



SEC/48/2017-63

November 27, 2023

The Manager Compliance Department BSE Limited Phiroze Jeejeebhoy Tower Dalal Street Mumbai – 400 001	The Manager Compliance Department The National Stock Exchange of India Ltd. Exchange Plaza Bandra – Kurla Complex, Bandra (East) Mumbai – 400 051
Scrip Code/Symbol: 540678/COCHINSHIP	

Dear Sir / Madam,

Subject: Transcript of Investor/ Analyst Conference Call to discuss the financial results of the Company for the quarter ended September 30, 2023

1. Further to our communication with respect to the conference call to discuss the financial results of the Company for the quarter ended September 30, 2023, please find attached herewith the transcript of the said conference call conducted on Monday, November 20, 2023 at 04.00 PM IST.
2. The above is for your information and record please.

Thanking you,

For Cochin Shipyard Limited



“Cochin Shipyard Limited
Q2 FY '24 Earnings Conference Call”

November 20, 2023

MANAGEMENT: **MR. MADHU S. NAIR – CHAIRMAN AND MANAGING DIRECTOR – COCHIN SHIPYARD LIMITED**
MR. JOSE V J – DIRECTOR FINANCE – COCHIN SHIPYARD LIMITED
MR. RAJESH GOPALAKRISHNAN – CHIEF GENERAL MANAGER, SHIP REPAIR – COCHIN SHIPYARD LIMITED
MR. HARIKRISHNAN S. – CHIEF GENERAL MANAGER, SHIPBUILDING – COCHIN SHIPYARD LIMITED
MR. SHIBU JOHN – GENERAL MANAGER, FINANCE – COCHIN SHIPYARD LIMITED
MR. SYAMKAMAL N. – COMPANY SECRETARY – COCHIN SHIPYARD LIMITED

MODERATOR: **MR. KAUSHAL SHINDE – KIRIN ADVISORS**

Moderator: Ladies and gentlemen, good day, and welcome to Q2 FY '24 Results Conference Call of Cochin Shipyard Limited, hosted by Kirin Advisors. As a reminder, all participant lines will be in the 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 an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Kaushal Shinde from Kirin Advisors. Thank you, and over to you, sir.

Kaushal Shinde: Thank you. On behalf of Kirin Advisors, I welcome you all to Cochin Shipyard Limited Q2 FY '24 Con Call. From the management side, we have Shri Madhu S. Nair, Chairman and Managing Director; Shri Jose V J, Director Finance; Shri Rajesh Gopalakrishnan, Chief General Manager, Ship Repair; Shri Harikrishnan S., Chief General Manager, Shipbuilding; Shri Shibu John, General Manager, Finance; Shri Syamkamal N., Company Secretary. I will now hand over the call to Mr. Madhu S. Nair. Over to you, sir.

Madhu S Nair: Thank you. Good evening to all present in this conference call. I'm Madhu Nair, the Chairman and Managing Director of Cochin Shipyard Limited. And I would like to extend a warm welcome to all the participants joining us today.

I'm joined in this con call by Shri Jose V J, Director of Finance; Shri Rajesh Gopalakrishnan, Chief General Manager, Ship Repair; Shri Harikrishnan S., Chief General Manager, Shipbuilding; Shri Shibu John, General Manager of Finance; and Shri Syamkamal N., our Company secretary.

I would like to bring your attention the noteworthy operational accomplishments during the first half of this year. Two major defence projects took the centre stage during this period. First, the indigenous aircraft carrier, INS Vikrant, which docked at CSL on 29th July 2023 for undertaking guarantee refit, installation of MF-STAR and the concurrent work package agreed with the Indian Navy.

Our team handled underwater inspections, tank cleaning, painting and repair to ship fittings along with other tasks. The project contributed a revenue of INR85 crores for the quarter ended September 30, 2023. We plan to undock this vessel on 27th November.

The second significant undertaking during this time was the construction of the ASW SWC Corvette for the Indian Navy, valuing at approximately INR6,300 crores in total. The progress on this project has been significant, and we are targeting simultaneous launch of 3 vessels this -- 30th of this month, 30th of November 2023.

Further, we aim to lay the keel for 2 additional ASW SWC in December 2023, that is next month. And 3 others are already in advanced stages of block fabrication. These 2 projects have played a significant role in driving our revenue growth during this period. Speaking about major contracts secured during the period, our wholly owned subsidiary company, Udupi Cochin Shipyard Limited, UCSL, bagged a major order from a European client.

The order is for construction of 6 new-generation diesel electric 3,800 deadweight general cargo vessels with an option for further 8 more vessels for the transportation of general cargo at inland as well as coastal waters in Europe. The estimated contract value is about INR580 crores and will be completed within March 2026.

CSL also signed a contract with the Ministry of Defence for the Mid Life Upgrade and Re-Powering INS Beas at a cost of INR313.42 crores. The estimated duration of this project is around 24 months. The project involves modernization and upgradation of various systems and equipment on board the ship to enhance its operational capabilities.

Now I would like to go through other achievements during the period, which I consider worth mentioning here. I'm pleased to inform you that Cochin Shipyard Limited has been upgraded to a Scheduled A Company. This significant development will provide us with more senior management bandwidth, enabling us to effectively manage all 7 units across the country.

CSL has also received an order for building 8 Hybrid Electric Catamaran Passenger Vessels for IWAI at a contract value of INR129 crores. Six out of the said 8 vessels will be built at our subsidiary company, Hooghly Cochin Shipyard Limited at Kolkata. Balance 2 vessels are being built by CSL and currently in the advanced stages of completion. These 2 vessels are expected to be delivered in December 2023 and January 2024.

CSL signed contract with the Naval Ship Repair Yard Kochi, Indian Navy for Multiple Refit Contract, MRC, for naval vessels. The value of the ship repair contract is INR80 crores.

CSL signed with Naval Ship Repair Yard Karwar, Indian Navy for Multiple Refit Contract, MRC, for Water Jet Fast Attack Crafts. The value of this repair contract is INR34 crores. CKSRU, the ship repair unit of CSL at Kolkata successfully completed the dry docking and refurbishment of a floatel, it's a floating hotel.

The project involved more than 100 tons of steel renewal and was completed ahead of schedule. We delivered 4 Electric Hybrid 100-Passenger Vessels to the Kochi Water Metro. Our subsidiary, Udupi Cochin Shipyard Limited delivered a new-generation Purse Seiner Vessel to GKS Marine Exports. UCSL also delivered 5 Deep-Sea Tuna Long Liner vessels.

CSL also won a couple of awards during this period. We won the Maritime Excellence Award for the Best Shipyard in the Country during the Global Maritime India Summit. And we also won the PMA National Award for 2023 for Project Excellence.

Moving on to the financials, I would like to mention that our first half financial results were good. These results were uploaded on November 7, 2023, and I'm sure all of you would have gone through it in detail. Director of Finance, Shri Jose V J, will briefly touch upon the results for the half year.

Jose V J:

Good evening. I'm Jose V J, Director of Finance. I'll just take you through the highlights of the financials. The consolidated turnover stood at INR1,488 crores compared to INR1,124 crores in the corresponding previous period.

Our PBT was INR389 crores, a substantial increase of -- increase from INR221 crores, while our PAT was INR280 crores as compared to INR155 crores in the corresponding financial year. It is worth noting that the PAT for the quarter was INR180 crores compared to INR113 crores for the corresponding quarter of the previous year, which is -- we have registered a growth of 61 percentage.

Looking from the segment-wise performance on a stand-alone basis, Shipbuilding turnover has increased from INR877 crores to INR996 crores, reflecting an increase of 14%. Our Ship Repair revenue has increased from INR245 crores to INR402 crores, registering an increase of 64 percentage. We have achieved a strong EBITDA margin of 20 percentage for the first half which excludes other income. The PAT margin for the half year was 21 percentage.

Madhu S Nair:

Thank you, Jose. The Board has approved a stock split in the ratio 1:2 and the proposal has been put to vote through the e-voting process for obtaining shareholders' approval. The voting period will end on 13th December 2023. And if approved, we expect to complete the process by end January/early February 2024. The Board has also declared an interim dividend of INR8 per share, that is 80 percentage, which will be paid in early December 2023.

Now let's discuss our major shipbuilding projects currently under execution. As already mentioned, the construction of the ASW SWC Corvette for the Indian Navy is one of our major ongoing projects. We plan to launch three vessels simultaneously on 30th November 2023 and lay the keel for two more vessels in December 2023. The remaining three vessels are currently in advanced hull construction stages.

Additionally, we have taken up the project to build a 12,000 cubic meter trailing suction hopper dredger for an Indian dredging company with a project cost of around INR900 crores. Fabrication is scheduled to commence at the end of November 2023.

For our European clients, we are currently working on construction of two Commissioning Service Operation Vessels with a project cost of approximately INR1,000 crores. The fabrication process has commenced. In addition, we are building eight multipurpose vessels for a German order, which are under various stages of construction.

We are also constructing 23 Hybrid Electric Catamaran Hull Vessels for Kochi Water Metro project, out of which 12 have already been delivered. We aim to complete the deliveries by June 2024. The company is also currently working on the construction of what could potentially be deemed as India's first hydrogen fuel cell vessel.

While this does not hold any major monetary significance at present, it is a noteworthy technological achievement that may put the company at the forefront. The vessel was launched in November 2023, and it's slated for completion in December '23 early January '24.

Now let's turn our attention to the large-scale expansion projects. First, our International Ship Repair Facility, ISRF, which has a total project cost of INR970 crores. We have achieved 81 percentage physical progress to date with the recent delivery of the ship lift platform at the ISRF site.

Commissioning activities of the ship lift systems are currently in progress. We are on track to complete and inaugurate the facility, including the ship lift and the first two workstations by December 2023 with full commissioning slated for mid-2024.

Regarding our new dry dock project, which has a total project cost of INR1,799 crores, we have achieved 83 percentage physical progress. A major milestone for the project was the delivery of the structural and other components of the 600 ton Gantry crane at CSL by Hyundai Samho Heavy Industries from Korea. This crane is a vital component of our new dry dock.

We plan to inaugurate the dry dock by December 2023 after completion of all civil works and thereafter, full commissioning by mid-2024. I'm pleased to inform you that our unexecuted order book currently stands at around INR22,000 crores, which is a healthy figure. This includes ship repair orders, which are typically difficult to state specifically, but as a reference, we usually have ship repair orders of approximately INR700 crores at any given point of time.

Further, it gives me great pleasure to notify you that our company under its USHUS maritime start-up support program awarded seed funding of INR1.7 crores to 5 start-ups through the IIMK Live to catalyze maritime start-up ecosystem in the country and facilitate a larger participation of the start-up fraternity in opening up the immense potential in this relatively unexplored sector.

To sum up, Cochin Shipyard Limited remains dedicated to delivering quality in all our projects and operations. We take pride in our achievements during the first half of the year and have confidence in our ability to sustain this momentum. For the full financial year, our expectation is to cross the turnover we achieved prior to COVID-19, that is FY '20. For the full financial year, we foresee a PAT margin ranging from 16% to 17%. This general guidance should offer a glimpse into our plans for this year.

I would like to conclude now and would be happy to take questions. Thank you all for your patience. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Sagar Gandhi from Future Generali Life Insurance Company.

Sagar Gandhi: Sir, congratulations on completing the large capex project. So, sir, I have two questions. First is on IAC 2. So, in your judgment, by when is this likely to happen? And what will be the value of this project as per your expectations?

Madhu S Nair: I would have difficulty in answering that question on both the points. But we hear from the press and also from our interactions that the project -- decision on the project going to DAC is at a very advanced stage. So, I will have to rest my answer with that. And I'm not in a position to discuss project figures at this stage.

Sagar Gandhi: Okay. My second question is on the new shipbuilding and the ISRF facility. So, while the physical completion is likely to be in December 2023 and the ancillary work by June 2024. When will these facilities start clocking or adding on the top line or clocking revenue for the...

- Madhu S Nair:** Mid '24 onwards.
- Sagar Gandhi:** Okay. And my last question is on cash, which we currently stands at INR4,600 crores approximately. What is the free cash component and advances from customers of this figure?
- Jose V J:** Free cash is around INR1,000 crores and the remaining is advance from customers.
- Moderator:** The next question is from the line of Deepak Krishnan from Kotak Institutional Equities.
- Deepak Krishnan:** Yes, I just wanted to sort of look at your EBITDA margin performance, a stellar performance of 20 percentage 1H. And now you're saying PAT margin will be 16% to 17%, whereas earlier you had indicated in the FY '23 earnings call that PAT -- EBITDA margins will be 14% to 15% for the year. So, are we sort of raising the margin guidance and what sort of driven the strong performance in 1H?
- Madhu S Nair:** See, this year, revenues from IAC and Ship Repair. You can see Ship Repair; we are doing strong growth and the Indigenous Aircraft Carrier has also been docked and we are having a Ship Repair part in this. So largely Ship Repair is giving us better margins.
- Deepak Krishnan:** So even EBITDA should be in the similar range, 18% to 19%? Is that understanding correct?
- Jose V J:** Yes, around that stage.
- Deepak Krishnan:** Okay. And of the unexecuted order of Ship Repair, which is closer to INR1,300 crores, all of that is sort of -- sorry, unexecuted order book of IAC, which is INR1,300 crores, all of that will sort of come in this year itself?
- Jose V J:** Out of that, around INR800 crores will go to FY '25. Remaining will be in the current financial year.
- Deepak Krishnan:** Okay. So, we may do INR2,800 crores of top line, out of that, you're seeing that closer to INR800 crores is coming from your IAC and INR800 crores is coming from Ship Repair, which is both are higher margin, that's why we're expecting a higher blended EBITDA. Is the understanding correct?
- Jose V J:** Can you repeat that once again?
- Deepak Krishnan:** So, your total revenue guidance of INR2,800 crores-plus for this year, closer to INR2,900 crores, higher than FY '20. So, you're saying that for the full year, about INR800 crores, INR900 crores is coming from Ship Repair and INR800 crores, INR900 crores is coming from the IAC order, which are both high margins?
- Madhu S Nair:** Just a minute.
- Jose V J:** No, total INR2,800 crores where did you get?
- Deepak Krishnan:** No higher than FY '20, if I look at it...

- Jose V J:** It was INR3,400 crores in FY '20.
- Deepak Krishnan:** Okay. Yes. Sorry, my bad. So, it will be higher than that. Sorry, yes, so...
- Jose V J:** Yes, yes, yes.
- Deepak Krishnan:** Yes, yes, yes. So yes, okay. So those are the two factors. Basically, higher Ship Repair and higher IAC is driving higher margins?
- Madhu S Nair:** Correct.
- Jose V J:** Correct.
- Deepak Krishnan:** Okay. And how are we looking at the pipeline in terms of immediate orders that can come. I think we've locked the Ocean Research Vessel order, but anything else that you're seeing that can be done in the estimated 6 months?
- Madhu S Nair:** See, the pipeline, there have been a couple of -- the ORV we lost. And there was another project also which we actually -- FPV project, the Fast Patrol Vessel, that's also gone elsewhere. But we are okay because we never wanted it at the price levels that it has gone. But the order pipeline is still fairly strong. The immediate near-term RFP is about INR1,400 crores of RFPs at various stages are there. And there are possibilities which we are looking at in Europe also.
- Moderator:** Thank you. The next question is from the line of Darshil Pandya from Finterest Capital. Please go ahead.
- Darshil Pandya:** Yes. Sir, I just want one clarification from your end. So, could you please provide an update regarding a new cycle which was there in India to construct 24 cargo ships for Russia. This happened in economic forum reportedly. So, is this deal done or how is it? I just want a clarification from your end.
- Madhu S Nair:** We are not involved in this.
- Moderator:** Thank you. The next question is from the line of Viraj Mithani from Jupiter Financial. Please go ahead.
- Viraj Mithani:** Good afternoon, sir. Sir, my first question is on the guidance you gave, which we'll be having a top line of -- if I'm correct, 2020 with 17% net margin, that's what you said, right? Is it correct to think that way?
- Madhu S Nair:** Can you repeat that once again, there's a little bit of a bass coming in your voice. Can you repeat that once again?
- Viraj Mithani:** The guidance given by you, sir, was -- we will have a top line in the range of March 2020 numbers and the net margin would be 16% to 17%, is that correct? Is it -- that's what I heard.
- Madhu S Nair:** Correct.

- Viraj Mithani:** Okay. Sir, my next question is, your free cash of INR1,000 crores, how you plan to use that, sir? This would be the capex for this year? And...
- Jose V J:** Capex will be around INR355 crores this year. Out of that, we have already spent INR125 crores so far in the H1. So, the remaining will be used from the cash.
- Viraj Mithani:** And this INR1,000 crores free cash would be used for further capex or some -- or so -- what will be the purpose of this free cash, which we have, INR1,000 crores?
- Jose V J:** Working capital and partly funding the capex.
- Viraj Mithani:** Partly funding the capex. Okay. Sir, the next question is, you talked about this possibilities in Europe just to the previous participant. In which -- can you give more colour on that, like it would be in the -- which side of the business and what kind of possibilities would be there?
- Madhu S Nair:** See, there are two areas where there are possibilities: one is you are aware that we have concluded a contract for two CSOV vessels. So, that space is still looking active and we are sensing possibilities in that space. There is wind support vessels. We have continuously engaged with various companies and we expect some positive news shortly.
- The other sector is a European short vessel segment, which is smaller vessels, but then always, it comes in a few numbers. And that is the kind of vessel which we have recently picked up for our Udupi Cochin Shipyard Limited, the six vessels which I mentioned, with an eight option. Something similar is what we are doing in Cochin Shipyard already for the German clients, eight vessels. So, these are all the European short-sea vessel segment. That segment also we are engaged with a few potential interest, and that also looks strong.
- Viraj Mithani:** What would be the size of the opportunity, sir?
- Madhu S Nair:** See, The CSOV project, a deal could be somewhere between INR500 crores to INR1,000 crores. And the short-sea vessel space, again, could be about close to INR500 crores, a deal size, INR500 crores -- that will be -- each of those vessels would be about INR120 crores, INR130 crores kind of a thing. So INR500 crores, INR600 crores kind of a five vessel-, six-vessel order is what we could see on a short-sea vessel side.
- But on the CSOV side, it is typically one or two numbers or maybe with a two-option kind of a thing. So that is why I said about INR1,000 crores kind of a thing.
- Viraj Mithani:** Okay. And sir, this the new dock which will be ready probably next year. Will we be using -- will we be leasing it or will be used for the repairs or what would be the -- until the next IAC order comes...
- Madhu S Nair:** Initially, we start with shipbuilding. In fact, we have already -- some of the contracts which we already secured will be executed out of that new dry dock -- but the new dry dock is a dual-purpose dry dock. So, when we sense good ship repair opportunities, that also would be taken in that dock. But as you rightly said, as and when -- and we hope the second IAC, if it comes,

that would also be in the new dry dock. So, the new dry dock is a large dock, which has got dual use.

Viraj Mithani: Okay. And sir, my last question is about the green ferry. You understand the West Bengal government is quite interested. So, have you -- what kind of traction are you feeling in this sector, sir? Like what could be the could be a good potential for us in years to come?

Madhu S Nair: That's for sure. Actually, the government is taking a lot of interest in what is being called as a Green Vessel Transition Program, and various entities are involved, especially the Inland Waterways Authority of India, multilateral funding agencies like the World Bank and others are interested.

So, this is an area where we'll see more traction. But we expect that traction to be driven largely from our two subsidiary units, in Kolkata and in Udupi, but Kolkata could be the hub for us to drive that traction.

Viraj Mithani: And sir, who will be our competitors in this green ferry segment? I know GRSE is one. Apart from that?

Madhu S Nair: There could be many of the -- because when this market is opening up, we expect there could be many midsized shipyards and boatyards also coming in that space. So, we see there could be many players coming in that space. But we feel the way -- at least we are seeing discussions happening over the next couple of years, there could be significant vessels considering the size and scale of the country and the requirements.

So, I think most of the people should have good opportunities. It has to be a little bit technologically advanced. So, it is not the run-of-the-mill vessel. Such vessels may not be there too much. And if at all it is there, CSL and our subsidiary companies may not be involved in the run-of-the-mill vessels, but a little bit advanced vessels we will be keen.

Moderator: Thank you. The next question is from the line of Deepak Krishnan from Kotak Institutional Equities. Please go ahead.

Deepak Krishnan: Sir, maybe just one follow-up on the margin. So, I think going ahead, maybe for the years ahead, do we sort of revert back to about 15%, 16% sort of PAT margin? Or do we kind of sustain this improvement or how do we kind of look at it?

Madhu S Nair: Going forward means this financial year, next financial year, is that what you meant?

Deepak Krishnan: Yes, sir.

Madhu S Nair: Yes. We hope to sustain better margins over the next year also.

Deepak Krishnan: Sure. Maybe if I look at your, expected immediate pipeline, if I look at the entire approval, you're saying maybe DAC comes through. How long would you believe that for IAC 2 after the DAC approval, would we be at a stage where the order could potentially come to us? Would it be an FY '25 story or do you think it's sort of...

- Madhu S Nair:** I can't, again, discuss that on a hypothetical basis. And again, it would be improper on my side to discuss that side.
- Deepak Krishnan:** Sure, sir. And maybe any other Indian Navy order that we are targeting? Any on the destroyer, frigate, anything that we can participate in?
- Madhu S Nair:** See, the RFPs that is already in line, yes, we are participating. But again, we are clear that there must be fairly good financials over there. That is the way we have participated. And the destroyer has not come in. The next-generation destroyer RFP has not come in. As of now, the LPD RFP has also not yet come in. We are eagerly awaiting all this.
- Moderator:** Thank you. The next question is from the line of Sagar Gandhi from Future Generali Life Insurance Company. Please go ahead.
- Sagar Gandhi:** Sir, what will be the approximate value of this RFPs, the next-generation destroyers?
- Madhu S Nair:** We are yet waiting to see this, but then the LPDs were in the range of INR20,000-plus crores. And NGC, the next-generation destroyers figure has not been really discussed, but it's much higher than this LPD figure.
- Sagar Gandhi:** Okay, thank you. And sir, as far as this capex projects are concerned, new dry dock and ISRF. Sir, we spent only INR1,050 crores in new dry dock and INR740 crores approximately in ISRF. And our capex for full year as guided stands at INR1,050 crores. So, does that mean that, we will not be extending or spending the full cost as we had envisaged initially?
- Madhu S Nair:** Can you repeat that and -- you came in a little bit feeble. But if you can just talk more loudly?
- Sagar Gandhi:** Yes, So, we have spent INR1,050 crores approximately for the new dry dock and roughly INR740 crores for the ISRF project. Now initially, we had envisaged approximately INR1,800 crores for the new dry dock and INR970 crores for the ISRF. That means that we are now doing the spend only INR350 crores for full year FY '24 and both these projects are getting completed in -- I mean until June 2024. Maybe -- I mean both this projects may be -- I mean, leaving some money on the table for Cochin as against envisaged initially?
- Madhu S Nair:** Yes. We can explain that to you.
- Jose V J:** Actually, we'll be sending -- because the full commission will happen only in FY '25.
- Madhu S Nair:** No, he's talking until June.
- Jose V J:** Until June...
- Madhu S Nair:** When you complete it.
- Jose V J:** Yes. It is ISRF will be almost that level -- maybe INR20 crores less than that, will be around INR940 crores. And dry dock because we -- originally, we envisaged two cranes, now we are doing only one crane there. So, some savings may come there. So, it may be around INR1,400 crores, INR1,500 crores instead of INR1,799 crores.

- Sagar Gandhi:** Roughly INR400 crores, at least INR300 crores will be the savings?
- Madhu S Nair:** Yes. I would suggest conservatively, you shouldn't take that. There could be because at the end of the day, when we wrap up the projects, there are escalations -- permissible as per the contract. What Director of Finance mentioned is the main point. See, there were two cranes on the dry dock. We are putting only one crane, but that one crane was a little bit more costlier than 50% of that total crane cost.
- So, we may end up a notch lower, but not to the level at INR400 crores, you said. I would guide you towards the -- both the projects together, maybe about INR150 crores to INR200 crores less than those estimates.
- Sagar Gandhi:** Okay. Thank you, sir. Now sir, coming to the ship repair part. So, over the last three, four years, we've tried to be build facilities in Mumbai, Andaman & Nicobar then Udupi and then Tebma shipyard. And sir, now put together all these facilities are up and running including the new dry dock, which can also be used for ship repair part. What is the maximum ship repair revenue we can clock, let's say, 80%, 85% utilization level?
- Madhu S Nair:** See, we are continuously being saying that our short term is around two and odd years, three years kind of a thing is to go and touch around INR1,200 crores kind of a figure. As you are aware, like the ISRF, we should have completed this a little bit more earlier. We are now in the mid of next year, even though the civil completion will complete by December. So INR1,200 crores kind of a figure is what we will see in about -- give it about three years conservatively. And this year, we have gone on record our target should be better than the best we have done. So, the best we have done was about INR820 crores...
- Jose V J:** INR860 or something crores.
- Madhu S Nair:** We should cross that, so around INR900 crores or slightly thereabouts is what we are expecting for this financial year. And when ISRF also chips in next year onwards. But INR1,200 crores crossing in about three years. And beyond that, I wouldn't want to really talk at this stage, but the next target would be about INR1,500 crores.
- Sagar Gandhi:** Okay. Okay. Because until IAC-2 comes in, the new shipbuilding facility can also be used for ship repair, which is a high-margin business?
- Madhu S Nair:** But we have certain large projects also which we had taken into that. And ship repair, we have built up significant capacity because the current existing capacities of Cochin Shipyard plus the ISRF. So, we'll have to find the methods and the ecosystem to populate it and execute it well. And we are actually working on various things for that. Rajesh could probably explain a notch on what we are trying to do on the Kochi cluster a little bit. We are not fully out in the open, but a little bit.
- Rajesh Gopalakrishnan:** Yes. This is Rajesh Gopalakrishnan, Chief General Manager, Ship Repair. So, as you would probably be aware, the Government of India through its Maritime India Vision 2030 had also proposed ship repair clusters along the coast of India. And since if you look at the landscape

today, Kochi is a hub already for ship repair with so much infrastructure and ship repair happening in the country in Kochi.

So, we are just trying to see how best we can develop Kochi as a formal ship repair cluster, for which we are working towards various things like whether it is partnering, whether it is setting up more ancillaries and the overall improvement of the overall ecosystem. So, we hope Kochi, moving forward, we'll actually start seeing more volume and basis which, like sir said, we could even see where to take the long-term targets.

Madhu S Nair: We are also trying to get a international partner for certain operational aspects in the new facility. We will let you know in due course, but then we are around the corner with the RFPs slated to come any time now.

Sagar Gandhi: Okay. No, because, sir, when we did Mumbai ship repair facility, we were thinking that it will ramp up fast. But somehow it has not reflected in Ship Repair revenues. So now because we've built a lot of good facilities, especially for the repair -- I was expecting a much better guidance from you in terms of Ship Repair for the next two, three, four years?

Madhu S Nair: I agree that Mumbai should have done a bit more better, but then Mumbai this year now, we have done INR70 crores for this year. And the target is around INR140 crores to INR150 crores for the full year for Mumbai.

Sagar Gandhi: Okay. Sir, last question from my side is on Next Generation Missile Vessels that you -- that is currently a part of your order book. Now what's likely to be the execution timeline? And what will be the broad margin in this project approximately?

Madhu S Nair: Execution timeline is the first vessel is 48 months from signing the contract, which we signed in March of this year, March 2023. And we are in the engineering and main equipment ordering stage right now. Things are generally going good on that project as of now. Margins give us some more time to come out with specific margins on that project. But largely, it fits into our normal shipbuilding mix of projects because it's a large contract. It is altogether INR9,800 crores. So, it gives us stability in our top line and margin process as we move forward.

Rajesh Gopalakrishnan: Just a small correction on the CMSRU targets for the year. Sir, mentioned INR140 crores, but INR125 crores is what we are looking at this year.

Sagar Gandhi: Okay. Yes. And sir, can I ask one more question because I've been talking for long time? Or is somebody in the queue?

Madhu S Nair: Go ahead.

Sagar Gandhi: Yes. So, sir, recently, I was -- I mean one more yard has got operational or it is likely to get operational because NCLT thing has already happened, which we all are aware, it is in the public domain. So, what I could understand is there are a lot of LNG carriers which are being built globally and there is no adequate repair facility and some of the yards are also looking at repair facilities for these LNG vessels. So, is Cochin Shipyard also thinking in this direction

and because it is already building new facilities, can this be an opportunity for Cochin Shipyard?

Madhu S Nair: See, our new dry dock is actually an LNG carrier-ready dry dock. It's a 310 meter long dry dock and the typical LNG vessels, except what is called the Q-Max, the Qatar-Max, all the other vessels are in the range of 174,000 to 180,000 cubic meters. That's a standard LNG parcel.

And all those vessels can actually fit into the new dry dock. And we had the LNG vessel in mind. So that's always an opportunity. But -- it's not that straightaway you can jump into that segment. But this is something which we are closely evaluating and we'll keep a close watch on it. And this opportunity, if it's good, we will be there. That's for sure.

Moderator: The next question is from the line of Chinmaye Rane from Kojin Finvest. Please go ahead.

Chinmaye Rane: Yes. I want to understand the executable period of your order book, current order book?

Madhu S Nair: The executable period?

Chinmaye Rane: Of the current order book?

Madhu S Nair: See, the naval projects are the ASW Corvette and the NGMV. So, eight ASW Corvettes and six NGMVs. So, the 14 vessels roughly don't hold me on to this, but roughly around seven years.

Moderator: Thank you. The next question is from the line of Devesh Jhawar, who's an individual investor. Please go ahead.

Devesh Jhawar: Congratulations on a good set of numbers. Sir, my first question is regarding the vessel made for Andaman & Nicobar administration? Any update on finding new potential buyers on that project?

Madhu S Nair: Not yet, not yet, while there are interactions with at least two entities, both government I'm not in a position to disclose, but as of today, not yet. And it's a point of a little bit of concern for us.

Devesh Jhawar: Okay. And sir, my second question is regarding the dredger we were building for Dredging Corporation of India. What is the current status of projects? And what kind of opportunities are we seeing? Are we seeing any other orders of dredges in India or in the international markets?

Madhu S Nair: On the current stage of the project which we have concluded, we are cutting steel, we are targeting 30th of this month. It would be a function, but 30th of this month is what we are looking at, steel cutting and thereafter, it goes into construction.

And your second question was opportunities. See, DCI themselves would need at least one plus one more and that is an opportunity within the country, the large vessels. But we are also seeing a larger opportunity from international market. I'm not in a position to discuss this, but we are in discussions, and it is looking good.

So that segment, which is always on our radar because now we are doing this one vessel for DCI and in cooperation technological partnership with M/s. IHC Holland, which are world leaders in this space, it is bringing a bit of attention into that space from the international market. And we are working closely on this, but it looks good.

Moderator: Thank you. As there are no further questions, I would like to hand the conference over to Mr. Kaushal Shinde for closing comments.

Kaushal Shinde: Thank you, everyone, for joining the conference call of Cochin Shipyard Limited. If you have any queries, you can write to us at info@kirinadvisors.com. Once more, thank you, everyone, for joining the conference.

Moderator: Thank you. On behalf of Kirin Advisors, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.