



SEC/48/2017-63

December 01, 2020

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 Earnings call Q2 & H1 FY21

1. Please find enclosed herewith the transcript of earnings call conducted on November 20, 2020 to discuss the Company's Q2 & H1 FY21 financial performance.
2. The above is for your information and record please.

Thanking you,

For Cochin Shipyard Limited

**Syamkamal N
Company Secretary &
Compliance Officer**





Cochin Shipyard Limited Q2 & H1 FY'21 Earnings Conference Call November 20, 2020

Management of Cochin Shipyard Limited

- Shri. V.J. Jose, Director Finance
- Shri Rajesh Gopalakrishnan, General Manager (Business Development & New Projects)
- Shri Shibu John, Deputy General Manager (Finance-I)
- Shri Balakrishnan Poovathra, Deputy General Manager (Finance-II)
- Shri Syamkamal N, Company Secretary

Cochin Shipyard Limited Q2 & H1 FY'21 Earnings Conference Call November 20, 2020

Moderator: Good evening, ladies and gentlemen. I am Aysha, moderator for this call. Welcome to the Conference Call of Cochin Shipyard Limited arranged by Concept Investor Relations to discuss its Q2 and H1 FY'21 conference call. We have with us today Shri V J Jose – Director (Finance); Shri Rajesh Gopalakrishnan – General Manager, (Business Development and New Projects); Shri Shibu John – Deputy General Manager, (Finance); Shri Balakrishnan Poovathra -- Deputy General Manager, (Finance) and Shri Syamkamal N – Company Secretary who will represent Cochin Shipyard Limited on the call. At this moment, all participants are in listen-only mode, later we will conduct a question-and-answer session, at that time if you have a question, please press '*' and '1' on your telephone keypad. Please note this conference is recorded. I would now like to hand the conference over to "Mr. Shri V J Jose, Director, Finance for the Opening Remarks." Thank you, and over to you, sir.

V J Jose: Good evening, everyone. My name is Jose V J, Director, Finance, Cochin Shipyard Limited and welcome to the concall of Cochin Shipyard Limited. First of all, let me tell you that our CMD, Shri Madhu S. Nair was supposed to join for this concall, but unfortunately he has to attend an urgent meeting with the Ministry. So kindly excuse him for that.

Main Operational Highlights for the quarter were, we have signed contracts for construction of two autonomous, electric ferry vessels for Norway. It is an export order for Norway.

And we have also signed a MoU with Fincantieri, Italy for technical collaboration for technical supports in different areas and for jointly bidding for the new Ship Building project for Navy and other Defense sector.

And other major event was that recently our CMD, Shri Madhu S. Nair, got extended for another five years. His original term of five years was supposed to end in this December, and now he has got another five years more to serve the company.

During the quarter, we have also delivered five numbers of fishing vessels for Tamil Nadu Fishermen, two numbers of RO-RO vessels to Inland Waterways Authority of India and we have delivered one marine ambulance boat to Kerala State Fisheries Department.

During the quarter, we have also acquired Tebma Shipyard Limited at Malpe through the IBC process and we have paid the bid amount on 15th September 2020. And from that date onwards, the Tebma Shipyards has become 100% subsidiary of Cochin Shipyard Limited. We plan to start the operations by January 2021 onwards.

The construction activities in our another subsidiary, Hooghly Cochin Shipyard Limited is also progressing. And though there were some delays due to the COVID pandemic, we are now targeting the commissioning by March this financial year itself.

Regarding the infra projects, the two major infra projects which are under construction. The International Ship Repair Facility at Cochin Port Trust, the percentage of completion is almost 73% as of 30th September '20 and as of now we are planning to complete the projects by December '21. And out of the Rs.970 crores of total project cost, we have already spent around Rs.466 crores as on September 2020.

Regarding the dry dock, the physical percentage completion is 35% as on date and we have spent around Rs.585 crores out of Rs.1,799 crores. And the target of completion is December '22.

On the operational front, while we were able to substantially ramp up the production activities compared to Q1, we could not achieve the turnover and profits reported for the same period last year due to various constraints due to the COVID pandemic and its aftereffects still persists.

The turnover for the Q2 was Rs.657 crores and it is 32% down if you compare with last year same period and PBT is at Rs.146 crores, it is 44% down and PAT is Rs.109 crores, it is 48% down.

And in this particular quarter, we had an additional impact of around Rs.25 crores to the P&L due to provisioning against a Demand Notice from the customs department, for which we have made a provision of around Rs.25 crores. So this is an additional impact for the quarter.

Other major constraint faced by the yard during the quarter was mainly because of the restrictions on international and interstate travel, because of that we are not able to get OEM service engineers for the critical commissioning of the equipment and systems on board ships. These factors have adversely affected the commissioning of equipments in certain ships and because of that we are not able to deliver these ships as of today. Despite the above, the company is taking all efforts to improve the level of operations with various proactive measures and moving forward.

With this, I conclude my opening remarks and we will take your questions one-by-one.

Moderator:

Thank you. We will now begin the question-and-answer session. The first question is from the line of Jonas Bhutta from Phillip Capital. Please go ahead.

Jonas Bhutta

PhillipCapital: I have a couple of questions. Firstly, with the travel restrictions still being on and thereby limiting the foreign service engineers to visit India, what is the likely impact of this now on the IAC commissioning or delivery days, does that move forward or you are sticking with the same original date at least as of now?

V J Jose: Jonas, regarding the IAC delivery date, September 21 was the targeted delivery date, now there will be around two, three months shift, so we are expecting by December 21 will be the delivery dates of IAC. There would not be much shift on the delivery dates of IAC because we are planning to start the basin trial on 27th November this month.

Jonas Bhutta

PhillipCapital: So within a year of basin trial do you think that it will be ready for delivery?

V J Jose: Yes, that is what we plan.

Jonas Bhutta

PhillipCapital: And is this impacting any other project other than IAC?

V J Jose: This is impacting two projects mainly.

Rajesh Gopalakrishnan : Your question is relevant because right now the TDV, Technology Demonstration Vessel for the DRDO is also sort of very close to completion and we are moving on to the trial phase. And the service engineers issue affecting that vessel quite badly. And also our first passenger vessel, the 500 Pax vessel is also due for the repairs in about a month's time. We are actually trying to talk to all the OEMs separately and trying to mobilize them and even trying to see if they can have resources provided out of India. So these are the two other projects which are actually as of today affected other than the IAC. IAC right now as we told you is the basin trial which we are going ahead, we should be able to manage the basin trial right now.

Jonas Bhutta

PhillipCapital: So, in such a scenario sir, does this open up for LD at least on the TDV and the 500 Pax Andaman and Nicobar project, so do you foresee a risk of LDs coming in?

V J Jose: As per the contract terms, there will be LD, Jonas, but since both the projects are for the government, and they are also aware of the situation, we can discuss it and sort it out, that is what we plan.

Jonas Bhutta

PhillipCapital: But you will first have to provide it in the P&L?

V J Jose: Yes, we will have to provide it in the P&L because unless we get a written confirmation from them, till such time we will have to provide in the accounts and that is being provided also so far.

Jonas Bhutta

PhillipCapital: And this Rs.22.5 crores charge that we have taken in Q2, is it all of it or you expect that going forward there could be more for the same?

V J Jose: This is the final figure. While we have challenged the order and we have filed the appeal also, but for the good order sake, we have made the 100% provisions .

Jonas Bhutta

PhillipCapital: Sir my second question was the ship building revenue breakup for Q2, H1 both. If you can provide that between IAC and non-IAC and within IAC cost plus and fixed price?

V J Jose: For the Q2, total ship building, other than IAC is Rs.73 crores and IAC cost plus is Rs.283 crores, fixed price Rs.207, so total IAC is Rs.491 crores and total ship building is Rs.564 crores.

Jonas Bhutta

PhillipCapital: Sir, have we started execution on the ASW? That was expected to pick up pace in Q3, Q4 this year.

V J Jose: Yes, we are planning to start the construction on 1st December for ASW.

Jonas Bhutta

Phillip Capital: So the order book of Rs. 6,311 crores still remains the same as of now?

V J Jose: We have not booked any revenue from that so far.

Jonas Bhutta

Phillip Capital: What is the phase-III order book right now?

V J Jose: Phase-III remaining to be executed is Rs.2,244 crores out of Fixed Price.

Moderator: Thank you. The next question is from the line of Sandeep Tulsian from JM Financial. Please go ahead.

Sandeep Tulsian

JM Financial: I have a couple of questions; firstly, if you could share the CAPEX which is likely to be incurred in balance half of the year for FY'21 and how much of CAPEX you are likely to incur in FY'22, if you could break that facility wise, it would give us some clarity on the progress of project, how they will pan out in the next two years?

V J Jose: See, as I mentioned, for ISRF as of 31st March '20, we had incurred Rs.438 crores and for FY'2021, we will be spending another Rs.143 crores and for FY'21-22 Rs.130 crores. And for the drydock, 31st March '20 was Rs.556 crores, FY'21 Rs.201 crores and FY'22 Rs.200 crores.

Sandeep Tulsian

JM Financial: Balance will go into '23?

V J Jose: Yes.

Sandeep Tulsian

JM Financial: And for the Tebma Shipyards is there going to be any additional CAPEX that we will incur on top of whatever we have paid for the acquisition?

V J Jose: We are expecting to spend around additionally Rs.15 crores, not much, maybe Rs.5 crores this year and Rs.10 crores next year.

Sandeep Tulsian

JM Financial: And secondly, a question on the order inflows. Any progress if you could share on the projects which are under bid right now or any new tenders where we have participated?

Rajesh Gopalakrishnan: It is something similar to what we had last time as well. The major Navy and defense projects, around five projects that we have bid for. Eight fast patrol vessels for the coastguard, 12 air cushion vessels for the coastguard, six new generation missile vessels for the Indian navy, two multi-purpose vessels for the Indian navy, three cadet training ships for Indian navy, so these are the five projects. And right now as we speak there is a tender on for six new generation offshore patrol vessels for the Indian navy.

Sandeep Tulsian

JM Financial: Which of these are likely to get closed and tentative size if you could share?

Rajesh Gopalakrishnan: I was actually told in the sequence in the time it is going to move, and that is the sequence in which we have bid really. So first comes first, our patrol vessels for the coast guard, the technical bids have been opened in October 2019, so it is quite some time, so we are expecting something to happen there in the not too far future. And the air cushion vessels also of the coast guard again the technical bids were opened in November '19 and we are expecting them to go ahead and open the price bids shortly. As regards the new generation missile vessels of the Indian navy, I think it may take a bit of time because the bids went in just prior to the lockdown in March. So maybe they would need a little more time. But the technical bids have been opened, just prior to the lockdown. So we are expecting them to come back to all the bidders. The multi-purpose vessels, the technical bids are opened in June. So that will also I think needs time. Cadet trading ship, the bids were submitted, and the technical bid has been opened just this month. So that is again probably going to take some time. The total value of all these which is approximately in the tune of around Rs.16,000 crores.

Sandeep Tulsian

JM Financial: One last book-keeping question is while I was going through the standalone balance sheet, there was a very sharp jump in the other current liabilities from Rs.1,160 crores to Rs.2,200 crores, and that has really helped our cash balance to improve. If you could highlight why there is such a big jump in the first half of this year?

V J Jose: Out of that Rs.2,180 crores is the contract liability which is the advance money received from the customers minus the amount spent. This is net number, that mainly comprises of around Rs.1,200 crores from IAC and ASW around Rs.600-700 crores.

Moderator: Thank you. The next question is from the line of Umesh Raut from YES Securities. Please go ahead.

Umesh Raut

YES Securities: Sir, my first question pertains to the ship repair operations. So could you please update us about the existing operations going on right now post I believe first half in fact I believe most of the operations are right now on track and similarly what kind of top line we can expect in full year FY'21 from ship repair?

V J Jose: We are expecting around Rs.500 crores for the full year and for the H1, we have reported around Rs.110 crores. And the major project which we are going to execute now, one is Sagar Vijay, which is around Rs.80 crores.

Umesh Raut

YES Securities: Last time you also spoke about the INS Vikramaditya order that is expected to due for FY'22. So any further update on that?

Rajesh Gopalakrishnan: Not really, FY'22, we are not sure because Vikramaditya the navy has not yet released any sort of enquiry or tender. They may not really wanted drydock in '22 but if at all they need any offload repairs, we are yet to receive any enquiry.

Umesh Raut

YES Securities: And sir, about the ship building operations, what kind of top line one should look at for full year FY'21 as well as for FY'22?

V J Jose: For the full year, total for the company, we were trying to achieve around last year actual around Rs.3,400 crores, but now we are trying to target around Rs.3,000 level for the full year approximately. So, out of that around Rs.500 will be ship repairs, the remaining will be ship building.

Umesh Raut

YES Securities: And sir for full year FY'22?

V J Jose: FY'22 will be around Rs.4,000 crores.....that's what we are targeting.

Umesh Raut

YES Securities: Out of that Rs.4,000 crores, how much of execution will happen from anti submarine shallow water craft?

V J Jose: It will be around Rs.600-700 crores approximately.

Umesh Raut

YES Securities: Sir, one book-keeping question. So just wanted to know cash position and advances from customers as on September 2020?

V J Jose: The total cash position is around Rs.3,440 crores on 30th September. Out of that the IAC and customer advances around Rs.1,800 crores and CSL cash is around Rs.1,400 crores which excludes the IPO funds also.

Moderator: Thank you. The next question is from the line of Dixit Doshi from Whitestone Financial Advisors. Please go ahead.

Dixit Doshi

Whitestone Financial: Most of the questions have been answered. Just a couple of things. You mentioned Rs.4,000 crores revenue you are targeting for FY'22. That includes the ship repair, right?

V J Jose: Yes, that includes the ship repair also.

Dixit Doshi

Whitestone Financial: And secondly, if I see your order book, it is around Rs.13,900 crores. Can you just elaborate major orders out of that?

V J Jose: Out of the Rs.13,900 crores, Rs.5,750 crores is IAC, and Rs.6,300 crores from ASW Corvette, that is also from Indian navy and the remaining are from commercial orders.

Dixit Doshi

Whitestone Financial: Obviously, even if I see the Q2 performance has improved sharply from compared to Q1, but still we are almost 30%, 40% lower compared to last year Q2. So how do you see H2 and how exactly the situation at the ground level in terms of working and are we back to pre-COVID level of construction activity?

Rajesh Gopalakrishnan: The yard has actually put in place systems that would facilitate working in two shifts and bringing productivity levels back to pre-COVID level. But as we have discussed earlier in the call, challenges we are facing mainly due to supply chain disruptions and also related to timely availability of service engineers and external support. So this is the challenge that we are facing right now. Internally, as we said, initially yes, we had issues with migrant labors, wouldn't come back after the lockdown. But those situations have gradually improved. Yes, a bit of COVID issues still persist. But as we speak, it is actually the service support and supply chain issues that are mainly still continuing to pose a bit of problem.

V J Jose: Especially from Singapore, the country is not allowing the citizen to move out or travel to outside. So we need some experts to come from Singapore specifically. There also we are facing some challenges. And from Norway also, some commissioning engineers have to come, and we are also planning to arrange some chartered flight for OEM service engineers.

Rajesh Gopalakrishnan: See, for your better understand, why the impact becomes high is because when you are taking a ship out for free trials for the first time, all systems need to be tried, tested and proven in new addition. So what that means is all the service engineers and specialists pertaining to all major equipments have to be onboard at the same time. If one country does not permit that person to travel and we have a problem with one particular service engineer, then the whole exercise gets shifted, that is the problem.

Moderator: Thank you. The next question is from the line of Ramesh Damani from Ramesh Damani Finance. Please go ahead.

Ramesh Damani

Ramesh Damani Finance: I need to ask two quick questions. First, your collaboration when you signed with Fincantieri of Italy, how is that going to help Cochin, is it going to help in technical excellence, in bidding for more projects, can you give us some color on that? Secondly, once you recover next year to Rs.4,000 crores, can we expect about 18% PAT margin that you enjoyed recently?

Rajesh Gopalakrishnan: Let me take your first question first. As regards this MoU with Fincantieri what we have just executed now is what we call the umbrella MoU for collaboration and association. Now, this umbrella MoU provide for specific MoUs in four or five specific areas. The one area that we have agreed for collaboration with Fincantieri is for high end defense vessels where we would need design support and latest technology input from Fincantieri. When I say that, if it is the normal vessel that we just spoke a few minutes back, we may not even require the support. But then when navy is nowadays looking for the next-generation vessel, like we are talking about next-generation missile vessel and next-generation offshore patrol vessel, for which the bids are on, in these areas we might need support on propulsion system integration and such areas. So that would be a specific MoU under the umbrella MoU. Another area is with the Atmanirbhar drive and Make in India push and requirement of local content coming in, we are also looking to collaborate on bringing in latest designs and technologies and trying to manufacture them out of India, for which again there is another MoU under discussion with Fincantieri for equipment manufacture, for example, the shaft line of a vessel. So they have actually evaluated our facilities and they feel there is a possibility here and we could really do. So that is another area. Third area is in the field of ship repair where Fincantieri already has a couple of tankers which they have supplied to the navy. So the lifecycle support of these tankers also the navy would require Fincantieri support. And there could also be other areas where Fincantieri could support CSL and the Fincantieri being one of the largest shipyards in the world, they have a lot of other vessels built by Fincantieri which probably falls on Indian ports and Indian territory which we can handle from here. So that is an area. The third MoU is a ship repair specific MoU which is being discussed. There are a couple of other areas that are being discussed is Fincantieri is also willing to support skill development and training of our technical people in their facilities. And on the design and detail engineering, we have also said that we can extend our support so that designs can be made more competitively. And those are the couple of other areas, smaller MoUs which are under discussion. So this is a broad ambit of the umbrella MoU that was executed with Fincantieri. The specific MoUs, a couple of them are already on and the others are being drafted in. That is where we are.

V J Jose: Regarding your second question on PAT margin, instead of 18% which you mentioned, I think it will be safer to assume around 15-16% PAT margin for this year and next year also.

Ramesh Damani

Ramesh Damani Finance: And you talked about doubling your service revenue of ship repair over three years. Is that on track?

V J Jose: Ship repair, we expect to double in three years because now we have also started the ship repair operations in Kolkata unit and within six months we will be starting our ship repair operations in Andaman also. So, I think within three years, we can double the ship repair revenue. That is what we are expecting.

Moderator: Thank you. The next question is from the line of Giriraj Daga from KM Visaria Family Trust. Please go ahead.

Giriraj Daga

KM Visaria Family Trust: My first question is regarding the ship repair visibility next year. This year you mentioned Rs.500, 550 crores and you also gave a figure we can double. But next year if I have to see, can it come back to previous run rate of Rs.750- 800 crores and what kind of visibility we have for ship repair?

V J Jose: Ship repair next year will be more than Rs.700 crores, that is what we are expecting.

Giriraj Daga

KM Visaria Family Trust: Are we seeing any commercial ships getting more diverted from China to India or is it more like defense side that is expected to remain?

Rajesh Gopalakrishnan: Yes, this is what we are also hoping like we are aware of Indian clients who was earlier looking at China, who no longer want to look at China, so we are expecting a bit of advantage out of that as well.

Giriraj Daga

KM Visaria Family Trust: What kind of margin we can expect in ship repair for next year?

V J Jose: Around 22%- 23% margin normally from ship repair.

Giriraj Daga

KM Visaria Family Trust: How much you are expecting from Mumbai, Kolkata or Andaman there out of Rs.725 crores?

V J Jose: We do not have the breakup but normally from Cochin facility we will be doing around Rs.500 crores and from Mumbai around Rs.100- 120 crores, remaining from other facilities like Kolkata around Rs.30 crores, like that.

Giriraj Daga

KM Visaria Family Trust: Are we hearing anything from the IAC II from government side of it?

Management: As of now, there is nothing positive on that.

Giriraj Daga

KM Visario Family Trust: You mentioned Rs.4,000 crores is the total revenue, right for the FY'22.

V J Jose: Yes. That is what we are targeting.

Giriraj Daga

KM Visario Family Trust: How much will be booking for the ASW into that?

V J Jose: Around Rs.600-700 crores.

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

Devesh Jhawar

Individual investor: Sir, my question is steel prices are up around 30%-odd in Q2. So, how would it impact margins of fixed price contract in ship building side moving forward?

Rajesh Gopalakrishnan: Right now, as we speak, I think for the orders that we already have in hand, procurement of steel has already been done. So, we do not expect an immediate impact. This we will have to see as we move and as we take the next order, we need to price it accordingly. Since we procure it directly from the mill, we normally do it in bulk.

Devesh Jhawar

Individual investor: So there is a significant amount of booking from your side?

Rajesh Gopalakrishnan: Yes.

Moderator: Thank you. The next question is from the line of P Sachdev from Albatross Capital. Please go ahead.

P Sachdev

Albatross Capital: Just wanted your thoughts on a potential buyback or a higher dividend payout considering there is a lot of noise from the government surplus cash and also the fact that the last buyback was on two years back, just wanted your thoughts on that?

V J Jose: As per the Department of Investment and Public Asset Management (DIPAM) order, we need to pay minimum dividend of 5% of networth or 30% of PAT whichever is higher. So every year we maintain that level and this year also we have paid around 35-40% of PAT as dividend. Since we are having a substantial amount of CAPEX, we have applied for exemption from payment of maximum dividend. As per the government policy, the maximum dividend is 100% of PAT. So we normally pay 5% of networth or 30% of PAT whichever is higher and we will apply for a CAPEX for an exemption showing our CAPEX for the next two, three years. And normally they have given the exemption so far.....last year also we got that exemption.

P Sachdev

Albatross Capital: Most of the CAPEX is met through internal accruals if we look at the last three years. Do you think there is a possibility for a buyback going forward considering the valuations of the company at the moment?

V J Jose: We do not expect anything in the near future.

Moderator: Thank you. The next question is from the line of Ramesh Damani from Ramesh Damani Finance. Please go ahead.

Ramesh Damani

Ramesh Damani Finance: My questions have been answered, but will you pay interim dividend?

V J Jose: This financial year we are not considering any interim dividend as things stand now, next year we may be paying interim dividend.

Moderator: Thank you. The next question is from the line of Parimal Mithani from Credential Investments. Please go ahead.

Parimal Mithani

Credential Investments: I have three questions. Recently the government has come out with the dividend policy for the public sector units of quarterly dividend. Any thought process on that has come to you? Secondly sir, I wanted to know what is the repair cycle for the aircraft carrier and if you can highlight what is the typical contract size for this sir?

V J Jose: Regarding the quarterly payout of dividend, next financial year onwards we may have to comply with that if Govt issue such orders. But definitely not in this financial year.

Parimal Mithani

Credential Investments: That means you will be paying every quarter a dividend, is it fair to assume that?

V J Jose: We have not received any specific orders to that effect so far. But if it is specified in that, like that we will have to follow that.

Parimal Mithani

Credential Investments: Repair cycle for aircraft carrier?

Rajesh Gopalakrishnan: Repair cycle typically they would want to dock once in five years or so but the refit pattern would have to be decided by the navy. So as of today, we do not have any firm plan but definitely there would be support required from our side during the initial period and as we go along for the drydock as well.

Parimal Mithani

Credential Investments: My question is getting to know since we have two aircrafts in navy side, what has been your normal experience over last five, six years in terms of how long cycles have been and what is the tender size for that?

Rajesh Gopalakrishnan: While we are also not able to predict correctly, because see, for the last 25-years, we have been maintaining the aircraft carriers for the Indian navy. But earlier we had INS Virat which was pretty aged, so that vessel required drydocking more frequently. But Vikramaditya has come in recently to the country from Russia, Virat need much more frequent drydocks and refit support. So Vikramaditya has already come in and we have docked here twice already. So we are not sure when they would want the next drydocking because the hull is in reasonably good shape. But having said that, being a complicated vessel, aircraft carriers would always have other sort of repairs that they would need which they may also want to do it in the home port, right now vessel home port is in Karwar. So we will have to see how the navy looks at that. When the IAC-2 also gets commissioned, again, initially they may want to do a refit not too far into commissioning, just to make sure that everything is fine and drydocking but then they would want to do it in longer cycle. So we need to wait and see what is the pattern of refit is being worked out and then see how to handle it.

Parimal Mithani

Credential Investments: Is it fair to assume a similar size like IAC which you had earlier in the past when they came for refitting?

V J Jose: Vikramaditya when it came last year the order size was around Rs.400 crores.

Parimal Mithani

Credential Investments: Second thing, what is the cash collection from the Indian navy in the current quarter?

V J Jose: Now, they have started paying the dues, last quarter we received around Rs.1,500 crores on all the projects put together.

Parimal Mithani

Credential Investments: The recent defense policy mentions that government can go for leasing more important platforms. Do you think it will hamper in terms of a new aircrafts that are coming from the navy?

Rajesh Gopalakrishnan: No, in fact, this leasing model, we feel it would be good for us because when the navy is permitted to lease, they may actually want to look at an option where they do not spend fully upfront on the CAPEX. And then actually they could work out new models. Defense vessels are all specific or custom built for each navy. So you probably do not get a readymade vessel which you go and lease. So, we are not very sure as to how the navy will handle this but probably this lease model will work better for army and other wings of the defense where trucks and heavy duty vehicles there is a better model for leasing out there. So I am not sure how the navy would want to handle this, but we do not see any major problem with that as of now at least. We will have to wait and watch of course.

Moderator: Thank you. As there are no further questions, I would like to hand over the call to Shri V J Jose, Director, Finance for the closing comments.

V J Jose: Thank you, everyone. On behalf of the management of CSL, let me thank each one of you for having attended this concall and for the interest shown in the company. We, the management assure that we will take all effort to take the company to greater heights. Thank you once again and happy diwali.

Moderator: Thank you, all for being a part of this conference call. If you need any further information or clarification, please mail at gaurav.g@conceptpr.com. Ladies and gentlemen, this concludes your conference for today. Thank you for using Chorus Conference Call Services. You may disconnect your lines now.