



कोचीन शिपयार्ड लिमिटेड
COCHIN SHIPYARD LIMITED

8th December, 2023



India's Best Performing and Most Customer Centric PMS

With a rich legacy spanning over five decades, Cochin Shipyard Limited (CSL) has emerged as a global center for shipbuilding, repair, and refits. The shipyard's commitment to delivering high-quality vessels, state-of-the-art infrastructure, and a skilled workforce has been instrumental in shaping the trajectory of the Indian maritime industry, contributing significantly to both domestic and international trade. CSL's leadership is underscored by its continuous pursuit of excellence, setting industry benchmarks and fostering a culture of innovation.

Sustainable Engineering Practices: CSL actively champions sustainable engineering practices, seeking to minimize its carbon footprint and promote renewable energy sources. The shipyard's dedication to environmental responsibility is evident in its investments in research and development, exploring alternative fuels and energy-efficient technologies. Collaborations with industry experts further enhance CSL's commitment to continuous improvement in environmental performance, ensuring a greener and more sustainable tomorrow.

India's Maritime Pioneer: As India's first Greenfield Shipbuilding Yard, CSL stands as a pioneering force in the industry, boasting a shipbuilding capacity of up to 1,10,000 DWT and unique capabilities in repairing air defense ships. Collaborating with Mitsubishi Heavy Industries - Japan has fortified CSL's position, securing major orders for the repair of offshore drilling units and jack-up rigs. This pioneering spirit and technical collaboration highlight CSL's pivotal role in advancing India's standing in the global maritime arena.

Strategic Expansion Initiatives: CSL's forward-looking approach is evident in its ambitious expansion plans, including the construction of a new dry dock with a 600T gantry crane. This significant step forward enhances CSL's capabilities, allowing the handling of diverse vessels, from Suezmax to aircraft carriers and LNG vessels. Simultaneously, the ongoing expansion of the International Ship Repair Facility (ISRF) at Cochin, incorporating ship lifting and allied facilities, positions CSL to undertake more complex ship repair orders. These strategic initiatives underscore CSL's commitment to technological advancements and adherence to global industry standards, solidifying its position as a comprehensive maritime solutions provider on the international stage.

Order Book: As of June 2023, Cochin Shipyard Limited (CSL) stands at the forefront of the maritime industry with a robust Shipbuilding Order Book Position of approximately Rs. 22,000 Crores. This financial indicator reflects the shipyard's solid commitment to excellence and its ability to meet diverse needs across various sectors. Additionally, CSL's Shipbuilding Order Pipeline and Possibilities are estimated at around Rs. 16,000 Crores, underlining a promising trajectory for future projects.

Stock Data	
CMP (08-12-2023)	1,265.00
52 Week High/Low	1,328.40/410.40
Face Value	10
Market Cap (In Crs)	16,640
NSE	COCHINSHIP
BSE	540678
Bloomberg	COCHIN:IN
Sector	Defence

Shareholding Pattern (in %)		
	June-23	Sep-23
Promoter	72.86	72.86
FII	5.73	5.82
DII	3.21	2.24
Public	18.19	19.07

Price Performance (in%)			
(%)	1M	6M	1Yr
Nifty 50	7.85	12.53	12.68
COCHINSHIP	20.78	132.86	100.08

Key Ratios	
P/E	39.80
P/B	3.53
Debt To Equity	0.12
ROE	6.57%
ROCE	8.66%
Dividend Yield	1.34%

Q2 FY 24 Result Update

Q2 FY24 Result Comparison (In Rs Cr)					
	Q2 FY24	Q1 FY23	Q2 FY23	QOQ	YOY
Revenue	1012	476	683	113%	48%
Operating Profits	191	79	135	142%	41%
Profit Before Tax	251	137	165	83%	52%
Net Profit	182	99	113	84%	61%
EPS	13.80	7.50	8.57	84%	61%

Result Highlights

Cochin Shipyard's financial performance in the second quarter of the fiscal year 2024 (Q2 FY24) presents a remarkable narrative of growth and operational success. The company has demonstrated an impressive trajectory across all key financial metrics when compared with the immediate past quarter (Q1 FY23) and the corresponding quarter from the previous year (Q2 FY23).

Revenue Growth: The revenue in Q2 FY24 stands at an impressive 1012 crores, which is more than double the 476 crores reported in Q1 FY23, marking a 113% increase Quarter-on-Quarter (QoQ). This explosive growth also extends to Year-on-Year (YoY) comparisons, with a substantial 48% increase from 683 crores in Q2 FY23. Such an upsurge in revenue is indicative of significant business expansion, possibly due to winning new contracts, launching new product lines, or entering new markets.

Operating Profits: Operating profits have surged to 191 crores in Q2 FY24, a striking 142% rise from Q1 FY23's 79 crores. The 41% YoY growth from 135 crores in Q2 FY23 also signifies enhanced operational efficiency and possibly a successful strategy in reducing costs or improving margins.

Profit Before Tax (PBT): The PBT reflects a strong upward movement, registering an 83% QoQ increase to 251 crores and a substantial 52% YoY increase. This metric underscores the company's profitability before accounting for its tax obligation and is often a strong indicator of the company's core profitability.

Net Profit: Cochin Shipyard's net profit follows the upward trend, posting a robust 84% QoQ growth from 99 crores in Q1 FY23 and a 61% YoY increase from 113 crores in Q2 FY23. Net profit is a crucial indicator of a company's financial health, and such growth may positively impact the company's reinvestment strategies and dividend distributions.

Earnings Per Share (EPS): The EPS, which is a direct indicator of the profitability available to shareholders, has significantly increased by 84% QoQ from 7.50 to 13.80. On a YoY basis, the growth is equally noteworthy at 61% from an EPS of 8.57. The increase in EPS reflects the company's effectiveness in generating profits relative to shareholder equity.

Revenue Mix									
Particulars	Consolidated							Standalone	
	FY24 Q2	FY23 Q2	QOQ%	FY24 H1	FY23 H1	QOQ%	FY23	FY24 H1	FY23
Ship Building	702.30	527.28	33%	996.16	877.59	14%	1766.45	1085.40	1792.97
Ship Repair	251.90	155.63	62%	402.18	245.04	64%	564.01	402.18	571.58
Turnover	954.20	682.91	40%	1398.34	1122.63	25%	2330.46	1487.58	2364.55
Other Income	87.57	61.46	42%	171.76	118.95	44%	206.49	172.78	207.01
Total Income	1041.76	744.73	40%	1570.10	1241.58	26%	2536.95	1660.36	2571.57

Concall Highlights

Operational Achievements: In the second quarter of the fiscal year 2024, Cochin Shipyard demonstrated remarkable operational achievements, showcasing its prowess in handling complex and critical projects. The docking of the indigenous aircraft carrier INS Vikrant stands out as a significant milestone, underlining the company's capabilities in the construction and maintenance of large-scale naval vessels. Additionally, the successful progress in the construction of the Anti-Submarine Warfare (ASW) SWC Corvette for the Indian Navy further solidifies Cochin Shipyard's position as a key player in the defense and maritime sectors.

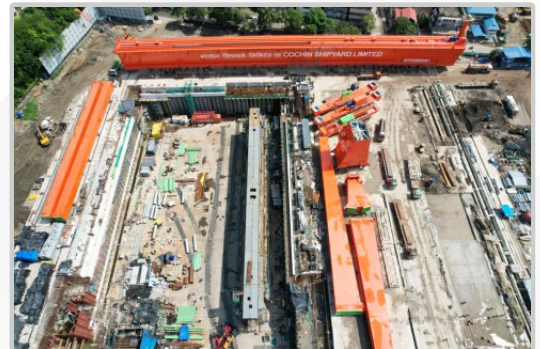
Major Contracts: Cochin Shipyard secured substantial contracts during the reporting period, emphasizing its global competitiveness and recognition. A noteworthy achievement includes the contract for the construction of six new-generation diesel electric cargo vessels from a European client, showcasing the company's reach and expertise in delivering advanced maritime solutions. Furthermore, the contract with the Ministry of Defence for the Mid-Life Upgrade and Re-Powering of INS Beas underscores Cochin Shipyard's integral role in enhancing and modernizing India's naval capabilities.

Company Enhancements: The company's corporate profile received notable enhancements during the quarter, signifying its commitment to growth and shareholder value. Cochin Shipyard achieved an upgrade to a Scheduled A Company, a prestigious recognition that opens avenues for increased senior management bandwidth and strategic opportunities. Additionally, the approval of a stock split and the declaration of an interim dividend indicate the company's financial stability and dedication to providing returns to its shareholders.

New Endeavors: Cochin Shipyard initiated several transformative projects during the period, reflecting its commitment to innovation and diversification. The undertaking of building eight Hybrid Electric Catamaran Passenger Vessels underscores the company's forward-looking approach in adopting environmentally friendly and technologically advanced solutions. Concurrently, the entry into ship repair contracts with Naval Ship Repair Yard Kochi and Naval Ship Repair Yard Karwar, along with the dry docking and refurbishment of a floatel, demonstrates the company's versatility in addressing a broad spectrum of maritime needs.

Project Progress: Significant progress has been made on the **new dry dock project**, which is poised to become the largest dry dock in India. With a dock size of 310m x 75/60m x 13m (Stepped Dry Dock), designed to cater to vessels with a draught of up to 9.5 meters, the facility boasts 600T, 75T, and 40T cranes, making it suitable for a diverse range of vessels, including LNG vessels, Aircraft Carriers, Jack-up Rigs, Drill ships, Large Tankers, and Merchant vessels. The project has achieved a remarkable physical progress of 83%, with a target completion date set for 31 Dec 2023. The total project cost is estimated at Rs. 1,799.00 Cr., and as of now, Rs. 1043.99 Cr. has been expended. Allied works are expected to be completed by June 2024.

For the **International Ship Repair Facility (ISRF)** Project, covering a land area of 16.254 ha and a marine area of 16.15 ha, the progress is equally noteworthy. The project includes a ship lift platform with dimensions of 130 x 27 Mtr. and a capacity of 2000 T. The ship lift platform is positioned at the ISRF site of CSL, and commissioning activities are currently in progress. The overall project cost is estimated at Rs. 970 Cr., with a physical progress of 80.91% achieved to date. The completion targets are set for Dec 2023 for the Ship Lift and two workstations and June 2024 for allied works.



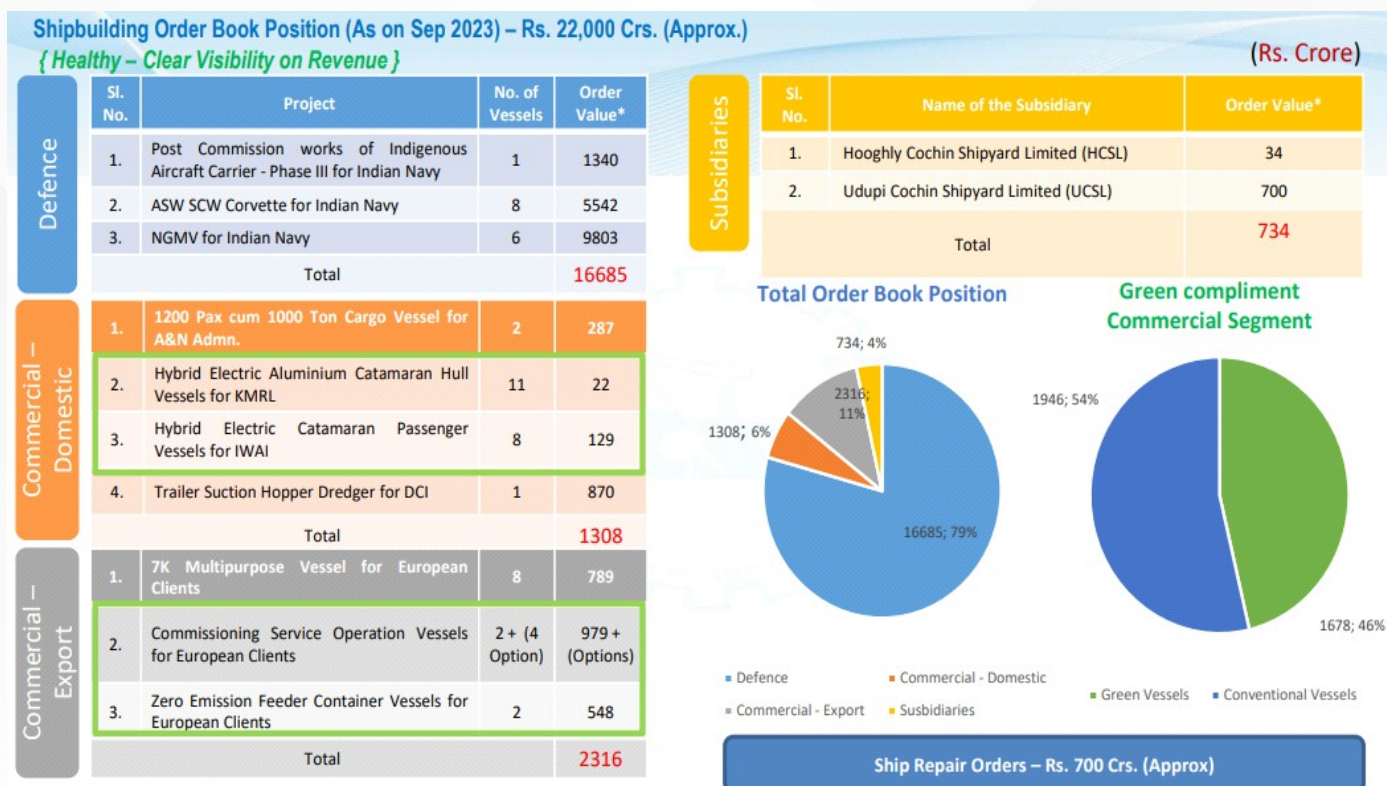
Financial Performance: Cochin Shipyard's financial results for the quarter reflect a robust performance, with substantial increases in Profit Before Tax (PBT) and Profit After Tax (PAT) compared to the previous period. The company's aim to surpass the turnover achieved prior to the COVID-19 pandemic underscores its resilience and adaptability to economic challenges. Cochin Shipyard is strategically targeting a PAT margin of 16-17% for the full financial year, showcasing a commitment to sustainable profitability.

Supporting Start-ups: Cochin Shipyard is actively fostering innovation and entrepreneurship in the maritime sector through its USHUS maritime start-up support program. The awarding of seed funding to five start-ups demonstrates the company's commitment to nurturing and supporting emerging talents and ideas that can contribute to the evolution of the maritime industry.

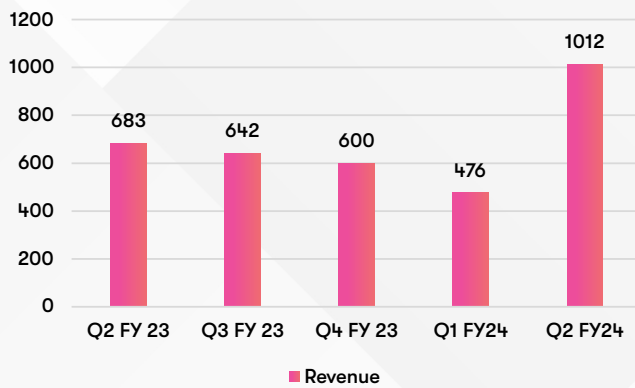
Exploring Future Opportunities: As part of its strategic vision, Cochin Shipyard is actively exploring opportunities in the European short-sea vessel segment and LNG carrier repair. The company is also engaged in identifying potential buyers for vessels made for the Andaman & Nicobar administration, showcasing a proactive approach to business development. Additionally, the exploration of opportunities for additional dredger orders reflects the company's commitment to expanding its order book and diversifying its project portfolio.

Overall Outlook: The Chairman and Managing Director expressed confidence in sustaining momentum and delivering quality in projects and operations. With an executable period of the current order book extending to around seven years, Cochin Shipyard is strategically positioned for long-term success. The ambitious target of achieving ship repair revenue of around INR 1,200 crores in the next three years reinforces the company's commitment to sustained growth and excellence in the maritime industry.

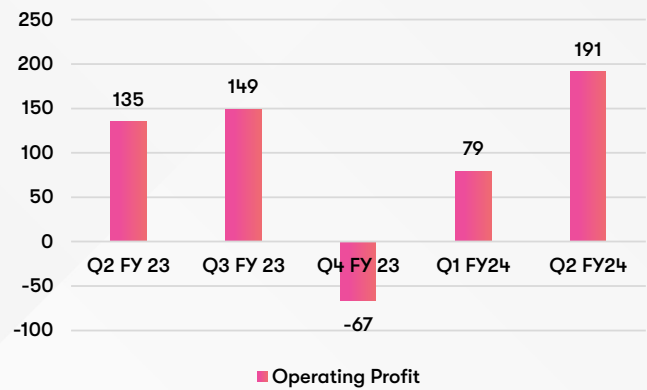
In conclusion, Cochin Shipyard's performance in Q2 FY24 reflects its resilience, strategic vision, and commitment to excellence across various facets of its operations. The company's strategic initiatives, project progress, and financial achievements position it as a key player in the dynamic and evolving maritime landscape, ready to embrace future challenges and opportunities.



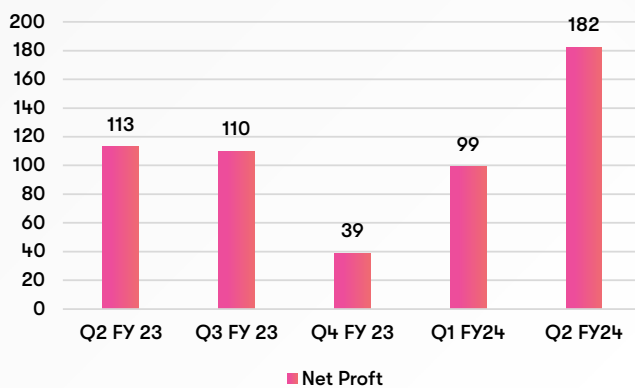
Revenue



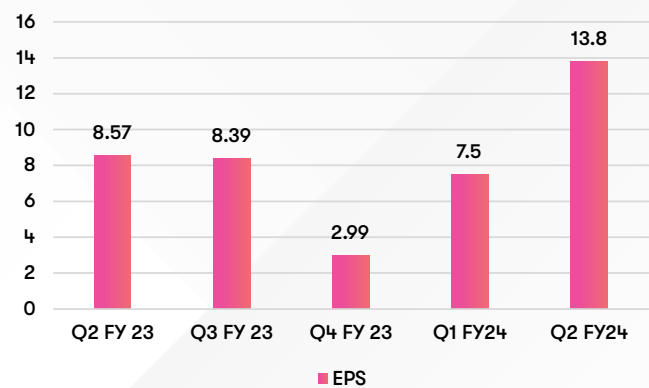
Operating Profit



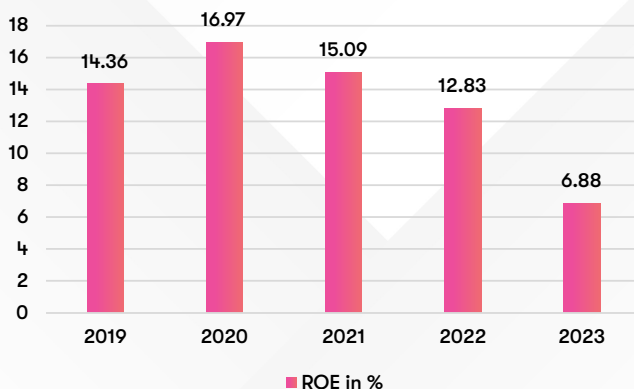
Net Profit



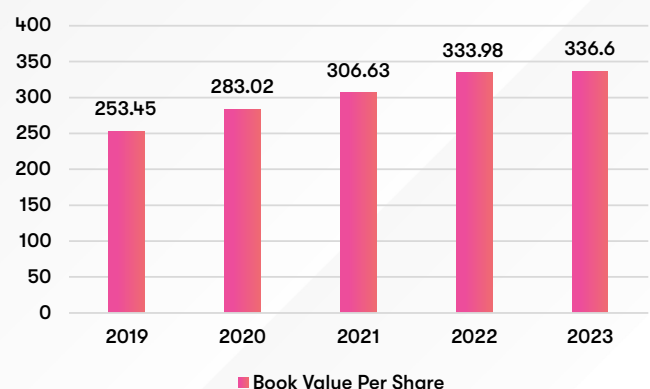
EPS



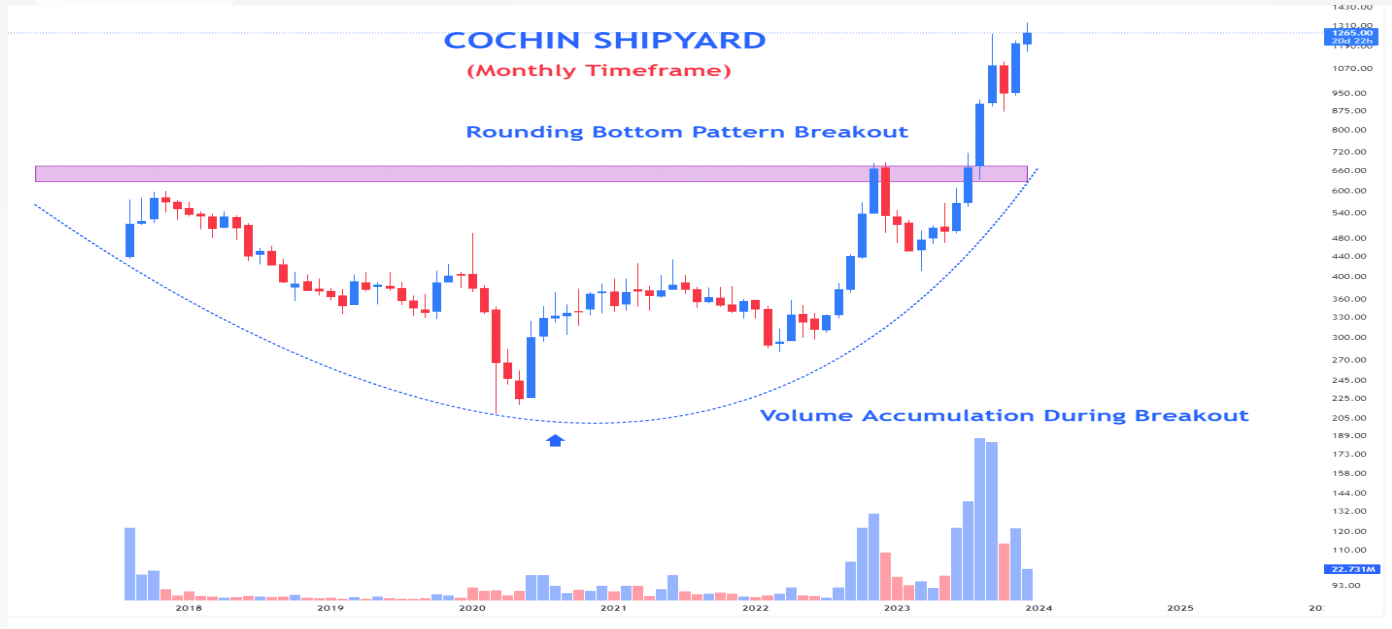
ROE in %



Book Value Per Share



Technical Outlook



Cochin Shipyard experienced a breakout following the formation of a rounding bottom pattern, accompanied by notable volume accumulation, signaling potential upward momentum in its stock.

Daily and Weekly RSI above 60 are indicating massive strength in the buying.

20 Days Moving Average > 50 Days Moving Average > 100 Days Moving Average > 200 Days Moving Average indicates a strong sustainable buying in this counter.

Moving Averages Days	Simple Moving Average	Exponential Moving Average
5	1,239.31	1,243.58
10	1,198.67	1,205.77
20	1,138.70	1,154.16
50	1,066.74	1,071.94
100	954.79	963.73
200	734.50	815.41

Pivot Levels : FIBONACCI

R1 1,205.72	Pivot 1,168.67	S1 1,131.61
R2 1,228.61		S2 1,108.72
R3 1,265.67		S3 1,071.67

Relative Strength Index (RSI)	Daily	Weekly
	71.92	73.54

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**This research has been done by the
Core Fundamental Research Team of InvAsset PMS Desk.**

Anirudh Garg

anirudhgarg@invasset.com

Harshal Dasani

harshaldasani@invasset.com

Kalp Jain

kalpjain@invasset.com



India's Best Performing and Most Customer Centric PMS



MUMBAI

911 One Lodha Place,
Lower Parel, Mumbai 400013

GURUGRAM

4th Floor Two Horizon Centre,
DLF Phase 5, Gurugram,
Haryana 122002

LUDHIANA

1401, Aspen 2, Centara Greens,
Pakhawal Road, Opp. Riviera Resort,
Ludhiana 141001



1800-309-2172
98158-10172



info@invasset.com



www.invasset.com
