Operator: Ladies and gentlemen, good day and welcome to the Cochin Shipyard Ltd. investor conference call hosted by Kiran Advisors Private Limited. This conference call may contain forward-looking statements about the company which are based on the beliefs, opinions, and expectations of the company as of the date of this call. These statements are not guarantees of future performance and involve risks and uncertainties that are difficult to predict. As a reminder, all participant lines will be in listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal the operator by pressing star and zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Ms. Shaki Panjara from Kiran Advisors. Thank you, and over to you, ma'am.

Shaki Panjara – Kiran Advisors: Good day, everyone. On behalf of Kiran Advisors, I welcome you all to the investor conference call of Cochin Shipyard Ltd. From the management team, we have Mr. Jose V J, Chairman and Managing Director; Director Finance, Dr. Hari Krishnan S; Director Operations, Mr. Rajesh Gopalakrishnan; Director Technical, Mr. Srivats V; Executive Director Shipbuilding, Mr. Shibu John; Chief General Manager Finance, Mr. Syam Kamal N; and Company Secretary, Mr. Syam Kamal N. I now hand over the call to Mr. Jose V J for his opening remarks. Over to you, sir.

Jose V J – CMD: Good afternoon, everyone, and welcome to the Cochin Shipyard Ltd. investor conference call. I am Jose V J, CMD of Cochin Shipyard Ltd., and I am joined today by Dr. Hari Krishnan, Director Operations; Mr. Rajesh Gopalakrishnan, Director Technical; Mr. Srivats V, Executive Director Shipbuilding; Mr. Shibu John, Chief General Manager Finance; and Mr. Syam Kamal, Company Secretary.

Let me start by giving you a brief overview of our operational performance during FY26 so far. During the period, CSL delivered three vessels, including the third vessel in the series of eight Anti-Submarine Warfare Shallow Water Craft being built for the Indian Navy, the second Multi-Purpose Vessel under the export orders for our German clients, and the {? HSL ?} Double-Ended Ro-Ro ferry to Kochi Municipal Corporation. Our wholly owned subsidiary, Udupi Cochin Shipyard, also delivered three vessels during the period, including two 3,800 DWT general cargo vessels to Wilson Group Norway and a 70-ton bollard-pull tug to Messrs. Polestar Maritime, an Adani Group company.

Coming to financial performance, let me now briefly touch upon the details. For the first quarter, our turnover stood at Rs 1,094.21 crores compared with Rs 1,068.59 crores in the corresponding period last year. PBT was Rs 202.49 crores compared to Rs 249.54 crores last year, while PAT stood at Rs 151.45 crores compared with Rs 187.82 crores in the corresponding quarter. Our EBITDA margin for the quarter was around 24%, while PAT margin stood at around 14%.

Let me now provide details about the joint venture with Drydocks World Dubai. Coming to the future strategic initiatives, I would first like to update you on an important decision taken by the Board of Directors at the meeting held yesterday, which has also been intimated to the stock exchanges. The Board has approved the proposal to form a joint venture with Drydocks World Dubai, a DP World company, for owning, operating, and managing CSL's International Ship Repair

Facility, or ISRF, at Willingdon Island, Kochi.

As you are aware, ISRF is a state-of-the-art ship repair facility developed by CSL over an area of around 30 acres of land. The facility has a 6,000-ton ship lift and transfer system, six workstations, and around 1,400 meters of berthing space. It can handle vessels of up to 130 meters and has an annual throughput capacity of up to 82 ships.

The proposed joint venture will have equal shareholding, with CSL and DDW holding 50% each. The JV will not only operate the existing ISRF but also undertake capacity augmentation through the addition of 10 more workstations.

From a strategic perspective, we believe this partnership brings together the complementary strengths of both companies. CSL brings its established presence in the Indian maritime sector and the existing ISRF infrastructure, while DDW brings significant international experience, operational expertise, and a global customer network in ship repair. The partnership is expected to help improve operational efficiency, adopt global best practices and advanced technologies, reduce turnaround time, and, importantly, attract international customers to Kochi. We believe this will provide a strong platform for scaling up the ship repair business in Kochi.

I would also like to highlight the transaction structure. The ISRF undertaking is proposed to be transferred to the JV company on a slump-sale basis as a going concern for a consideration of 1,800 crores. CSL will receive 50% of the consideration in cash, while the balance 50% will be received in the form of equity shares in the JV company. The valuation of 1,800 crores is based on an independent third-party valuation.

The definitive agreements, including the joint venture agreement, shareholders' agreement, business transfer agreement, and licence agreement, have been finalized. The JV agreement will be signed tomorrow on the sidelines of the BRICS summit in New Delhi, while the other agreements will be signed after incorporation of the JV and receipt of the requisite approvals.

There are certain regulatory and shareholder approvals required before the transaction can be completed. These include approval from the Ministry of Ports, Shipping and Waterways, DIPAM concurrence, and the shareholders of CSL. In particular, shareholder approval is required for the proposed transfer of the ISRF undertaking. We will therefore be coming out with a postal ballot to seek the requisite approval of our shareholders. Subject to receiving all the necessary approvals, the transaction is targeted to be implemented before the end of the current financial year.

Another important update I would like to share with investors is regarding the proposed block fabrication facility at Kochi. As you may recall, CSL has signed an MoU with HD KSOE of Korea for exploring various areas of cooperation, including setting up a block fabrication facility at Vallarpadam, Kochi, for utilization with the new dry dock and joint shipbuilding activities.

Since then, CSL and HD KSOE have had a series of discussions and engagements. However, we have not been able to arrive at mutually agreed definitive terms for establishing the block fabrication facility through a joint venture. CSL will now proceed with the development of the facility independently at a smaller scale, while we will continue to keep the option of a suitable strategic partnership open if such an opportunity provides value to the company in the future.

I would also like to clarify that this decision is specific to the block fabrication facility only. Both CSL and HD KSOE remain positive about the relationship and have expressed their willingness to continue exploring opportunities for collaboration in other areas of mutual interest.

Another important project is our proposed ship repair facility at Vadinar, Gujarat, which CSL is developing jointly with Deendayal Port Authority. The project has already received PCF approval in May this year. The facility will have two floating dry docks capable of handling large vessels of around 250 meters in length. We expect the environmental clearance shortly, and once the required clearances are in place, we are targeting to operationalize the facility within 36 months from receipt of the environmental clearance.

Now that our joint venture with Drydocks World Dubai has been finalized, we may also explore the possibility of collaborating with them for the operation of this facility at Vadinar.

Another important update we would like to share is regarding our proposed facility at V.O. Chidambaranar Port in Tuticorin. CSL participated in an e-auction conducted by the port for a 30-year lease of land and waterfront to establish a hybrid shipbuilding and ship repair facility, and we emerged as the successful bidder.

Under this arrangement, against a one-time payment of 305.76 crores, CSL will get access to around 110 acres of land and 17.29 acres of waterfront area for a period of 30 years. We believe this provides an excellent opportunity for CSL to expand its presence and develop a hybrid shipyard at that location.

The facility will enable us to participate in the growing mid-sized and niche shipbuilding segment, including European short-sea vessels and wind-energy vessels. It can also provide additional capacity to our subsidiary, Udupi Cochin Shipyard, which is currently constrained by the availability of land and, as a result, has limited scope for taking up new orders.

We are currently working out the modalities of developing the facility, with shipbuilding, ship repair, and offshore fabrication activities being planned at that location.

For all these strategic projects, government support and policy initiatives will be very important, and CSL has already applied for financial support under the Government of India Shipbuilding Development Scheme for our greenfield and brownfield expansion projects. This will help reduce the overall funding requirement and actual cash outflow for these investments.

We also plan to fund these projects through a combination of debt and equity. In this context, the Maritime Development Fund and Interest Incentivization Fund, which provides interest subvention of up to 3% on loans extended to shipyards and shipping companies, will also be very helpful in supporting the financing of these strategic initiatives.

Finally, coming to our order book, our current unexecuted order book stands at around 22,000 crores, which continues to provide us with good revenue visibility. We have also been declared L1 for five Next Generation Survey Vessels for the Indian Navy, valued at approximately 5,000 crores. Once this contract is concluded, the order book will be around 27,000 crores.

With that, I will conclude my opening remarks. We would now be happy to take your questions. Thank you, everyone, for joining us today.

Operator: Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. I request all participants to kindly limit themselves to two questions per participant and rejoin for a follow-up. Ladies and gentlemen, we will wait for a moment while the question queue assembles. Participants, you may press star and one to ask a question.

The first question is from the line of Mohit Chaurasia, individual investor. Please go ahead. Mohit, may I request you to unmute your line and proceed with your question? There is no response, so we will move on to the next participant. The next question is from the line of Garvit Goyal from Serene Alpha. Please go ahead.

Garvit Goyal – Serene Alpha: Hello, am I audible?

Operator: Yes, go ahead.

Garvit Goyal – Serene Alpha: Good afternoon. My question is on the Green Maritime Propulsion JV. I wanted to understand more about the product basket that will be catered to by this JV, and also the ballpark scale that this JV is targeting over the next 3 years within that product basket. Lastly, when can we expect some meaningful contribution from that JV?

Management: Good evening. This is March. The company was incorporated in June 26, and we are targeting a product range comprising energy storage systems, especially for the marine sector, electrical power management systems, and related products. As per our business plan, we are targeting revenue of 640 crores by FY30. This is our plan.

Garvit Goyal – Serene Alpha: What kind of competitive landscape do you see for these product baskets that you have mentioned? How do you see it? How many competitors are already there, or may enter in the coming years? I am trying to understand what kind of margins we can have in this product.

Management: We expect a margin of around 20%, and as per the Green Tug Transition Program and various other initiatives in the green sector, we expect a lot of orders for batteries in India in the coming years. Therefore, the prospects are very high.

The basic purpose of constituting that JV is that HBL is now a number-one battery manufacturer, but it is not in the marine sector. We have our expertise in the marine sector. Therefore, this company will marinize those battery requirements for marine usage.

At present, all the batteries and battery systems for marine operations are being imported. Although we are building four green tugs, the battery systems for those tugs are being routed through that JV. CSL has already given an order to that JV company. However, we are not expecting much revenue or top line from that company in the immediate future. Progressively, we are targeting around 640 crores in the fifth year.

Garvit Goyal – Serene Alpha: The 20% margin that you mentioned, is it a PAT margin or an EBITDA margin?

Management: It is only a ballpark figure because there are also many R&D costs involved. The business plan is yet to be developed. We are in the process of preparing a business plan.

Garvit Goyal – Serene Alpha: Your partner HBL has mentioned that this JV has placed orders for batteries for two electric tugs, correct? I wanted to understand, with respect to this particular product category, what size of market do you think there could be in the next 3 years for electric tugs? What is the bid pipeline, and how many competitors are currently bidding along with us?

Management: Electric propulsion in the tug segment is still evolving. This is because the Government of India has also recently declared the GTTP, or Green Tug Transition Program, under which it is trying to encourage major ports to start with electric-propelled tugs.

We believe it will take some time for mass adoption, primarily because electric-propelled tugs would cost almost twice as much as conventional diesel-propelled tugs. However, with environmental requirements becoming increasingly stringent, there is definitely no other way to go but to move forward on this front.

The Government of India also wants to see 50% of our tugs become green by around 2035 to 2040. Therefore, volumes will emerge. However, I think the real movement will probably happen 3-4 years from now.

To add to that, under this program, all conventional diesel-powered harbor tugs will be replaced with zero-emission vessels. This will be implemented across various phases. By 2047, we are targeting 50% green tugs by 2035. The total investment in the sector is around 1,000 crores over the next 10 years, and the major portion will be for batteries. Therefore, we foresee good scope for these batteries in the coming years.

In this JV, 60% is held by HBL and 40% by CSL. Therefore, we have only a 40% stake in that company.

Garvit Goyal – Serene Alpha: Ultimately, for whatever tug orders we receive, the batteries will be supplied by HBL, correct?

Management: Yes, that is right.

Garvit Goyal – Serene Alpha: Understood. What kind of capital are we looking to deploy in this JV over the next 3-4 years?

Management: Not much, because it is technology-driven, and the manufacturing will be done by HBL. We are not setting up a manufacturing facility. We will be handling marketing and R&D. The total capital is only 50 crores.

Garvit Goyal – Serene Alpha: Will this tug be manufactured by HBL or by you, since you have that scale?

Management: No. The ship or tug will be manufactured by us. The battery will be manufactured through the JV at HBL's existing facility under a contract-manufacturing arrangement.

Garvit Goyal – Serene Alpha: Understood. Will the entire revenue from, for example, this tug, be split 60:40, with HBL receiving 60% and you receiving 40%?

Management: Not the tug. The battery, only the battery. Yes.

Garvit Goyal – Serene Alpha: Could you explain that a little further? I am confused about how the revenue will work. My understanding is that if you are selling the tug, the JV is selling the tug, correct? The battery is an internal component that you are purchasing from HBL as a standalone entity.

Management: The order for the tug will be taken by Cochin Shipyard. The order for supplying the battery will be given to the JV. Therefore, the JV will have turnover only from the battery.

Garvit Goyal – Serene Alpha: The battery will be manufactured by HBL.

Management: Yes.

Garvit Goyal – Serene Alpha: The 640 crores that you are referring to will be the JV's revenue, correct?

Management: Yes, that will be the JV's revenue, and it will be consolidated by HBL because HBL holds 60%. That is why the target is progressively 640 crores in the fifth year, by 2031.

Garvit Goyal – Serene Alpha: Just one last thing, and then I will rejoin the queue. The 20% number that you mentioned, is it an EBITDA margin or a net margin?

Management: It is at the EBITDA level, but the business plan has not yet been finalized. We are discussing it, and it is a ballpark figure of 20%.

Garvit Goyal – Serene Alpha: Got it. Thank you very much, sir. Thank you, and all the best for the future.

Operator: Thank you. Participants, you may press star and one to ask a question. The next question is from the line of Pradeepan Bakshi from Phillip Capital. Please go ahead.

Pradeepan Bakshi – Phillip Capital: Congratulations on the joint venture. My first question is regarding the yard called the DDW JV. What I wanted to understand is that, while the complete operations lie with DDW, what kind of orders will you be involved in ordering or otherwise? Will this facility cater to DP World's vessels, or will it still cater to domestic demand as well? How will the operations work? Will it be an entity catering only to DP World, or will it still cater to domestic demand?

Management: The reason for bringing in DDW is to bring in global scale, global efficiencies, and connections to the global market. Having said that, CSL today commands a significant captive market in India for this type of vessel.

The ISRF facility can handle vessels up to 130 meters long and 6,000 tons in weight. We also have a fairly good captive market for this. We have many defense and other government vessels which fall under this size and category, and these will continue to be routed through CSL. These orders will be taken by CSL and executed by this JV. It is a sort of execution JV, as we may call it, with the freedom for DDW to bring in its clients. It will be an addition to the capacity and the market that we currently target.

That is how it should be viewed. The business currently held by CSL will continue to be available for the facility.

Pradeepan Bakshi – Phillip Capital: What about the opportunity that is addressable by both parties? Considering that DDW will be a JV and that you also have an active ship repair presence in India, for orders where both of you are qualified, how will the split happen? Will there be any market-share loss or anything else that could be detrimental to CSL?

Management: The ISRF can handle vessels only up to 130 meters long and 6,000 tons in weight. Even today, all the larger vessels are handled across the main CSL yard and across all our units.

The two of us have a very clear understanding that DDW will not enter that market, and CSL's current market share in the other segments will continue to be held by CSL. The JV will also continue to do the jobs I mentioned earlier, but we expect more global vessels to be brought in by the JV through DDW because DDW will now want to tap into its global clientele as well. Otherwise, there will be no impact on the business that we conduct.

Pradeepan Bakshi – Phillip Capital: That is very interesting. My second question is regarding your order book and order pipeline. You mentioned that you are currently L1 in a defense order for Next Generation Survey Vessels. Beyond that, what order pipeline are you looking at over the next year or two, either in defense, commercial, or exports, that can provide visibility on order inflow and the company's order book?

Management: In defense, many programs are running in the order book. As you are aware, there is the LPD, then the mine sweeper. From the defense side, the major order we are expecting soon is the LPD, four vessels, which will be approximately {? 32,000 crores ?}. Then there are the MCMVs, approximately {? 6,000 crores ?}. Then there is P17 Bravo, seven vessels, which will be approximately {? 49,000 crores ?}.

These are the major orders we are expecting from the defense side in response to the RFPs. Since there are other competitors as well, we will also participate in the bids.

On the Indian commercial side, because of the demand aggregation being conducted by the Government of India, there is a requirement for around 432 vessels over a period of 10 years. SCI and the newly formed joint venture company DCSL have already issued three or four tenders. We are participating in those, and other companies are also participating. The pipeline is good for all companies and shipyards in India.

Pradeepan Bakshi – Phillip Capital: Are any contract finalizations expected this year on the commercial side?

Management: On the commercial side, we are actively negotiating for one more dredger. As you are aware, we are building one 12,000 m3 dredger for Dredging Corporation of India. They want a repeat vessel, and negotiations are ongoing. It is on a nomination basis for CSL.

We are also discussing with the Andamans for four 500-passenger vessels. That is also under discussion and will be on a nomination basis. We have also participated in many tenders, including various tenders of SCI and MR tankers, but the results are yet to be published.

Pradeepan Bakshi – Phillip Capital: My last question is regarding the block fabrication unit that you are developing at the Kochi facility. You are now proceeding independently, and it may be at a smaller scale than originally envisaged. Can you help us understand the current block fabrication capacity and what the capacity could be once the new facility comes in?

Management: Presently, our block fabrication facility at the CSL main facility has a capacity of around 12,000 tons per year. However, after commissioning the new dry dock, we will need greater steel throughput. With Hyundai, we were planning to have a block fabrication facility with a throughput capacity of 1 lakh tons. Since we are proceeding alone now, we are planning a capacity of around 60,000 tons per annum.

Pradeepan Bakshi – Phillip Capital: Got it. That is very encouraging.

Management: The new block fabrication facility will provide 60,000 tons, and our existing facility provides 12,000 tons. Therefore, our total throughput will be around 72,000 tons.

Pradeepan Bakshi – Phillip Capital: Got it. Thank you very much, sir, and all the very best.

Operator: Thank you. Participants, you may press star and one to ask a question. The next question is from the line of Mohit Chaurasia, individual investor. Please go ahead.

Mohit Chaurasia – Individual Investor: Thank you for taking my question. I wanted to understand the cash-flow side of the business a little better. Despite the strong PAT in FY26, operating cash flow was negative, mainly because of the increase in inventory and receivables. Now you are entering another investment cycle in Udupi Yard, including the Vadinar project. From a normalized perspective, what kind of cash conversion should we expect from the business? Regarding the new shipyard investment, what sort of ROCE or return threshold are you targeting?

Operator: I am sorry to interrupt. Can you speak directly through the handset, please?

Mohit Chaurasia – Individual Investor: Hello?

Operator: Go ahead.

Mohit Chaurasia – Individual Investor: Am I audible?

Operator: Yes.

Mohit Chaurasia – Individual Investor: I was asking that, even though FY26 PAT was very strong, operating cash flow was negative, mainly because of receivables and inventory. Now we are entering another investment cycle. From a normalized perspective, what kind of cash flow should we expect from the business, and for this new investment, what sort of ROCE are we targeting?

Management: The operating cash flow is negative mainly because, as you are aware, we have commercial orders from export customers, including European customers. In the European export market, the cash flow is structured so that during the construction period, they pay around 30%, and 70% is paid on delivery. On signing, they pay 10%, on keel laying 10%, on launching 10%, and on delivery approximately 70%.

The vessels from orders taken during 2023, 2024, and so on are now scheduled for delivery. We have already completed approximately 80% to 85% to 90% of the construction, but we have received only 30% of the money. This year, we are targeting the delivery of around 10 vessels during the current financial year. As mentioned in my opening remarks, we have already delivered three.

Once we start delivering the vessels, we will receive the remaining 70% or 60% from the owners, and the cash flow will become positive.

Mohit Chaurasia – Individual Investor: Can we expect cash flow to become positive in FY27?

Management: Yes, cash flow will be positive in FY27.

Mohit Chaurasia – Individual Investor: What kind of ROCE are we looking at with the new investment base?

Management: ROCE will be around 14% to 15%.

Mohit Chaurasia – Individual Investor: Thank you, sir.

Operator: Thank you. The next question is from the line of Prateek Goyal from GreenAlpha. Please go ahead.

Prateek Goyal – GreenAlpha: Thank you for the follow-up. My question is again on Bid-Maritime. I understood that HBL will be the manufacturing partner for the components. What will be CSL's role across the product basket that we will be catering to?

Management: It is a synergy between CSL's skills and HBL's experience in manufacturing energy storage systems. It is a synergy between the two companies. Our inputs will help HBL marinize the system.

Our battery companies currently cater to the land-side segment, including automobiles and other land-side applications. Marinization requires some expertise and knowledge from the marine sector, and that is where we will contribute.

At present, all these marine batteries are imported into India. Once we develop this technology, the JV company can supply marine batteries to CSL and to other shipyards as well. That is the perspective we have.

To explain this further, we recently delivered India's first indigenous hydrogen fuel-cell vessel, which is now operational in Varanasi. India does not have a marine fuel cell. We teamed up with KPIT Pune, which had developed a fuel cell for automobiles, and this was marinized and used on a ship or vessel for the first time. This is something similar to what we will do with HBL.

Prateek Goyal – GreenAlpha: On that subject, regarding the hydrogen marine fuel-cell vessel, what scale are we targeting? What kind of arrangement do we have with our technology partner, KPIT Pune, as you mentioned? How do you see this business or venture scaling up over the years? What kind of commercial arrangements do we have with them? Will we share some royalty, or how exactly will it work?

Management: This was actually a technology demonstration. We conducted it as a pilot project. Worldwide, hydrogen fuel cells are still at the initiation stage. People are just starting out.

There are many factors that will come into play. One is the development of a hydrogen fuel-cell-propelled vessel, but there is also the land-side infrastructure, hydrogen availability, bunkering facilities, and many other systems that have to come into play. The ecosystem will take time to develop.

We wanted to be present in the technology and see how it develops so that we have a first-mover advantage and the technical and technological capabilities, which is what we have demonstrated. Converting that into a business and generating returns will take some time, but what I can assure you is that we will be there when the time comes.

Prateek Goyal – GreenAlpha: Have we delivered anything through the JV, or can we expect some revenue to come in during FY27?

Management: Around 30 crores only this year. We are expecting {? 30 to 37 crores ?}. However, it will all come into our top line.

Prateek Goyal – GreenAlpha: At least the bottom line will be there, correct? Since it is a JV, 40% should accrue to us.

Management: Yes.

Prateek Goyal – GreenAlpha: Thank you very much, sir.

Operator: Thank you. The next question is from the line of Bhavya Gandhi from Bajaj Auto Net. Please go ahead.

Bhavya Gandhi – Bajaj Auto: Thank you for the opportunity. I wanted to understand the 22,000-crore order book. How much revenue booking can we expect over the next 2 years? Also, on the margin front, could you provide some insight into the EBITDA margin? How much EBITDA margin can one expect over the next 2 years?

Management: Last year, we achieved a consolidated turnover of {? 3,822 crores ?}. Normally, we achieve turnover growth of around 12% to 15%. We are still maintaining that expectation. Normally, we guide for around 12%, but we may finally achieve somewhere between 12% and 15% every year. Conservatively, we guide for around 12%.

EBITDA margin will be around 14% on a blended basis.

Bhavya Gandhi – Bajaj Auto: Besides the order pipeline, you said you are already L1 for the Next Generation Corvette vessels. When can we expect the order contract signing for this? Also, for the other contracts in the bid pipeline, when can we expect the contract signing? When can we see the order book rising from here?

Management: The NGC signing may take a little longer. We expect the order to be signed around November this year. The repeat order from DCI for the next dredger can happen within 2 months. That is what we expect.

Bhavya Gandhi – Bajaj Auto: I missed the second one. Which order did you mention, sir?

Management: DCI, Dredging Corporation of India. We are currently building a dredger, and they require a sister vessel, or second vessel, for it. We will receive that on a nomination basis. Discussions are ongoing, and the contract may be concluded within 2 months.

Bhavya Gandhi – Bajaj Auto: What will be the order value, sir?

Management: It is around 1,300 crores for one ship.

Bhavya Gandhi – Bajaj Auto: So, essentially, this year we can expect order wins of 5,000 crores and 1,300 crores. Is that the correct understanding?

Management: There is already visibility because we have emerged as L1, or it is a nomination-type order. However, we are also participating in other tenders, and we are negotiating export orders. We will take those as and when they come. We cannot provide a definite timeline for them.

Bhavya Gandhi – Bajaj Auto: Thank you very much. That is all from my end.

Operator: Thank you. The next question is from the line of Abhishek Poddar from Citadel. Please go ahead.

Abhishek Poddar – Citadel: Thank you for taking my question. First, regarding margins, if we look at the last 3 years, margins were much stronger than 14%. How do you view margins from here? You have guided for 14% this year. Is this mainly because of lower margins in ship repair, and how should we think about the next 2 years?

Management: The higher margins over the last 3 years were mainly because we had some nomination orders, such as the aircraft carrier, or indigenous aircraft carrier, in shipbuilding. In ship repair also, there were two aircraft-carrier refits. Margins were high in those projects.

Going forward, we cannot expect such margins from commercial or defense orders because all defense tenders are now also on a tender basis.

The higher EBITDA margin was also partly because we always had a cash surplus of around 2,000 to 3,000 crores. The interest income from that was also steady income every year. After capitalizing or commissioning the two capex projects, the ISRF and the dry dock, on which we spent around 3,200 crores without any loan, that cash surplus is no longer available.

These are the reasons why the EBITDA margin is coming down.

Abhishek Poddar – Citadel: Does this EBITDA margin include the interest income on cash?

Management: We normally include interest income in the EBITDA margin because it was certain every year. If you look at the last 10 years, this interest income was a normal, recurring income, so we were accustomed to including it.

Abhishek Poddar – Citadel: I was looking at the first quarter that you reported, and that was more than 17%. Should we assume that the remaining quarters will be somewhat lower than 17% to reach the average of 14% that you mentioned?

Management: We normally guide for 14% because, in shipbuilding, margins are normally around 10% to 12%, while in ship repair we achieve around 20% to 22%. Shipbuilding constitutes around 70% of the business and ship repair around 30%. Therefore, the blended margin will be around 14% to 15%.

Abhishek Poddar – Citadel: That makes sense. Thank you. My second question is regarding the inquiry pipeline that you mentioned—LPD, LCMV, and P17 Bravo. What should we expect to be ordered over the next 12-18 months?

Management: The Navy has yet to issue the RFP for the LPD, but I understand that the RFP for P17 Bravo has already been issued. After the RFP is issued, there may be 3-4 months for submitting the bid. After that, the Navy normally follows its procedure to finalize the bid.

It takes time because the NGC process has also taken almost a year after we emerged as L1. There is CCS approval, followed by PNC and other procedures. Therefore, we cannot provide a timeline, but we are actively participating in all these bids. Since the timeline is not in our hands, we cannot say anything more.

Abhishek Poddar – Citadel: Last time, P17 Bravo was built by Garden Reach Shipbuilders. Do we have the capability to bid for the LPD?

Management: We are a Category A shipyard and are qualified to bid for it. We are also submitting the bid.

Abhishek Poddar – Citadel: Will this be a financial L1 and L2 bid, and who will receive the contract?

Management: Yes.

Abhishek Poddar – Citadel: Understood. Thank you, and all the best.

Operator: Thank you. The next follow-up question is from the line of Deepen Vakil from PhillipCapital. Please go ahead.

Deepen Vakil – PhillipCapital: Thank you for the follow-up opportunity. You mentioned that 10 vessels are to be delivered in FY25, of which 3 have been delivered. Can you tell us about the delivery schedule and which vessels you are planning to deliver? Will they be Anti-Submarine Warfare vessels, multipurpose vessels, or NTM vessels? What is the status of NTMV?

Management: We are planning to deliver 10 vessels during this financial year. Of the three submarines we are planning this year, we have already delivered one, and the balance will be delivered by December 2026. Two more ASW vessels will also be delivered.

Regarding the multipurpose vessel, we have already delivered one and are planning to deliver 2 more during this financial year. We will be delivering the Trailing Suction Hopper Dredger by next month. It is at the final stage of construction, and we are planning to start trials by the end of this month.

We have also received an order for 2 Commissioning Service Vessels for a Cyprus client. We will deliver one by October 2026 and the other by the end of February or early March.

We are building 2 zero-emission container vessels for Samskip, Netherlands, and we are planning to deliver one by the end of February. This is our planned schedule for the financial year.

Deepen Vakil – PhillipCapital: Got it, sir. That is all from my side. Thank you very much.

Operator: Thank you. The next follow-up question is from the line of Garvit Goyal from CDNL Alpha. Please go ahead.

Garvit Goyal – CDNL Alpha: Thank you for the follow-up. I wanted to understand the differentiation we are trying to create in the marine batteries that we will be manufacturing through the JV. You mentioned that these batteries are currently being imported into India. Compared with those batteries, what differentiation will we bring, either in terms of cost or quality? How should we look at it?

Management: Marine batteries have to withstand more strenuous conditions, such as salt and vibration. HBL has expertise and technology in this area because it operates in the electric mobility sector. We want to leverage those advantages.

Garvit Goyal – CDNL Alpha: How should we view the cost differentiation compared with imported batteries? Ultimately, why would buyers shift to this JV instead of continuing to import the batteries?

Management: There will be multiple advantages. The first is cost reduction. Local production will significantly reduce transportation costs and import duties. This will obviously lead to lower costs.

There will also be supply-chain resilience. Especially during periods of crisis, indigenous manufacturing will improve supply-chain resilience and disruptions can be addressed more effectively.

Delivery will also be faster if we produce these batteries in India. Moreover, since we are focused on sustainability goals, entering electric-battery production is particularly significant during this transition to electric mobility.

These are the 4 advantages. For your information, major shipyards around the world are now forming strategic alliances with battery manufacturers to improve supply-chain resilience and so on. We are also moving in the same direction.

Operator: Thank you. Garvit, I will request you to come back for a follow-up. The next question is from the line of Deepak Krishnan from Kotak Institutional Equities. Please go ahead.

Deepak Krishnan – Kotak Institutional Equities: Am I audible?

Management: Yes, go ahead.

Deepak Krishnan – Kotak Institutional Equities: I wanted to understand the various capex plans that you have. With the 1,800-crore ISRF, what kind of revenue potential are we looking at over, say, 3 years or 5 years? Similarly, by when will Phase 2 capex be completed, and what will be its revenue potential?

If I look at the other capex as well, you mentioned the Vadinar ship repair facility, which will take 3 years, with 1,500–1,600 crores of investment. What is the vision after 3 years, assuming it starts in 1 year? For the Tuticorin facility, how much revenue potential do you see by 2030 or 2032? Similarly, what is the potential for the block fabrication facility and the Tuticorin facility?

For all 4 of these projects, you are spending more than 6,000 crores of capex over the next 5 years, or 6,500 crores broadly. What are the revenue targets from these investments, and how are you looking at them?

Management: From the ISRF facility, we expect to generate around 600 crores of turnover over the next 2 years to start with. This will scale up to around 1,000–1,200 crores over a period of 5 years.

At Vadinar, revenue will start being recognized only 36 months from the date of receiving environmental clearance. After 3 years, we may initially achieve turnover of around 300 crores, scaling up to around 500–600 crores at Vadinar.

At Tuticorin, we are still only at the DPR stage. However, there also we expect turnover of around 650–700 crores to start with, scaling up to around 1,800–2,000 crores over the next 7–8 years.

This capex will be spent over the next 5 years, and we will grow primarily through a debt-equity ratio of around 20:80. There is also a Shipbuilding Development Scheme announced by the Government of India through which we will receive a 25% capex subsidy for all these projects, as well as interest subvention of around 3%.

We want to take advantage of all these benefits while executing this capex.

Deepak Krishnan – Kotak Institutional Equities: I also wanted to understand IAC-2. At this point, there is no visibility. Is that correct? Perhaps only after the next stage?

Management: As of now, there is no visibility because it has not reached the AON stage. The Navy has a procedure called Approval of Necessity. Even according to our information—which is not authenticated—it has not reached the AON stage. If it comes and they take a decision, it will come to us. That is what we believe.

Deepak Krishnan – Kotak Institutional Equities: I also wanted to understand the various programs that are there. On the naval side, which ones do you think have a higher probability for you? As previous participants asked, P17 Bravo has always involved someone who has built P17 Alpha. If we look at the potential programs, which ones can come to you?

Also, for domestic shipbuilding, what kind of order-inflow potential do you see over the next 2-3 years, or what revenue potential do you see from SCI and the other entities that have been created for containerized-vessel manufacturing?

Management: In the defense order pipeline, as you rightly said, P17 Bravo may be more competitive because other companies may have the expertise or may have already built that vessel.

However, if we look at the suitability from our perspective, the LPD is the most suitable for us, and we have the highest level of confidence and the greatest possibility there because we have already built an IAC, or aircraft carrier, and we have a large dock. The LPD is a steel-heavy platform. Therefore, the LPD and MCMV are the most suitable for us compared with P17 Bravo. Although we will participate in all the tenders.

Deepak Krishnan - Kotak Institutional Equities: Similarly, regarding the domestic commercial shipping opportunity, what sizable and realistic orders are we targeting? If not this year, then next year or over the next couple of years, what is the cycle of these orders and what potential revenue could we receive, perhaps in 2028-2029?

Management: We have tendered for 4 MR tankers and submitted the technical bid. The indicative cost is around 1,500 crores. Similarly, Aframax tankers have issued an expression of interest, and the indicative cost is around 2,600 crores.

Deepak Krishnan - Kotak Institutional Equities: What is the typical execution cycle for these types of orders?

Management: Normally, it is 36 months for the first vessel, and the subsequent vessels take 6-8 months.

Deepak Krishnan - Kotak Institutional Equities: Regarding margins, I still hear the 14% guidance. Could you explain how much comes from shipbuilding and how much from ship repair? Also, if you are providing a commercial split, what would the EBITDA margin be?

Management: Shipbuilding as a whole has a margin of around 10% to 12%, while ship repair has a margin of around 22% to 24%. The blended margin will be around 14%, as I guided, because shipbuilding contributes around 70% of our turnover and ship repair contributes around 30%.

Deepak Krishnan - Kotak Institutional Equities: I understand. Excluding other income, what would the EBITDA be? You have more than 200 crores in other income, roughly.

Management: This is already excluding other income. We do not have that much other income now because it is being utilized for the projects.

Deepak Krishnan - Kotak Institutional Equities: Understood. Those were my questions. I will get back in the queue.

Operator: Thank you very much. Ladies and gentlemen, we will take that as the last question. We will now hand the conference over to Mr. {? Sakib Injara ?} for closing comments.

{? Sakib Injara ?} – Care Edge Advisory: Thank you, everyone, for joining the investor conference call of Cochin Shipyard Ltd. If you have any further queries, please reach out to us at research@careedgeadvisory.com. Once again, thank you, everyone, for joining the conference. Good day.

Operator: Thank you very much.

Management: Thank you all. Thank you for joining the conference.

Operator: Thank you all. On behalf of Care Edge Advisory, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.