

April 23, 2026

Chowgule SBD Private Limited: Ratings reaffirmed; outlook revised to Stable from Negative

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term - Non-fund based	595.00	595.00	[ICRA]BBB+(Stable); reaffirmed; outlook revised to Stable from Negative
Long term – Fund based – Others	100.00	100.00	[ICRA]BBB+(Stable); reaffirmed; outlook revised to Stable from Negative
Long term/Short term - Unallocated	5.00	5.00	[ICRA]BBB+(Stable)/[ICRA]A2; reaffirmed; outlook revised to Stable from Negative
Total	700.00	700.00	

*Instrument details are provided in Annexure II

Rationale

The revision in the outlook to Stable from Negative on the long-term rating assigned to bank lines of Chowgule SBD Private Limited (CSBDPL)/the company) reflects an expected improvement in the credit profile of its parent Chowgule and Company Private Limited (CCPL/the parent). The improved credit profile of the parent has been primarily driven by a robust growth in the shipbuilding segment, supported by a strong order book which is expected to facilitate better execution and improvement in earnings in the near to medium term.

The iron ore dump handling operations at the Shirgao site are expected to commence from FY2027, which is expected to provide incremental support to the profitability on a consolidated basis once stabilised. Further, at the consolidated level, the parent has maintained strong liquidity which provides comfort to its debt servicing capability.

The rating reaffirmation continues to reflect the strong parentage of the company as well as the financial and operational support extended by parent CCPL. The parent provided the initial funds for the acquisition of the Mangalore yard and also supported the capital expenditure required for its operationalisation. Further, the company benefitted from the established track record of CCPL in the shipbuilding business, which has enabled CSBDPL to receive orders from CCPL's clients, particularly for the larger-sized vessels. As on January 14, 2026, the company had an unexecuted order book position of ~Rs. 2,569 crore, providing revenue visibility over the medium term.

The ratings also factor in the healthy outlook for the Indian shipbuilding industry, supported by various financial incentives from the Government of India (GoI). The order inflow of private Indian shipyards is expected to be steady, given the ageing fleet of the global shipping industry and the increasing preference of global shipping lines to diversify procurement away from Chinese shipyards. Additionally, the GoI's thrust on the indigenisation of shipbuilding is expected to provide tailwinds to the industry in the near to medium term.

The ratings are constrained by the inherent cyclicity in the shipping industry, which can result in volatility in order inflow, despite the company's current healthy order book. The ratings are also constrained by the volatility in raw material prices as the company's supply contracts are fixed price in nature. CSBDPL seeks to mitigate the input price risk by entering into back-to-back contracts for a major part of its raw material requirement. However, sharp fluctuations in steel prices can impact the profitability.

Further, a portion of the company's raw material requirement is met through imports from specialised overseas suppliers due to the stringent quality specifications. This exposes the profitability of the company towards foreign exchange volatility for the unhedged transactions in the short term.

Further, while the operating margin remains moderate for the segment, the incentives under the Shipbuilding Financial Assistance Policy (SBFAS) from the Ministry of Ports, Shipping and Waterways (MoPSW) support healthy cash accruals. However, a timely execution of the orders and cost management will be crucial to maintain the profitability of the segment and will be monitored. The cash accruals from the segment can also be lumpy as they are linked to the vessel delivery schedule and the timing of the receipt of incentives.

Key rating drivers and their description

Credit strengths

Part of the Chowgule Group, which has extensive experience in shipbuilding and strong client relationship – CSBDPL is a part of the Chowgule Group, which has a long and established track record in the shipbuilding industry. The company is managed by an experienced management with deep domain knowledge, supported by a professional team and the active involvement of the family members who bring significant experience from the port and infrastructure sectors. This has helped CSBDPL establish strong relationships with the customers.

Parent entity CCPL has been engaged in the shipbuilding business for over 50 years. In FY2006, CCPL upgraded its facilities and started targeting more international customers. CCPL focuses on small-sized dry bulk carriers of 2,000-7,000 deadweight tonnes (DWT), multi-purpose vessels and product tankers. At present, CCPL owns three shipyards in Goa (of which two are owned and one is taken on lease), with a total capacity to build up to seven vessels per annum.

The Group mostly caters to European customers, comprising reputed companies in the global shipping industry. CSBDPL is expected to benefit from the Group's established credentials, customer relationships and execution capabilities in the European shipping market, which support its order inflows and medium-term business prospects.

Strong operational and financial linkages with CCPL – The company's strong parentage is reflected in the financial and operational support extended by CCPL. The parent provided the initial funds to acquire the Mangalore yard and also supported the capex required to operationalise the facility. Further, CSBDPL has benefitted from the established track record of CCPL in the shipping business, which has enabled it to receive orders from CCPL's existing client base, particularly from customers looking for larger-sized vessels.

Healthy order inflows and outlook for shipbuilding industry, supported by financial incentives from GoI – At present, the Mangalore yard has the capacity to build six vessels per annum of sizes up to 11,000 DWT. The company has orders in hand of ~Rs. 2,569 crore as on January 14, 2026. Going forward, the company may expand the yard's capacity in two phases to 14 vessels per annum with vessel sizes scaling up to 45,000 DWT, although the plan is still at a preliminary stage. Nevertheless, the company's robust order book, along with the incremental order wins, is expected to support revenue growth and visibility.

In addition, the company is expected to benefit from the Shipbuilding Financial Assistance Policy (SBFAS) from the Ministry of Ports, Shipping and Waterways (MOPSW). Vessels forming part of the current order book are eligible for a financial assistance of 14% of the vessel value. Under the revised SBFAS applicable for all contracts signed on or after September 1, 2025, the assistance rate has been enhanced to 15% for standard vessels up to Rs. 100 crore and 20% on the balance value for large vessels, while specialised vessels/green vessels are eligible for support of up to 25% on the incremental contract value, which is expected to support the cash accruals and profitability.

Credit challenges

Shipbuilding business remains susceptible to volatility in order receipts – The company has had healthy order inquiries and contracts which are in advanced stages of execution, providing medium-term revenue visibility. However, the company is required to adhere to the scheduled delivery schedule to mitigate risk of delay in deliveries. Further, a timely execution of the orders and cost management will be crucial for the segment and will be monitored. The cash accruals from the segment can also be lumpy, depending on the delivery schedule of the vessels and the timing of the receipt of incentives. Additionally, the

shipbuilding industry remains exposed to the cyclical nature inherent in the industry. During periods of downturns, the orders can get delayed or deferred, putting stress on the shipbuilding entities.

Modest scale of operations expected in near to medium term - ICRA expects the company to ramp up its operations and report a healthy growth in revenue and profits over the medium term, supported by the operationalisation of the shipyard and the commencement of vessel delivery from FY2027. In 9M FY2026, the company reported a revenue of ~Rs. 241.7 crore and an EBITDA of ~Rs. 27.4 crore (provisional). The scale of operations is expected to improve following the delivery of vessels from FY2027. As the company's yard has the capacity to build around six vessels per annum, the company's revenues and earnings are expected to ramp up over the near to medium term with the progressive execution and delivery of vessels.

Exposure to raw material price and foreign exchange fluctuations due to fixed-price supply contracts – The company remains exposed to input cost fluctuations due to the fixed-price contracts. The risk is partly mitigated by the back-to-back contracts with suppliers for a significant portion of the raw material requirement. Further, a portion of the company's raw material requirement is dependent on imports, sourced from reputed overseas suppliers to meet the stringent quality specifications, which exposes the profitability to foreign exchange volatility in the absence of any firm hedging policy. However, the company's euro-denominated imports for the shipbuilding division help reduce the net forex exposure to some extent. Further, while the operating margin remains moderate for the segment, the incentives under SBFAS support healthy cash accruals and provide a cushion to profitability.

Competition from global players - The Group mostly caters to European customers, comprising some reputed companies in the global shipping industry. Hence, the company faces intense competition globally, especially from other shipbuilding players e.g., China and European shipyards. However, this risk is mitigated to some extent because of the long and established track record of the Group in the shipbuilding industry and its strong client relationship. Global shipping lines are looking at alternatives to China, at least for the smaller vessels, because of the uncertainty in the Chinese markets. This has benefited the CCPL Group as it has an established track record of supplies to the European shipping lines. Further, domestic competition has moderated, to some extent, as some of the larger private sector yards are facing financial trouble.

High working capital intensity due to nature of operations – The shipbuilding industry has an inherently working capital-intensive operating profile. The business requires significant expenditure to maintain raw material and work in progress (WIP) inventory, including long-lead and high-value components, to ensure adherence to construction and delivery timelines. Further, the payments to customers are staggered due to milestone-based billing, with the residual lumpsum portion of the contract value typically received only upon the delivery of the vessel. In addition, the advances received from customers during the construction phase are generally backed by bank guarantees, resulting in elevated non-fund based working capital utilisation. Consequently, an efficient working capital management remains critical to maintain a comfortable liquidity profile.

Liquidity position: Adequate

CSBDPL's liquidity profile is expected to remain adequate, going forward, supported by customer advances and the availability of sanctioned working capital limits to meet its working capital requirements. The utilisation of the fund-based limits remains high at ~87% for the last 12 months ended November 2025, reflecting the working capital-intensive nature of shipbuilding operations. The company has recently secured an enhancement of its non-fund-based limits of around Rs. 1,430 crore, which is expected to support the company in scaling up its operations. Moreover, comfort is derived from the expectation of timely promoter support in the event of any liquidity mismatches, which is likely to keep the overall liquidity position adequate.

Rating sensitivities

Positive factors – ICRA could upgrade CSBDPL's ratings if the credit profile of the parent improves. The ratings may also be upgraded if the company can demonstrate a timely execution of the upcoming orders and a healthy revenue growth and profitability while keeping the credit profile healthy.

Negative factors – Pressure on CSBDPL's ratings could arise if the parent company's credit profile weakens and/or the linkages between the parent and the company deteriorate. Weaker-than-expected revenue and profitability, and/or higher-than

anticipated debt, or a stretch in the working capital cycle adversely impacting the company's overall credit profile may result in a downgrade.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	The ratings factor in implicit support from the parent, Chowgule & Company Private Limited. The ratings consider the likelihood of parent CCPL extending support to CSBDPL, should the need arise. The analyst has followed a parent support uplift approach while rating CSBDPL's bank lines with CCPL as the parent, given that CSBDPL is its wholly-owned subsidiary. Additionally, CCPL has funded the entire purchase and capex through contribution, majorly through interest-free unsecured loans.
Consolidation/Standalone	Standalone

About the company

The company was formed by the promoters of the Chowgule Group with an intention to bid for New Mangalore Shipyard (NMSY), previously owned by Bharti Defence and Instructure Ltd. NMSY had come up for sale under the Indian Bankruptcy Code (IBC) after it was taken over by Edelweiss Asset Reconstruction Company. Deloitte was appointed as the liquidator to oversee the liquidation process.

Chowgule SBD is a wholly-owned subsidiary of Chowgule EPC Private Limited, which again is a wholly-owned subsidiary of Chowgule & Company Private Limited (CCPL). The facility was commissioned in January 2024 by undertaking steel cutting for the first ship order to be executed for Boomsa Shipping. The company has a robust orderbook with an average annual run rate of delivering three vessels every year.

Key financial indicators (audited)

CSBDPL (Standalone)	FY2024	FY2025	9MFY2026*
Operating income	37.3	112.3	241.7
PAT	- 13.3	0.6	4.1
OPBDIT/OI	-67.9%	15.9%	11.3%
PAT/OI	-35.5%	0.5%	1.7%
Total outside liabilities/Tangible net worth (times)	153.1	132.2	1.7
Total debt/OPBDIT (times)	-8.9	23.0	6.7
Interest coverage (times)	-4,973.5	3.0	3.4

Source: Company, ICRA Research; * Provisional numbers; All ratios as per ICRA's calculations; Amount in Rs. crore

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Current (FY2027)			Chronology of rating history for the past 3 years						
FY2027			FY2026		FY2025		FY2024		
Instrument	Type	Amount rated (Rs. crore)	Apr 23, 2026	Date	Rating	Date	Rating	Date	Rating
Non-fund based	Long term	595.00	[ICRA]BBB+ (Stable)	Jul-30-25	[ICRA]BBB+ (Negative)	Apr-23-24	[ICRA]BBB+ (Stable)	Jun-13-23	[ICRA]BBB+ (Stable)
				-	-	Jul-15-24	[ICRA]BBB+ (Stable)	-	-
Fund based/Non-fund based – Others	Long term/Short term	-	-	-	-	-	-	Jun-13-23	[ICRA]BBB+ (Stable)/[ICRA]A2
Fund-based – Others	Long term	100.00	[ICRA]BBB+ (Stable)	Jul-30-25	[ICRA]BBB+ (Negative)	Apr-23-24	[ICRA]BBB+ (Stable)	-	-
				-	-	Jul-15-24	[ICRA]BBB+ (Stable)	-	-
Unallocated	Long term/Short term	5.00	[ICRA]BBB+ (Stable)/[ICRA]A2	Jul-30-25	[ICRA]BBB+ (Negative)/[ICRA]A2	Apr-23-24	[ICRA]BBB+ (Stable)/[ICRA]A2	-	-
				-	-	Jul-15-24	[ICRA]BBB+ (Stable)/[ICRA]A2	-	-

Annexure I: Disclosure pursuant to the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026 dated February 10,2026

ICRA rated Instruments fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Instrument	FSR
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	SEBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs (\$)	RBI
9	External Commercial Borrowings/Loans from overseas branches of Indian Banks/other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Listed Security Receipts	SEBI
15	Unlisted Security Receipts	RBI
16	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	Investor-side Regulator such as IRDAI, PFRDA (%)

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

(\$) Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

(%) These ratings were assigned prior to the introduction of SEBI CRA Circular dated Feb 10, 2026 and accordingly, investor side FSRs have been mentioned.

Other Activities offered by ICRA fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Activity Name	FSR
1	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
2	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
3	Independent Credit Evaluation (ICE)	RBI
4	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
5	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
6	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
7	Credit Rating of Borrowing programme	(@)
8	Issuer Ratings	(#)
9	Monitoring Agency	SEBI
10	Research activities, incidental to rating such as research for Economy & Industries (permitted by SEBI vide SEBI Master Circular for CRAs)	NA

(@) The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with names of respective FSR in the press release(s) after the issuance(s) of the instruments.

(#) Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

Disclosure: SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

Complexity level of the rated instruments

Instrument	Complexity indicator
Long term - Non-fund based	Simple
Fund based – Others	Simple
Unallocated	Not Applicable

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

Annexure II: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Non-fund based - BG/LC	NA	NA	NA	595.00	[ICRA]BBB+(Stable)
NA	Fund based - CC/WCDL	NA	NA	NA	100.00	[ICRA]BBB+(Stable)
NA	Unallocated	NA	NA	NA	5.00	[ICRA]BBB+(Stable)/ [ICRA]A2

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure III: List of entities considered for consolidated analysis – Not applicable

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