

June 29, 2026

Dempo Shipbuilding and Engineering Private Limited: Rating reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term - Fund-based - Cash credit	8.00	8.00	[ICRA]B (Stable); reaffirmed
Long term – Unallocated	10.00	10.00	[ICRA]B (Stable); reaffirmed
Total	18.00	18.00	

*Instrument details are provided in Annexure II

Rationale

The rating reaffirmation factors in the extensive experience of the promoters of Dempo Shipbuilding and Engineering Private Limited (DSEPL) in the shipbuilding industry, along with the company's strong association with the Dempo Group. The standalone financial performance is expected to witness marginal improvement, supported by fresh order inflows and ongoing execution. In addition to the core shipbuilding activities, revenues from repair and service segments are likely to improve over the medium term. However, the company continues to report operational losses, and is expected to remain under pressure, reflecting its overall weak financial profile.

The performance of the subsidiary, Modest Infrastructure Private Limited (MIPL), has also remained subdued, although it has been able to sustain revenues due to steady order inflows over the past few years. ICRA also notes that the consolidated entity continues to receive financial support from its parent, V S Dempo Holdings Private Limited (VSDHPL), and has maintained timely debt servicing despite operational losses.

The rating remains constrained by the company's weak financial risk profile, characterised by sustained operational losses in recent years, volatility in order inflows and exposure to fluctuations in raw material prices, given the fixed-price nature of its contracts.

The Stable outlook reflects ICRA's expectation that the company's credit profile will remain supported by continued liquidity support from its parent and modest growth in consolidated revenues and profitability.

Key rating drivers and their description

Credit strengths

Extensive experience of promoters in shipbuilding industry – DSEPL, incorporated in 1963, is engaged in construction and repair of barges, utility vessels, and pontoons. The company is a wholly-owned subsidiary of VSDHPL, an investment holding entity of the Dempo Group. It operates two shipbuilding facilities — one located at Old Goa on the banks of the Mandovi river and the other at Udir (Ponda, Goa) along the banks of the Zuari river. DSEPL can undertake new vessel construction of 10-12 units annually with a capacity of up to 4,000 deadweight tonnage (DWT), along with repair capabilities of up to 1,000 tonnes per annum.

Status of DSEPL as a part of the Dempo Group – DSEPL is a part of the Goa-based Dempo Group, which has diversified interests across mining, shipbuilding, media, food and beverages, travel, and sports. Its parent entity, VSDHPL, continues to extend financial support, as required, to sustain the company's operations, in both DSEPL and MIPL.

Credit challenges

Weak financial risk profile characterised by continued losses and depressed coverage indicators – DSEPL's consolidated financial risk profile has historically been marked by sustained operating and net losses. On a consolidated basis, the company reported an operating loss in FY2026 (provisional), compared to an operating profit in FY2025. Although the capital structure improved following the conversion of Compulsorily Convertible Debentures (CCDs) into equity in FY2025, the consolidated net worth remained negative due to significant accumulated losses in MIPL. Consequently, the coverage indicators continued to be weak. As on March 31, 2026, the consolidated debt stood at Rs. 146.0 crore (including promoter debt of Rs. 41.7 crore in DSEPL and Rs. 85.6 crore in MIPL), with TD/OPBDITA at negative 13.2 times. The borrowings largely comprised unsecured loans from VSDHPL and other related parties.

Volatility in order inflows – DSEPL's order book remains volatile on a standalone basis and constrained on a consolidated basis, with moderation in execution due to delays in a few orders, thereby impacting revenue recognition. DSEPL has secured certain repair orders from its existing clientele, which are expected to increase, going forward. Further, the company is in the process of securing a few large orders, which are expected to support revenue visibility in the near term. Timely receipt of these orders remains critical.

Exposure to raw material price risk – The company's margins remain vulnerable to fluctuations in input prices, given the fixed-price nature of its contracts. However, for certain contracts, raw materials are supplied by customers, which partially mitigates the risk of fluctuation in raw material price.

Liquidity position: Stretched

The company's liquidity position remains stretched primarily on account of its loss-making operations. Consequently, DSEPL is reliant on financial support from its parent group to meet its operational losses and working capital requirements. ICRA notes that the company has been servicing its debt obligations in a timely manner, supported by its parent, VSDHPL, and such support is expected to continue, going forward. Nevertheless, the company's ability to maintain timely debt servicing remains a key monitorable.

Rating sensitivities

Positive factors – The rating may be upgraded in case of a significant improvement in the order book position of the consolidated entity, leading to a substantial increase in its consolidated revenues and profitability on a sustained basis, leading to strengthening in the liquidity profile. Further, any improvement in the credit profile of the parent, VSDHPL, may translate into a positive rating action.

Negative factors – Pressure on the rating could arise in case of a substantial decline in the revenues and profitability of the consolidated entity on a sustained basis, and/or a further elongation in the working capital cycle, leading to a deterioration in the liquidity profile. Further, any weakening of linkages or deterioration in the credit profile of the parent, VSDHPL, may also put pressure on the ratings.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Parent Company: V S Dempo Holdings Private Limited (VSDHPL). ICRA expects DSEPL's parent company to be willing to extend financial support to it, should there be a need, given the high strategic importance that DSEPL holds for VSDHPL
Consolidation/Standalone	ICRA has used the consolidated financials of DSEPL, which includes its subsidiary, MIPL

About the company

Dempo Shipbuilding & Engineering Private Limited, incorporated in 1963, is a wholly-owned subsidiary of V S Dempo Holdings Private Limited (VSDHPL), which is an investment company of the Dempo Group. The company has two shipbuilding yards: one at old Goa on the banks of the Mandovi river and the other at Udir on the banks of the Zuari river. DSEPL can undertake new construction of 10-12 vessels per annum of up to 4,000 deadweight tonnage (DWT) and carry out repair work of vessels of 350-2,000 DWT. In July 2012, DSEPL received approval from the Gujarat Maritime Board for the acquisition of a majority stake in Modest Infrastructure Private Limited, and consequently, MIPL became a subsidiary of DSEPL.

MIPL is a ship-building and repairing company, which undertakes projects of building small-to-medium sized product tankers, bulk carriers and offshore survey vessels in addition to executing ship-repairing activities from its shipyard facility at Ramsar in Bhavnagar (Gujarat).

Key financial indicators (audited/provisional)

DSEPL - Consolidated	FY2025	FY2026*
Operating income	45.0	22.5
PAT	(5.3)	(19.1)
OPBDIT/OI	9.1%	-49.3%
PAT/OI	-11.7%	-85.1%
Total outside liabilities/Tangible net worth (times)	(9.7)	(5.8)
Total debt/OPBDIT (times)	28.6	(13.2)
Interest coverage (times)	0.6	(1.6)

Source: Company, ICRA Research; *Provisional Financials; 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 rating (FY2027)		Chronology of rating history for the past 3 years					
		FY2027		FY2026		FY2025		FY2024	
Instrument	Type	Amount rated (Rs. crore)	Jun 29, 2026	Date	Rating	Date	Rating	Date	Rating
Fund-based	Long term	8.00	[ICRA]B (Stable)	-	-	Mar 17, 2025	[ICRA]B (Stable)	Jan 17, 2024	[ICRA]B (Stable)
Unallocated	Long term	10.00	[ICRA]B (Stable)	-	-	Mar 17, 2025	[ICRA]B (Stable)	Jan 17, 2024	[ICRA]B (Stable)

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 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.

Complexity level of the rated instruments

Instrument	Complexity indicator
Long term fund-based-Cash credit	Simple
Long term-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	Long term – Fund-based	NA	NA	NA	8.00	[ICRA]B (Stable)
NA	Long term - Unallocated	NA	NA	NA	10.00	[ICRA]B (Stable)

Source: Company

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

Annexure III: List of entities considered for consolidated analysis

Company name	DSEPL ownership	Consolidation approach
Dempo Shipbuilding and Engineering Private Limited	100% (rated entity)	Full Consolidation
Modest Infrastructure Private Limited	93%	Full Consolidation

Source: DSEPL annual report

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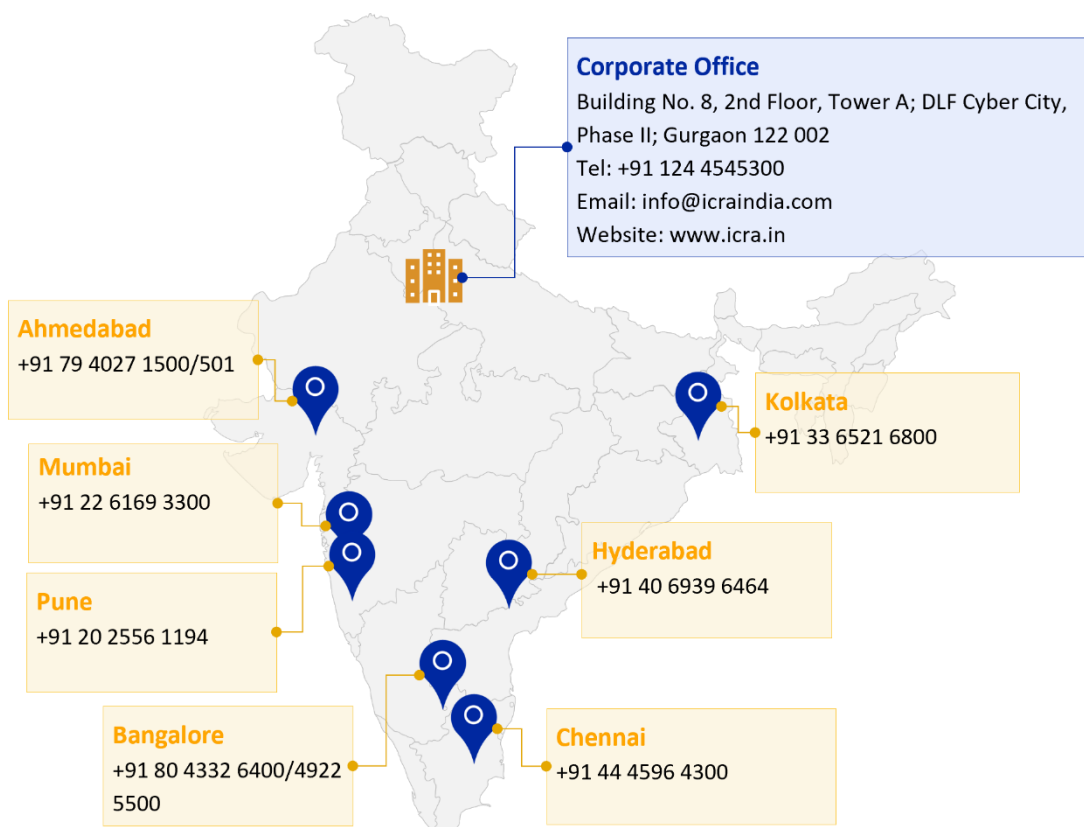
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