market, with potential to scale to INR 130–290 Bn by 2035, including defence and export optionality.**
- Importantly, we believe the investment case extends beyond order inflows. Green vessels structurally alter the revenue profile through embedded lifecycle economics. Our analysis suggests that each vessel can generate **~1.3–1.6x of initial contract value over a 25–30 year lifecycle**, driven by scheduled battery replacements (every 8–10 years), mid-life refits and long-term maintenance contracts. This creates a recurring revenue stream with superior margin visibility compared to traditional shipbuilding.

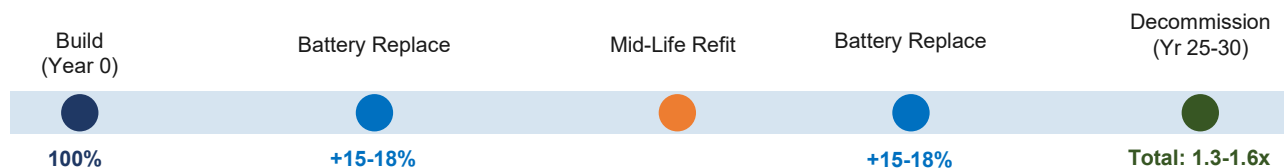
**2.1 Case Study-6 — Segment-wise Green Vessel Opportunity Breakdown**

Based on vessel targets under Maritime India Vision 2030, Green Tug Transition Programme and inland electrification initiatives, we estimate an INR 150–250 Bn green vessel opportunity through 2035.

This is our bottom-up estimate based on X vessels × Y cost

Segment	Key Drivers	Estimated Volume	Avg. Cost per Vessel (INR Mn)	Opportunity (INR Bn)
<b>Green Tugs</b>	Green Tug Transition Programme under MoPSW	200–300 tugs (by 2030)	40–60	80–180
<b>Inland Ferries</b>	Electrification of inland waterways driven by Inland Waterways Authority of India	100+ vessels	15–25	15–25
<b>Coastal / RoPax Vessels</b>	Coastal shipping, tourism and island connectivity initiatives	50–100 vessels	20–40	10–40
<b>Defence &amp; Exports</b>	Hybrid patrol vessels, exports to ASEAN/Africa markets	—	—	25–45
<b>Total</b>				<b>130–290</b>

**Lifecycle Economics: 1.3–1.6x Revenue Multiplier per Vessel (Green) (25–30-yr life)**



OEM lock-in: High downtime risk makes supplier switching uneconomical – bringing in annuity revenue

*Policy mandates and subsidies are driving a structural, non-cyclical shift toward green vessel demand*

## 2.2 Regulation Converts Sustainability into Guaranteed Demand

- **111 National Waterways (>20,000 km)** targeted for **green vessel adoption** under Harit Nauka guidelines
- **Sagarmala & Green Tug Transition programmes** mandate harbour craft electrification, backed by **~30% government subsidies**
- Policies translate into **decadal demand** for **ferries, tugs and coastal vessels**
- Creates a **non-cyclical replacement market**, independent of trade-driven shipbuilding cycles

*Lifecycle servicing and OEM lock-in create high-margin, recurring annuity revenue streams*

## 2.3 Lifecycle Economics Create High-margin Annuity Streams

- Mid-life refits, in **every 8–10 years (15–18% of vessel value)**
- **OEM lock-in**: High downtime risk makes supplier switching uneconomical
- **Scale economics**: For **50–75 vessels**, potential **INR 2–4 Bn** annual recurring revenue at **25–30% EBITDA margin**
- High-visibility, **annuity-like earnings stream** supporting long-term margin

*MIV 2030 and MAKV 2047 anchor long-term investment and visibility in green maritime infrastructure*

## 2.4 Maritime India Vision 2030 & Maritime Amrit Kaal Vision 2047: India's Green Maritime Roadmap

- **MIV 2030**: **INR 3–3.5 Tn** across ports, inland waterways, shipbuilding; supported by **~INR 697 Bn** for shipbuilding & ecosystem development
- **Maritime Amrit Kaal Vision 2047**: **~INR 80 Tn** earmarked for ports, coastal shipping, inland waterways, shipbuilding and **green shipping**
- Focus on **green corridors, green hydrogen bunkering and methanol-fuelled vessels** to convert sustainability into actionable demand

*Schemes like Harit Sagar, GTTP and the Maritime Development Fund convert green policy into funded, execution-ready demand*

## 2.5 Flagship Initiatives and Programmes powering India's Green Maritime Economy

- **Targeted, execution-focussed programmes**, such as Harit Sagar Green Port Guidelines (2023), National Green Hydrogen Mission (2023) and Green Tug Transition Programme (GTTP) (2024)
- **Maritime Development Fund (INR 250 Bn)** catalyses green infrastructure, alternative fuels and fleet modernisation
- **Harit Sagar Guidelines**: Framework for ports to achieve carbon-neutrality, mandating sustainable materials and cleaner technologies
- **GTTP**: Mandates **shift to electric/hybrid/alternative-fuel harbour tugs**, supports **'Make in India'** via domestic design, manufacturing and lifecycle
- Converts policy into **bankable, multi-year demand** across **green vessels**

### 3. Potential 150–250 bps EBITDA Margin Expansion

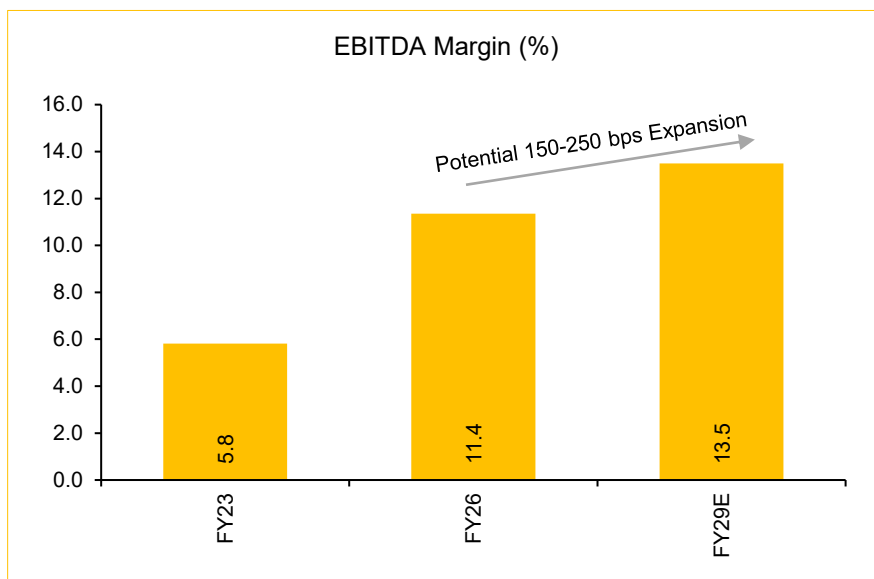
- We believe GRSE is entering a **structural margin inflection point**, with potential **150–250 bps EBITDA expansion over FY26–FY29E**, driven by execution maturity rather than cyclical tailwinds. The upside originates from a shift from low-complexity patrol vessels to repeat execution of complex, high-value naval platforms, where GRSE already sits on the **right side of the learning curve**.
- Upcoming programmes – **Next Generation Corvette and P-17B** – are follow-on orders, not first-of-class projects. GRSE's experience with **P-17A** has absorbed design stabilisation, system-integration learning and vendor qualification cost, providing **higher cost predictability, tighter subcontractor control and superior realisation**. In our analysis, we conservatively assume a base case margin of ~11% to quantify earnings, highlighting that actual structural upside is underappreciated.
- The margin foundation is reinforced by GRSE's **asset-light execution model**, outsourcing low-value fabrication while retaining high-value integration in house. Additionally, **digital integration** reduces rework, shortens build cycles and improves overhead absorption. With complex platforms set to dominate revenue, we see sustainable margin of **9.5–11.5%**, reflecting a durable earnings re-rating. Our **base, bear and bull case studies** confirm that, even under conservative assumptions, GRSE's margin expansion is **structural and repeatable**, not cyclical.

#### 3.1 Margin Stability and Scenario Analysis

The 'Building Block' model – which utilises extensive work outsourcing to MSMEs – allows GRSE to scale up execution while keeping a lean fixed-cost structure. This, combined with the 'Digital Thread', minimises expensive rework and accelerates delivery timelines, providing a strong floor for margin.

#### Tabular Margin Analysis: Base, Bear and Bull Cases

We conservatively assume a base margin of ~11% to quantify earnings



#### Margin Scenario Analysis – Bear, Base & Bull Cases

##### BEAR CASE DOWNSIDE ▼

EBITDA MARGIN

**7.5% – 8.5%**

Cost overruns and commodity spikes; execution friction at the new Kandla greenfield facility, potential delays in high-value projects could temporarily dilute margin.

##### BASE CASE CENTRAL ►

EBITDA MARGIN

**~11.0%**

Status quo conservative: Outsourcing and digital-tech benefits are offset by thin margin on new commercial/export orders, e.g., German MPVs.

##### BULL CASE UPSIDE ▲

EBITDA MARGIN

**12.5% – 13.5%**

Full NGC + P-17B conversion; operating leverage kicking in.

Source: GRSE, Choice Institutional Equities

*Margin expansion is structural, driven by execution maturity and learning-curve benefits from repeat naval platforms*

### 3.2 Margin Expansion Driven by Proven Execution and Follow-on Complex Platforms

- GRSE's margin expansion is driven by **execution maturity on complex naval platforms**, rather than one-off contract advantages
- The successful delivery of high-integration frigates has materially de-risked future programmes by stabilising design, vendor ecosystems and execution processes. As a result, follow-on platforms such as NGC (~INR 330 Bn) and P-17B are entering production as **repeat builds**, benefiting from learning-curve efficiencies, established infrastructure and improved supply-chain visibility
- Additionally, the increasing share of **sensor-intensive, weapon-heavy platforms with higher indigenous content** supports stronger pricing power versus lower-margin patrol vessels (historically ~6–8%)
- **We believe margins are structurally poised to stabilise at ~9.5–10.5%**, led by platform repeatability, operating leverage and supply-chain maturity

### 3.3 Asset-light Execution Model Drives Operating Leverage

- GRSE's asset-light execution model structurally **decouples growth from incremental capex and workforce expansion**, enabling scalable and capital-efficient execution
- Instead of pursuing capacity solely through greenfield investments, the company is leveraging strategic partnerships for large platforms, including a consortium with Hindustan Shipyard for the LPD programme and an MoU with Swan Defence for vessels exceeding 250 meters. In parallel, GRSE is expanding its geographic footprint into Gujarat through partnerships in Kandla and near Bhavnagar, strengthening execution flexibility
- On repeat platforms such as ASW-SWC and SVL, improved process efficiency has led to a decline in subcontracting costs as a percentage of revenue, directly supporting margin expansion. Subcontracting remains calibrated at ~15% of revenue
- Capacity expansion is already visible, with concurrent shipbuilding increasing from 28 to 32 platforms by end-2026
- **We believe this model enhances operating leverage, improves capital efficiency and supports sustained margin expansion as execution scales**

*GRSE's asset-light, partnership-led model enables scalable growth without proportionately heavy capex or workforce expansion*

### 3.4 Margin Expansion Driven by In-house Design Control

- GRSE's margin expansion is increasingly driven by **in-house design ownership**, rather than favourable execution cycles or mix
- A growing share of platforms are designed internally and iterated across batches, enabling customisation at marginal cost and reducing dependence on external engineering. This strengthens cost visibility and allows GRSE to **capture value across successive programmes**, not just initial builds
- The impact is evident in margins, with EBITDA structurally expanding from ~6% to >8% despite inflationary pressures and peak execution intensity – an outcome that underscores improving execution quality in a complex shipbuilding environment
- **We believe in-house design capability converts accumulated learning into repeatable execution advantages, supporting stronger pricing power, cost control and sustainable margin expansion**

*GRSE's asset-light, partnership-led model enables scalable growth without proportionately heavy capex or workforce expansion*

## 4. Investment View (1/2)

### 4.1 Key Investor Questions

#### Q1. Why are we now initiating coverage on GRSE?

We believe GRSE is entering a **strong growth phase supported by a robust order pipeline in corvettes and auxiliary vessels**, coupled with improving execution. Compared to peers, GRSE offers **faster revenue conversion and earnings compounding** driven by shorter project cycles.

#### Q2. What makes GRSE strategically unique?

In our view, GRSE's strength lies in its **focus on mid-sized naval platforms**, where execution timelines are shorter and complexity is manageable. This enables **better project turnaround and relatively predictable earnings growth**.

#### Q3. How strong is the order book visibility?

GRSE's order book provides **solid medium-term visibility**, with a strong pipeline of follow-on orders in corvettes and support vessels. We believe the company is well placed to **consistently replenish its order book** given its positioning in this segment.

#### Q4. What drives GRSE's growth over the next 3–5 years?

Growth is expected to be driven by **execution ramp-up in existing orders, faster project completion cycles and steady inflow of mid-sized contracts**. This allows GRSE to **translate orders into revenues quicker than peers**.

#### Q5. How does margin evolve going forward?

We expect margins to remain **stable with gradual improvement**, supported by operating leverage and execution efficiencies. While not as high as complex platform players, GRSE benefits from **consistency and lower execution risk**.

#### Q6. What gives confidence in execution capability?

GRSE has demonstrated a **strong track record of timely delivery across multiple vessel categories**, highlighting its efficient project management and mature vendor ecosystem. This underpins GRSE's **high execution reliability**.

#### Q7. Is there a risk of lumpy earnings?

Earnings are relatively **less volatile compared to peers**, given smaller project sizes and quicker execution cycles, which allow for **more regular revenue recognition**.

#### Q8. How do we see return ratios evolving?

We expect **healthy and improving return ratios**, supported by an efficient capital utilisation, steady margin and faster revenue turnover.

#### Q9. What are the key risks to our thesis?

Key risks include possibly **slower-than-expected order inflows, probable execution delays and margin pressure due to cost overrun**. However, GRSE's focus on less complex platforms helps mitigate extreme downside risks.

#### Q10. Why do we believe this valuation is justified?

We believe valuation is supported by **strong earnings growth visibility, execution consistency and improving margin profile**, positioning GRSE as a **reliable growth compounder within the segment**.

#### Q11. What are key upside triggers?

Upside potential could arise from **additional corvette orders, faster execution of existing projects and margin upside from improved operating leverage**.

#### Q12. What is our overall investment view?

We believe GRSE is an **execution-led growth story**, offering **steady earnings compounding with relatively lower volatility**, making it an attractive play within India's shipbuilding space.

## 4. Investment View (2/2)

*High dependence on defence contracts and execution timelines exposes GRSE to delays and working capital volatility*

*We recommend 'BUY' on GRSE with a Price Target of INR 3,500, an upside of 32.2% based on PE valuation method*

## 4.2 Key Investor Concerns:

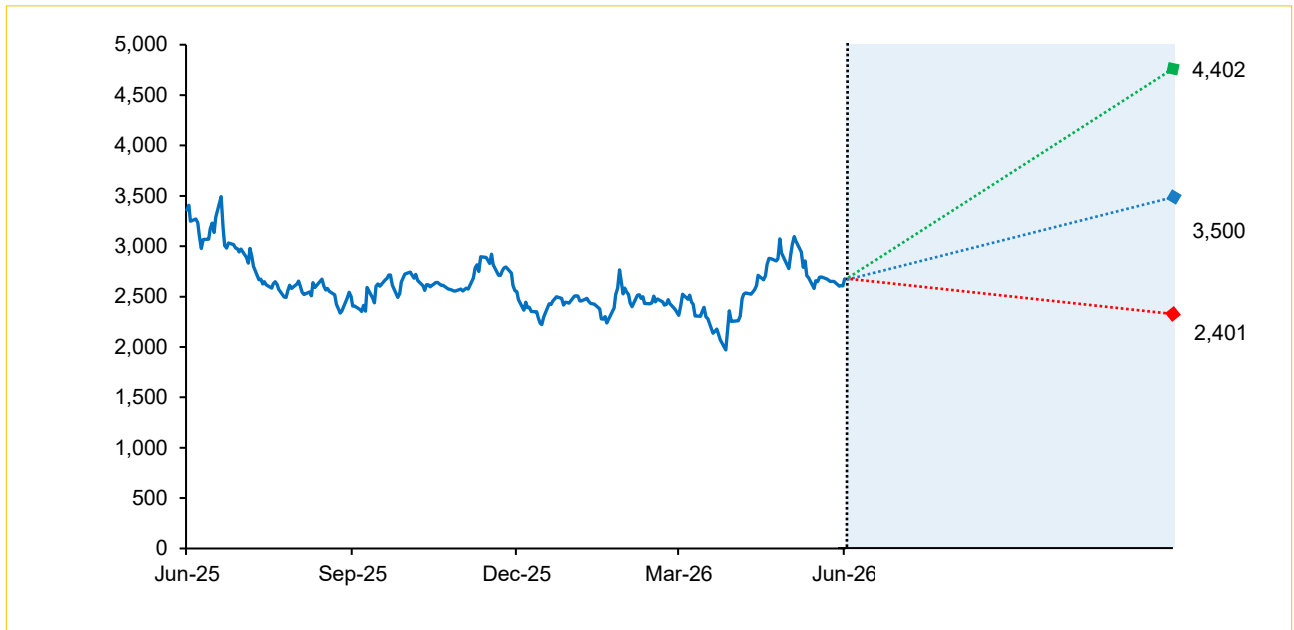
- **High Customer Concentration (Indian Navy/Coast Guard):** A dominant share of revenues is tied to government contracts, making execution and cash flows sensitive to procurement timelines, approval delays and milestone-linked payments
- **Execution Risk amid Scaling Order Book:** Concurrent execution of multiple platforms (frigates, corvettes, survey vessels) increases operational intensity; any slippage in timelines or cost control can impact margins and delivery schedules
- **Sustainability of Order Inflows:** Current growth is supported by a strong pipeline; however, maintaining similar scale of order inflows is critical to sustain growth beyond the existing order book
- **Margin Constraint Due to Platform Mix:** Higher exposure to relatively lower-complexity platforms versus peers may limit margin expansion, even with operating leverage and improved execution
- **Limited Presence in High-value & Export Segments:** Lower participation in large-ticket platforms (submarines/destroyers) and still-nascent export scale may constrain long-term diversification and value accretion.

## 4.3 Investment View:

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 ramp-up, operating leverage and an improving mix. We assign GRSE a **'BUY' rating** with a **target price of INR 3,500 (32.2% upside)**, valuing the stock at 35x FY28E **EPS of INR 100.1 (PEG 1.9)**; our DCF methodology implies a fair value of INR 3,450.

## 5. Financial Analysis

## 5.1 Bull/Bear: Analysis




**INR 4,402**  
**66% Upside**

**BULL Assumptions**

- Accelerated adoption of green vessels and early wins in hybrid/electric segments expand addressable market capture
- Order book scales to INR 600–700 Bn+, supported by defence + green vessel pipeline
- Revenue CAGR >15–17%, EBITDA margin >16–17% driven by operating leverage
- Lifecycle revenue (maintenance, refits, battery replacements) improves earnings visibility, leading to premium multiple re-rating



**INR 3,500**  
**32% Upside**

**BASE Assumptions**

- Order inflows aligned with defence pipeline and gradual green vessel adoption
- Revenue/EBITDA CAGR of ~20–25% / ~11–13%
- EBITDA margin sustains at ~11–12% with stable execution



**INR 2,401**  
**10% Downside**

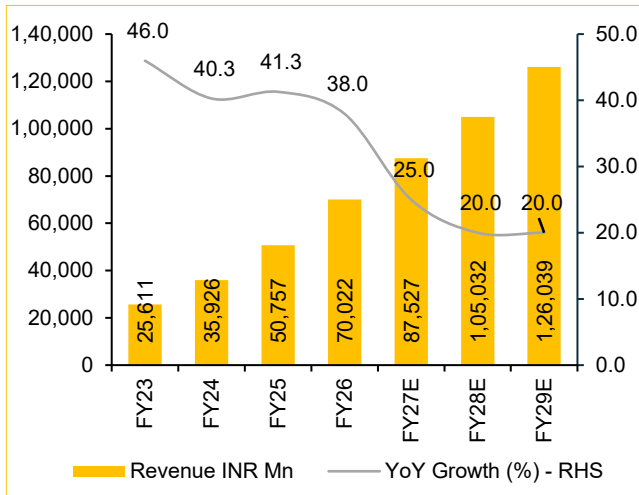
**BEAR Assumptions**

- Slower-than-expected adoption of green vessels and delays in defence orders
- Revenue growth moderates to ~10–12%, margin compresses to ~8–10%
- Limited lifecycle monetisation delays transition to annuity model, resulting in **valuation pressure**

Source: GRSE, Choice Institutional Equities

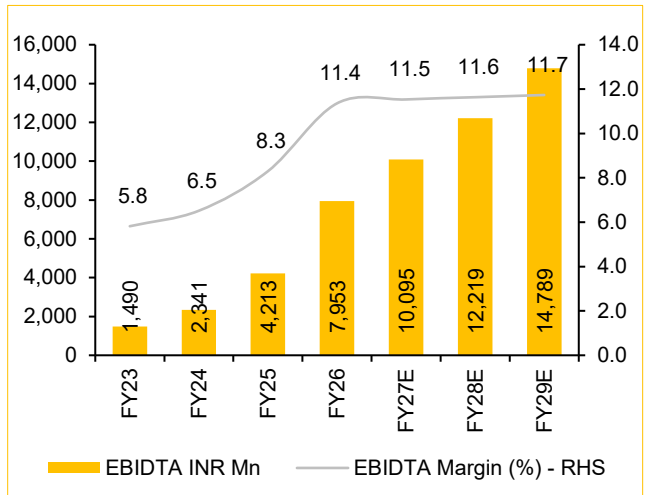
5.2 Graphs & Trends

Rev. expected to expand ~15% CAGR over FY26–29E



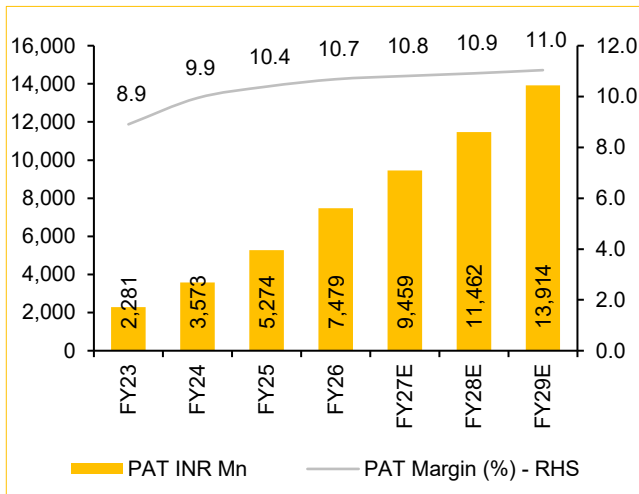
Source: GRSE & Choice Institutional Equities

EBITDA to expand 23.0% CAGR over FY26–29E



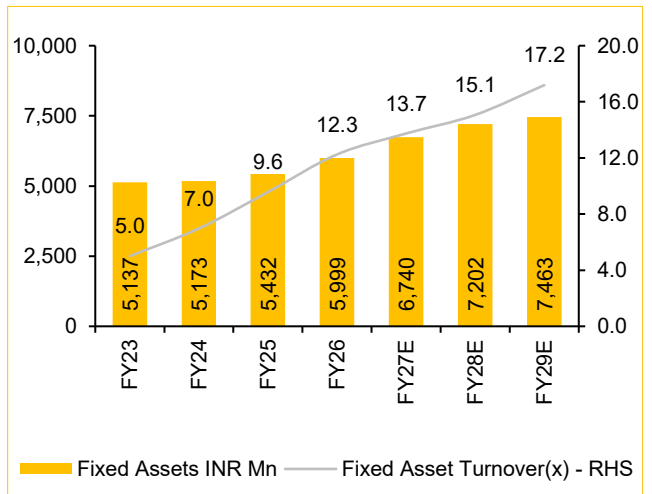
Source: GRSE & Choice Institutional Equities

PAT expected to expand 23.0% CAGR over FY26–29E



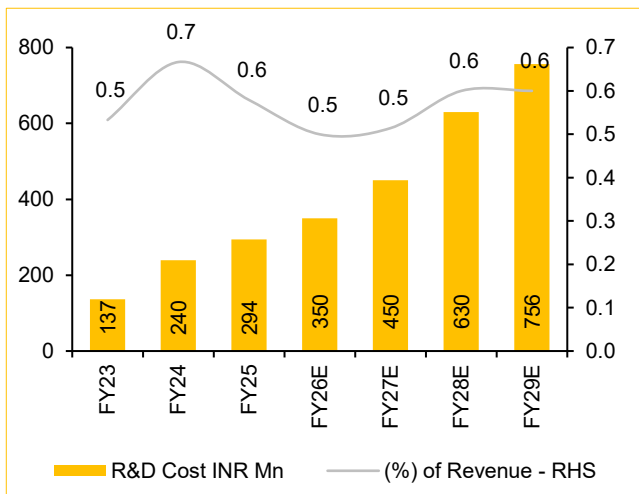
Source: GRSE & Choice Institutional Equities

Fixed Assets Turnover to improve



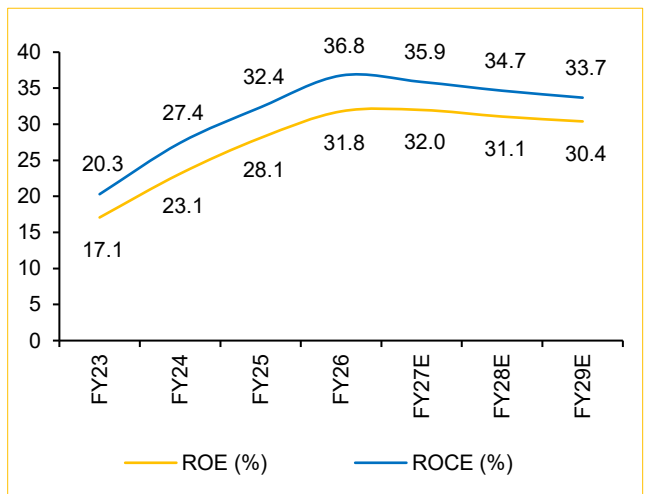
Source: GRSE & Choice Institutional Equities

Strong R&D for futuristic technology



Source: GRSE & Choice Institutional Equities

ROE & ROCE trend – steadily rising



Source: GRSE & Choice Institutional Equities

## 5.3 Financials &amp; Ratios

## Income Statement (INR Mn)

Particulars	FY25	FY26	FY27E	FY28E	FY29E
Revenue	50,757	70,022	87,527	1,05,032	1,26,039
Gross Profit	15,403	29,425	32,910	40,122	48,903
Other Exp	11,190	21,472	22,815	27,903	34,114
<b>EBITDA</b>	<b>4,213</b>	<b>7,953</b>	<b>10,095</b>	<b>12,219</b>	<b>14,789</b>
Other Income	3,348	2,744	3,238	3,991	4,916
Depreciation	425	489	567	731	916
EBIT	7,136	10,208	12,767	15,479	18,789
Interest Expense	103	161	155	197	237
Reported PAT	5,274	7,479	9,459	11,462	13,914
<b>EPS</b>	<b>46.0</b>	<b>65.3</b>	<b>82.6</b>	<b>100.1</b>	<b>121.5</b>

Ratio Analysis	FY25	FY26	FY27E	FY28E	FY29E
<b>Growth Ratios</b>					
Revenue (%)	41.3	38.0	25.0	20.0	20.0
EBITDA (%)	79.9	88.8	26.9	21.0	21.0
PAT (%)	47.6	41.8	26.5	21.2	21.4
<b>Return Ratios (%)</b>					
Gross Margin	30.3	42.0	37.6	38.2	38.8
EBITDA Margin	8.3	11.4	11.5	11.6	11.7
PAT Margin	10.4	10.7	10.8	10.9	11.0
ROE	28.1	31.8	32.0	31.1	30.4
ROCE	32.4	36.8	35.9	34.7	33.7
<b>Leverage Ratios (x)</b>					
Debt/Equity	0.0	0.0	0.0	0.0	0.0
Current Ratio	1.2	1.2	1.2	1.2	1.3
<b>Turnover Ratio</b>					
Fixed Assets Turnover (x)	9.6	12.3	13.7	15.1	17.2
Inventory Days	367	306	300	290	280
Debtors Days	19	64	50	50	50
Payable Days	120	165	160	155	150
Contract liabilities days	496	300	300	300	300
<b>Valuation Metrics</b>					
Market Cap (INR Bn)	304.6	304.6	304.6	304.6	304.6
PE (x)	57.7	40.7	32.2	26.6	21.9
EV (INR Bn)	267.3	271.1	260.4	250.2	238.7
EV/EBITDA (x)	63.5	34.1	25.8	20.5	16.1
BVPS	182	229	287	357	442
P/BV (x)	14.6	11.6	9.3	7.4	6.0

Source: GRSE, Choice Institutional Equities

## Balance Sheet (INR Mn)

Particulars	FY25	FY26	FY27E	FY28E	FY29E
Net Worth	20,793	26,261	32,882	40,905	50,645
Non-current Liabilities	1,257	1,507	2,706	3,756	5,122
Short-term Borrowings	-	-	-	-	-
Trade Payables	11,514	18,277	23,942	27,565	31,700
Contract Liabilities	69,000	57,622	78,774	92,428	1,07,133
Other Current Liabilities	978	2,693	3,680	5,467	7,821
<b>Total Liabilities</b>	<b>1,03,542</b>	<b>1,06,361</b>	<b>1,41,985</b>	<b>1,70,121</b>	<b>2,02,420</b>
Fixed Assets	5,432	5,999	6,740	7,202	7,463
Other Non-current Assets	2,869	3,396	5,253	7,354	9,707
Inventories	35,522	34,022	44,891	51,572	59,173
Trade Receivables	2,595	12,209	11,990	14,388	17,266
Cash & Bank Balance	37,319	33,881	44,663	54,943	66,588
Other Current Assets	19,806	16,855	28,447	34,662	42,224
<b>Total Assets</b>	<b>1,03,542</b>	<b>1,06,361</b>	<b>1,41,985</b>	<b>1,70,121</b>	<b>2,02,420</b>

## Cash Flow Statement (Consolidated in INR Mn)

Cash Flows (INR Mn)	FY25	FY26E	FY27E	FY28E	FY29E
Cash Flows from Operations	156	(2,897)	4,986	6,006	7,296
Cash Flows from Investing	1,698	5,266	(3,165)	(3,294)	(3,529)
Cash Flows From Financing	(1,868)	(2,235)	(1,794)	(2,585)	(3,045)

DuPont Analysis	FY25	FY26E	FY27E	FY28E	FY29E
Tax Burden	75%	74%	75%	75%	75%
Interest Burden	99%	98%	99%	99%	99%
EBIT Margin	14.1%	14.6%	14.6%	14.7%	14.9%
Asset Turnover	0.5	0.7	0.6	0.6	0.6
Equity Multiplier	5.5	4.5	4.8	4.6	4.4
<b>ROE</b>	<b>28.1%</b>	<b>31.8%</b>	<b>32.0%</b>	<b>31.1%</b>	<b>30.4%</b>

Source: GRSE, Choice Institutional Equities

## 6. SWOT Analysis

## Strengths

- Majority ownership by Government of India ensuring **strategic importance**
- Over seven decades of experience with a **proven track record** of building complex warships
- **Healthy order book** providing strong revenue visibility over the medium-term
- **Negative net debt** position and robust cash reserves for operations



## Opportunities

- Ambitious fleet **acquisition plans** of the Indian Navy and Coast Guard provide substantial demand
- 'Make in India' initiative and **indigenisation push** create significant procurement opportunities for local warships
- Expansion into **global markets** for commercial shipbuilding, particularly targeting European clients
- Growth in **high-margin segments** like ship repair, autonomous vessels and green energy platforms

## Weaknesses

- **Fixed-price contracts** susceptible to commodity price fluctuations
- Location in densely populated areas with restricted road access hinder **logistics**
- Weak shipbuilding ecosystem in India's **eastern region** hampers local ancillary industrial support



## Threats

- Intense **competition** from domestic public sector shipyards
- High **revenue dependency** on government defence customers
- Margin volatility due to increases in **input prices**
- Intense **competition** from smaller market players within the **engineering** products and bridge segments

Source: Choice Institutional Equities

**About the Company:**

Garden Reach Shipbuilders & Engineers (GRSE), a central defence PSU under the Ministry of Defence, operates four shipyards with a **concurrent shipbuilding capacity of 28 vessels – set to expand to 32 in 2026**. The company has **delivered over 800 platforms to date**, including 114 warships, the highest by any Indian shipyard, spanning frigates, corvettes, fleet tankers, survey vessels, OPVs and fast attack craft.

Beyond shipbuilding, GRSE maintains diversified capabilities across ship repair, steel bridges, deck machinery, marine diesel engines and 30mm Naval Surface Guns. Its core **defence shipbuilding** segment accounted for approximately **94% of FY25 turnover**.

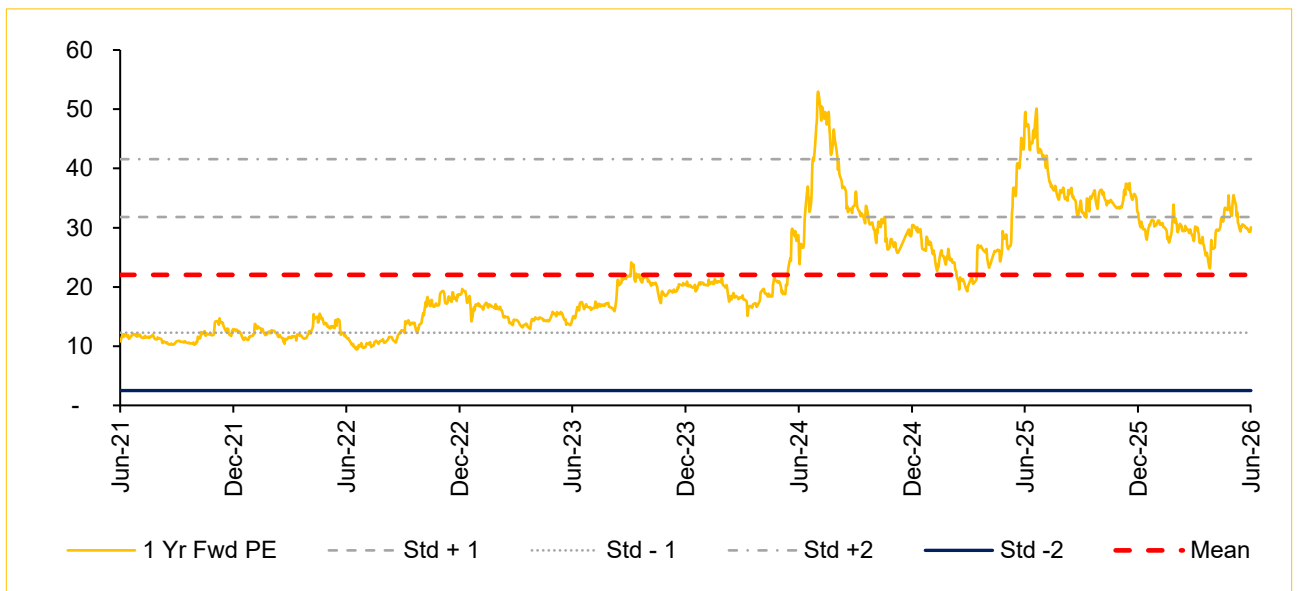
GRSE's **order book** as of 31 March 2026 stood at **INR 153,241 Mn**, anchored by high-value programmes including P-17A frigates, multi-purpose vessels, next-generation OPVs and anti-submarine shallow water crafts. The company is currently executing projects aggregating INR 345,750 Mn, with delivery timelines extending through May 2028 – providing strong revenue visibility over the medium term (Source: MoD).

With a workforce of 976 employees as of March 2025 and exports contributing a nascent 1.45% of turnover, GRSE's growth trajectory remains predominantly driven by domestic defence procurement, positioning it as a direct beneficiary of India's naval capacity build-out and indigenisation agenda.

Shareholding Pattern	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26
<b>Promoters</b>	74.5%	74.5%	74.5%	74.5%	74.5%	74.5%	74.5%	74.5%	74.5%
The President Of India	74.5%	74.5%	74.5%	74.5%	74.5%	74.5%	74.5%	74.5%	74.5%
<b>FIIIs</b>	3.3%	3.9%	3.7%	3.7%	3.9%	5.3%	3.3%	3.0%	3.5%
<b>DIIIs</b>	6.1%	3.2%	1.9%	1.9%	1.9%	1.8%	2.0%	1.6%	1.7%
<b>Public</b>	16.1%	18.4%	20.0%	19.9%	19.8%	18.4%	20.3%	20.9%	20.3%

Source: Screener, Choice Institutional Equities

**One-year forward PE band**



Source: GRSE, Choice Institutional Equities

**Shipbuilding Segment**



Inshore Patrol Vessels and Fast Patrol Vessel



Survey Vessel



Anti Submarine Warfare Corvette



Frigate



Anti-Submarine Warfare Shallow Water Craft



Missile Corvette



Offshore Patrol Vessel



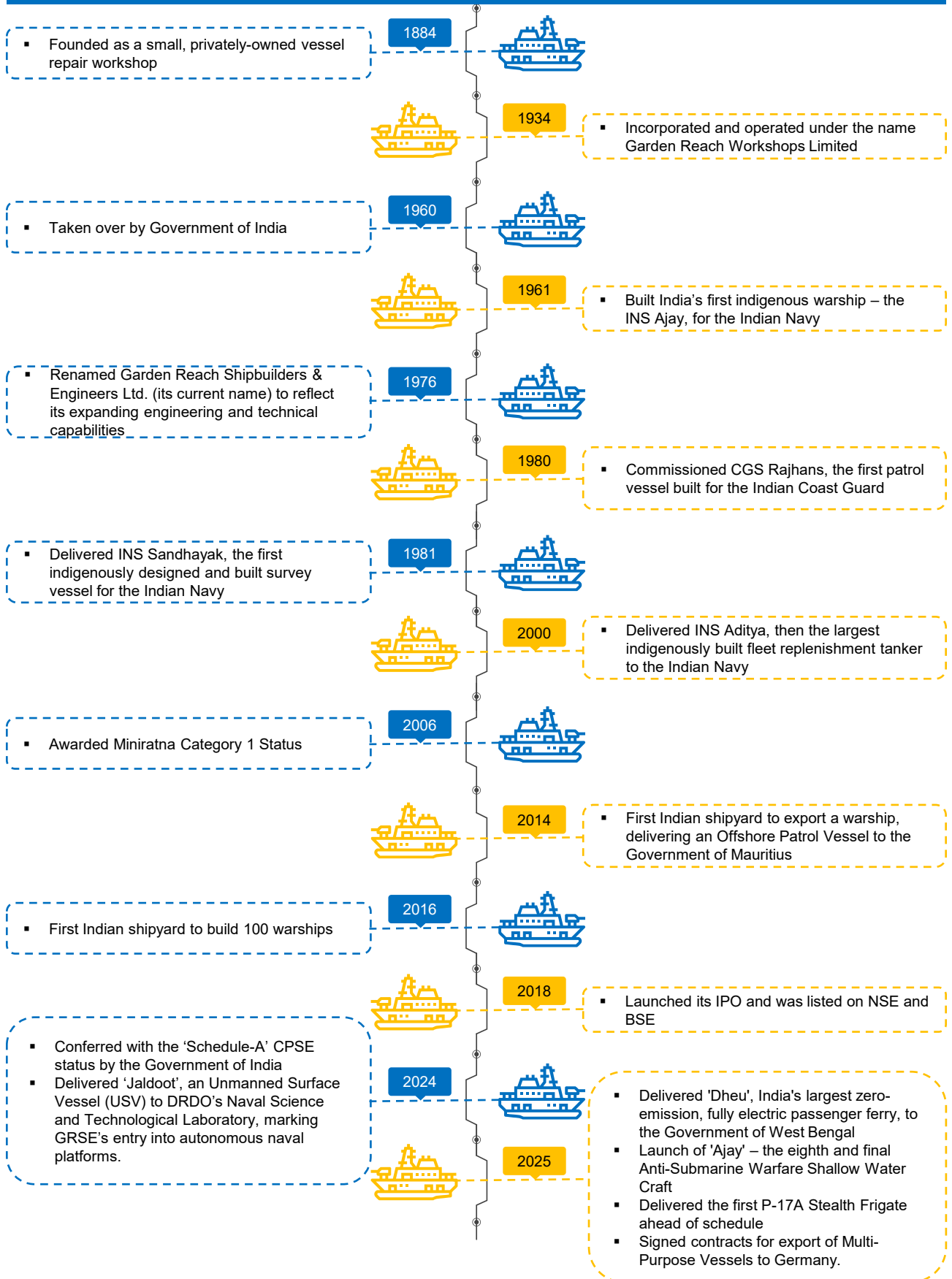
Fast Attack Craft

Source: GRSE, Choice Institutional Equities

Management Team		
 <p><b>Cmde P.R. Hari, IN (Retd)</b></p>	<p><b>Chairman and Managing Director</b></p>	<ul style="list-style-type: none"> <li>▪ Cmde P R Hari has been serving as CMD since June 10, 2022, with over 36 years of experience spanning naval operations and corporate leadership</li> <li>▪ He holds a Bachelor's degree in Mechanical Engineering and a Master's in Defence &amp; Strategic Studies</li> <li>▪ His naval career includes nine afloat appointments, including seven on frontline warships</li> <li>▪ He joined GRSE in 2016 as Chief General Manager (PP&amp;C) and later served as Director (Personnel) (Oct 2019 – Jun 2022), overseeing HR, Corporate Planning and Technical functions, before being appointed CMD</li> </ul>
 <p><b>Mr. Niranjhan Bhalerao</b></p>	<p><b>Director (Finance) and CFO</b></p>	<ul style="list-style-type: none"> <li>▪ Mr. Bhalerao has 29 years of experience across refineries, pipelines and corporate functions</li> <li>▪ He is a Fellow Member of the ICAI and holds a B.Com from Pune; he began his career at IOCL in 1996</li> <li>▪ His expertise includes management accounting, banking, corporate taxation (direct &amp; indirect) and internal audit</li> <li>▪ He also brings operational experience in shipping, contracts and management of JV/subsidiary operations</li> </ul>
 <p><b>Cdr Shantanu Bose, IN (Retd)</b></p>	<p><b>Director (Shipbuilding)</b></p>	<ul style="list-style-type: none"> <li>▪ Cdr Shantanu Bose (Retd.) has been serving as Director (Shipbuilding) since June 2022; he joined GRSE in 2013 after a 23-year career in the Indian Navy</li> <li>▪ A qualified naval architect, he has led multiple shipbuilding projects and previously served as General Manager (MW &amp; P17A)</li> <li>▪ He holds a B. Tech in Naval Architecture &amp; Shipbuilding, a Diploma from IIT Delhi and a PGDM from JBIMS, Mumbai</li> <li>▪ He brings strong expertise in shipbuilding, project execution and team leadership and has driven key initiatives such as Integrated Construction, VR-based design and PLM/PDM systems, along with a focus on R&amp;D, modernisation and indigenisation</li> </ul>
 <p><b>Capt. P Sunilkumar, IN(Retd)</b></p>	<p><b>Director (Corporate Planning and Personnel)</b></p>	<ul style="list-style-type: none"> <li>▪ Capt. P Sunilkumar (Retd.) has been serving as Director (Corporate Planning &amp; Personnel) since July 2025; he joined GRSE in September 2016 after 22 years in the Indian Navy</li> <li>▪ He holds a B.Tech (Mechanical), along with Master's degrees in Systems &amp; Controls Engineering (IIT Bombay) and Defence &amp; Strategic Studies</li> <li>▪ At GRSE, he has held multiple leadership roles across materials, cost estimation, corporate planning and communication and previously served as Chief General Manager overseeing key production operations</li> <li>▪ He brings expertise in project management, supply chain and corporate planning, supported by certifications such as PMP and CISCIP</li> </ul>

Source: GRSE, Choice Institutional Equities

**Key Milestones**



Source: GRSE, Choice Institutional Equities

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**Large Cap\***

BUY	The security is expected to generate upside of 15% or more over the next 12 months
ADD	The security is expected to show upside returns from 5% to less than 15% over the next 12 months
REDUCE	The security is expected to show upside or downside returns by 5% to -5% over the next 12 months
SELL	The security is expected to show downside of 5% or more over the next 12 months

**Mid & Small Cap\***

BUY	The security is expected to generate upside of 20% or more over the next 12 months
ADD	The security is expected to show upside returns from 5% to less than 20% over the next 12 months
REDUCE	The security is expected to show upside or downside returns by 5% to -10% over the next 12 months
SELL	The security is expected to show downside of 10% or more over the next 12 months

**Other Ratings**

NOT RATED (NR)	The stock has no recommendation from the Analyst
UNDER REVIEW (UR)	The stock is under review by the Analyst and rating may change

**Sector View**

POSITIVE (P)	Fundamentals of the sector look attractive over the next 12 months
NEUTRAL (N)	Fundamentals of the sector are expected to be in stasis over the next 12 months
CAUTIOUS (C)	Fundamentals of the sector are expected to be challenging over the next 12 months

\*Large Cap: More Than INR 20,000 Cr Market Cap

\*Mid & Small Cap: Less Than INR 20,000 Cr Market Cap

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