

Rating Rationale

06 July 2023

Garden Reach Ship Builders & Engineers Ltd.

Brickwork Ratings reaffirms and withdraws the ratings for the Bank Loan Facilities of Garden Reach Ship Builders & Engineers Ltd. amounting to Rs. 4675.01 Crs.

Particulars

Facilities	Amount (Rs. Crs.)		Tenure	Ratings#	
	Previous	Present		Previous (01 Sep 2022)	Present
Fund Based Limit	110.01	110.01	Long Term	BWR AAA/Stable Reaffirmation	BWR AAA/Stable Reaffirmation/ Withdrawal
Non Fund Based Limit	3895.00	3895.00	Long Term/ Short Term	BWR AAA/Stable/ BWR A1+ Assignment/ Reaffirmation	BWR AAA/Stable/ BWR A1+ Reaffirmation/ Withdrawal
Non Fund Based Limit	670.00	670.00	Short Term	BWR A1+ Reaffirmation	BWR A1+ Reaffirmation/ Withdrawal
Total	4675.01	4675.01	Rupees Four Thousand Six Hundred Seventy Five Crores and One Lakh Only		

#Please refer to the BWR website www.brickworkratings.com/ for the definition of the ratings.
The details of the Bank Facilities are provided in Annexure-I.

Rating Action/Outlook:

Brickwork Ratings (BWR) has reaffirmed and simultaneously withdrawn the bank loan ratings based on the request of Garden Reach Ship Builders & Engineers Ltd. (GRSE) for rating withdrawal, and No Objection Certificates from the lenders.

The rating reaffirmation continues to factor in the company's steady financial and operational performance in FY23, majority ownership of the Government of India (GoI) (74.50%), long operational track record, low counterparty risk, strong order book position of ~Rs. 25,111 Crs. as on 31 Mar 2023, favourable demand outlook, and continued superior liquidity position. The rating strengths are partially offset by volatility in profitability and competition from private shipyards on account of competitive bidding.

Hence, in accordance with extant regulatory guidelines and BWR Rating Withdrawal Policy, the rating for the bank loan facilities amounting to Rs. 4675.01 Crs. of Garden Reach Ship Builders & Engineers Ltd. is reaffirmed and simultaneously withdrawn.



About the Company

Garden Reach Shipbuilders & Engineers Ltd (GRSE) is the premier warship building company in India, under the administrative control of the Ministry of Defence. GRSE, since 1960, has built more than 107 warships for various roles, starting from state-of-the-art frigates and corvettes to fast patrol boats. The main businesses of GRSE include shipbuilding and ship repairing, engine assembling and testing, and engineering products. The company has a total of eight units, of which seven (shipbuilding and repair, engineering and training) are located in and around Kolkata, and one (engine division – assembles and tests new diesel engines and repairs and reconditions old engines of Naval and Coast Guard Ships) is in Ranchi, Jharkhand.

Mr. P R Hari is the Chairman and Managing Director of the company.

Key Financial Indicators: Standalone

Particulars	Unit	31 March 2022	31 March 2023
		Audited	Audited
Total Operating Income	Rs. Crs.	1757.51	2561.15
EBITDA	Rs. Crs.	140.76	149.03
PAT	Rs. Crs.	189.53	228.12
Tangible Net worth	Rs. Crs.	1251.80	1404.26
Total Debt / TNW	Times	0.00	0.21
Current Ratio	Times	0.93	1.07

Note: The company is yet to announce the Q1FY24 financial results.

Status of non-cooperation with previous CRA: NA

Any other information: Not applicable

Rating History for the last three years [including withdrawal and suspended]:

Sl. No.	Facility	Rating (July 2023)			Rating History								
		Type	Amount (Rs. Crs.)	Rating	2023		2022		2021		2020		
					Date	Rating	Date	Rating	Date	Rating	Date	Rating	
Bank Loan Facilities													
1	Fund Based Limit	Long Term	110.01	BWR AAA/Stable Reaffirmation/Withdrawal	NA	NA	01 Sep 2022	BWR AAA/Stable Reaffirmation	15 Sep 2021	BWR AAA/Stable Reaffirmation	17 Sep 2020	BWR AAA/Stable Reaffirmation	
2	Non Fund Based Limit	Short Term	670.00	BWR A1+ Reaffirmation/Withdrawal	NA	NA	01 Sep 2022	BWR A1+ Reaffirmation	15 Sep 2021	BWR A1+ Reaffirmation	17 Sep 2020	BWR A1+ Reaffirmation	
3	Non Fund Based Limit*	Long Term/Short term	3895.00	BWR AAA/Stable/BWR A1+ Reaffirmation/Withdrawal	NA	NA	01 Sep 2022	BWR AAA/Stable/BWR A1+ Assignment/Reaffirmation	NA	NA	NA	NA	
Total			4675.01	Rupees Four Thousand Six Hundred Seventy Five Crores and One Lakh Only									

Initial rating: BWR AAA/Stable for Rs. 500 Crs. of bank loan facilities on 26 Apr 2013

*Rs. 4565 Crs. of non fund based facilities consisting of LC and BG were rated as short term facilities on 15 Sep 2021 (Rs. 3455 Crs. on 17 Sep 2020). The amount was bifurcated on 01 Sep 2022 into Rs. 670 Crs. of LC to be rated as short term facility, and Rs. 3895 Crs. of BG to be rated as both long term and short term facility, the applicability to be dependent upon the tenure of the BG issued.

Complexity Levels of the Instruments: Simple

For more information, visit

<https://www.brickworkratings.com/download/ComplexityLevels.pdf>

Hyperlink/Reference to applicable Criteria:

• General Criteria	• Approach to Financial Ratios
• Infrastructure Sector	• Short Term Debt
• BWR Rating Withdrawal Policy	• Manufacturing Companies

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Garden Reach Ship Builders & Engineers Ltd.

Annexure I : Bank Loan Facilities

Sl. No.	Name of the Bank	Type of Facilities	Long Term (Rs. Crs.)	Long Term/ Short Term (Rs. Crs.)	Short Term (Rs. Crs.)	Total (Rs. Crs.)
1	Axis Bank	Cash Credit	100.00	-	-	100.00
2		Letter of Credit	-	-	250.00	250.00
3		Bank Guarantee	-	650.00	-	650.00
4	ICICI Bank	Cash Credit	(5.00)	-	-	(5.00)
5		Letter of Credit	-	-	100.00	100.00
6		Bank Guarantee	-	400.00	-	400.00
7	IDBI Bank	Cash Credit	(1.00)	-	-	(1.00)
8		Letter of Credit	-	-	(220.00)	(220.00)
9		Bank Guarantee	-	250.00	-	250.00
10	SBI	Cash Credit	5.00	-	-	5.00
11		Letter of Credit	-	-	115.00	115.00
12		Bank Guarantee	-	2100.00	-	2100.00
13	HDFC Bank	Letter of Credit	-	-	205.00	205.00
14		Bank Guarantee	-	(205.00)	-	(205.00)
15	RBL Bank	Cash Credit	(100.00)	-	-	(100.00)
16		WCDL	(100.00)	-	-	(100.00)
17		Letter of Credit	-	-	(300.00)	(300.00)
18		Bank Guarantee	-	300.00	-	300.00
19	Federal Bank	Cash Credit	(1.00)	-	-	(1.00)
20		WCDL	5.00	-	-	5.00
21		Letter of Credit	-	-	(195.00)	(195.00)
22		Bank Guarantee	-	195.00	-	195.00
23	Yes Bank	WCDL	0.01	-	-	0.01
Total			110.01	3895.00	670.00	4675.01
Total - Rupees Four Thousand Six Hundred Seventy Five Crores and One Lakh Only						



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