

Sailing through an ocean of opportunities...

About the stock: Cochin Shipyard (CSL), incorporated in 1972 as a Government of India company, is one of the leading ship-building & ship-repair yards in India

- CSL has capacity of building ships up-to 110000 DWT and repair ships up-to 125000 DWT
- Company has built various types of vessels including Tankers, Bulk Carriers, Port Crafts, Passenger Vessels etc
- Current order backlog stands at Rs 21100 crore as of June-25 end

Investment Rationale:

- **Strong capabilities in ship-building & ship repair; execution pick-up of strong order-backlog to drive growth:** With advanced state-of-the-art infrastructure (capacity of up-to 110000 DWT in ship-building and up-to 125000 DWT in ship-repair), CSL is adept at executing diversified projects in both these segments. With commissioning of new dry dock facility and International Ship Repair Facility (ISRF), company's capabilities have increased significantly. Moreover, company has also signed MoUs with South Korea's HD Hyundai and DP World for a long-term strategic collaboration in ship-building & ship-repair. Also, an MoU has been signed with Tamil Nadu's Guidance agency to develop shipbuilding clusters (investment planned at ₹15,000 crore). With strong order backlog (estimated at ~₹ 20000 crore; 4.1x TTM revenue) and pick-up in execution, we expect revenue growth to remain healthy in the coming period. Management guides 14-15% YoY growth in revenue in FY26E, giving visibility on steady execution
- **Order inflows opportunity remains robust:** The company is well-positioned to benefit from significant order inflows in both defence and commercial shipbuilding, supported by a strong pipeline. With the new Technology Perspective Capability Roadmap (TPCR) 2025, the government has laid down a longer-term pipeline of various platforms for Indian Navy (such as third Aircraft Carrier, Landing Platform Dock, Next-Generation Vessels etc), providing a large opportunity for the company in terms of order inflows in defence ship-building segment. In commercial ship-building segment also, we believe that company has sizable opportunity in both exports and domestic markets. The governments strong focus on improving India's maritime infrastructure (~₹ 70,000 crore package has also been approved to provide incentive, interest subsidy and long-term finance to boost domestic shipbuilding, ship breaking and port-linked infrastructure) is expected to create opportunities for passenger and cargo vessels

Rating and Target Price

- We expect CSL to witness healthy growth in revenues & profitability over FY25-28E, led by execution pick-up in both the segments and increasing share of margin accretive ship-repair segment. We estimate revenue & PAT CAGR of ~16% & ~17% over FY25-28E
- We maintain BUY on CSL with a revised target price of ₹ 2240 per share (based on 45x P/E on FY28E EPS)

Key Financial Summary

(Rs crore)	FY22	FY23	FY24	FY25	3 Year CAGR (FY22-25)	FY26E	FY27E	FY28E	3 Year CAGR (FY25-27E)
Revenues	3,191	2,365	3,830	4,820	14.7	5,502	6,407	7,603	16.4
EBITDA	623	253	869	878	12.1	1,082	1,295	1,590	21.9
EBITDA margin (%)	19.5	10.7	22.7	18.2		19.7	20.2	20.9	
Net Profit	564	305	783	827	13.6	898	1,059	1,310	16.6
EPS (Rs)	42.9	23.2	29.8	31.4		34.1	40.2	49.8	
P/E (x)	88.6	164.0	63.8	60.4		55.7	47.2	38.2	
EV/EBITDA (x)	75.3	179.0	53.1	53.5		42.5	34.8	27.7	
RoCE (%)	18.1	8.6	22.0	20.6		19.7	20.3	21.7	
RoE (%)	12.8	7.9	15.7	14.8		14.2	14.7	15.8	

Source: Company, ICICI Direct Research

BUY



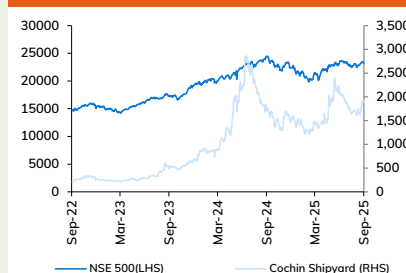
Particulars

Particulars	Rs. crore
Market Capitalisation	49,985
FY25 Gross Debt	69
FY25 Cash	3,113
EV	46,942
52 Week H/L (Rs)	2547 / 1180
Equity Capital (Rs)	131.5
Face Value (Rs)	5.0

Shareholding pattern

	Sep-24	Dec-24	Mar-25	Jun-25
Promoter	72.9	67.9	67.9	67.9
FII	3.8	2.9	2.9	3.9
DII	3.0	6.6	6.8	6.3
Others	20.3	22.6	22.4	21.9

Price Chart



Key risks

- Dependent on govt contracts
- High working capital requirement
- Availability of key raw materials

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Exhibit 1: Existing facilities along with subsidiaries



Source: Company, ICICI Direct Research

- Scaling up strongly in both the segments – ship-building & ship-repair:**

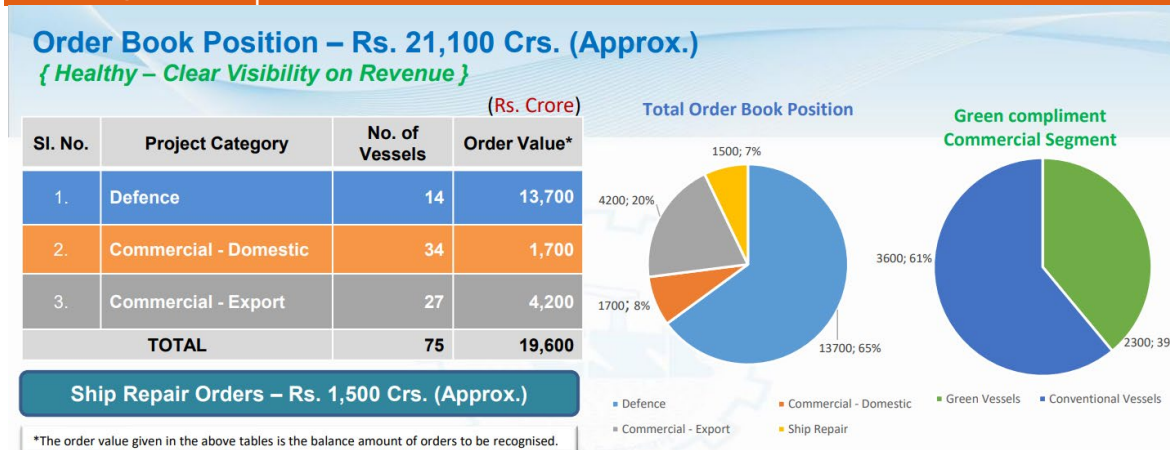
After the recent commissioning of new dry dock facility at Kochi (310m x 75/60m x 13m) with installation of 600-ton gantry crane, company has augmented its ship-building capacity considerably to execute complex and high-value contracts. With this new facility, company has now three dry docks at Kochi, spread over ~155 acres (out of total plot area of 170 acres).

In alignment with national initiatives like Maritime India Vision (MIV) 2030 and Maritime Amrit Kaal Vision (MAKV) 2047, the company has also announced an MoU with HD Korea Shipbuilding & Offshore Engineering (HD KSOE) for a long-term strategic collaboration in ship-building. Under this MoU, the unoccupied land at the existing location (Kochi) is likely to be utilized to construct large vessels such as Suezmax tankers, container ships, and Capesize bulk carriers, with a capacity of up to six vessels annually. To support this, a dedicated Block Fabrication Facility (BFF) is also planned at Kochi in ~80 acres, with an annual capacity of 1,20,000 MT, involving an investment of ~₹ 3,700 crore

In Ship-repair segment also, company is aggressively adding capacity and augmenting its overall capabilities to execute complex large-scale contracts. After the commissioning of International Ship Repair Facility (ISRF) at Kochi, CSL and Drydocks World (a DP World company) have signed an MoU to collaboratively to unlock new opportunities in the ship-repair and offshore fabrication domain

Moreover, the government is set to introduce a ₹ 70,000 crore package to enhance domestic shipbuilding, ship breaking, and port infrastructure, comprising ₹ 25,000 crore for the Shipbuilding Financial Assistance Scheme, ₹ 25,000 crore for a Maritime Development Fund, and ₹ 20,000 crore for developing new clusters and expanding existing hubs.

Exhibit 2: Order-book position



Source: Company, ICICI Direct Research

Exhibit 3: Prospective order pipeline

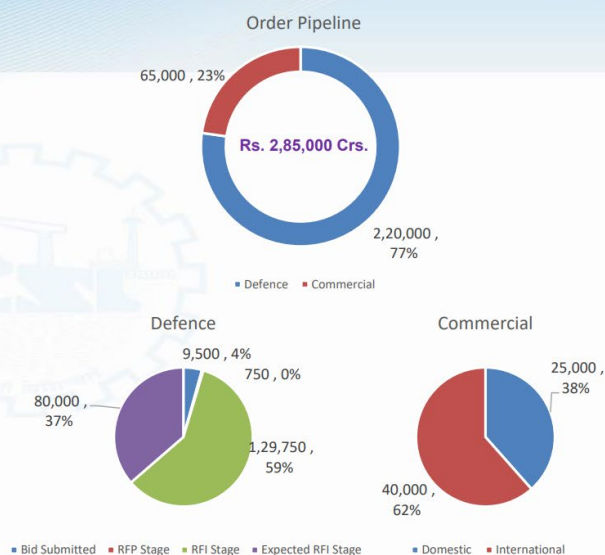
Shipbuilding Order Pipeline – Rs. 2,85,000 Crs. (Approx.)

Defence

Sl. No.	Stage	Approx. Order Value (Rs. Crs.)
1.	Bid Submitted	9,500
2.	RFP Stage	750
3.	RFI Stage	1,29,750
4.	Expected RFI Stage	80,000
Total		2,20,000

Commercial

Sl. No.	Project	Approx. Order Value (Rs. Crs.)
1.	Domestic	25,000
2.	International	40,000
Total		65,000



Source: Company, ICICI Direct Research

Financial Summary

Exhibit 4: Profit and loss statement ₹ crore

(₹ Crore)	FY24	FY25	FY26E	FY27E	FY28E
Revenue	3,830	4,820	5,502	6,407	7,603
% Growth	62.0	25.8	14.1	16.5	18.7
Other income	310.2	389.1	325.0	357.5	429.0
Total Revenue	3,830	4,820	5,502	6,407	7,603
% Growth	62.0	25.8	14.1	16.5	18.7
Total Raw Material Costs	1,735	2,129	2,366	2,755	3,269
Employee Expenses	386	424	488	561	645
other expenses	249	382	496	620	806
Total Operating Expenditure	2,962	3,942	4,420	5,112	6,013
Operating Profit (EBITDA)	869	878	1,082	1,295	1,590
% Growth	242.7	1.1	23.2	19.7	22.8
EBITDA Margin	22.7	18.2	19.7	20.2	20.9
Interest	33	39	39	39	39
PBDT	1,146	1,228	1,368	1,613	1,980
Depreciation	75	103	146	173	198
PBT before Exceptional Items	1,071	1,125	1,222	1,440	1,782
Total Tax	288	298	324	382	472
PAT before MI	783	827	898	1,059	1,310
PAT	783.3	827	898	1,059	1,310
% Growth	157.1	5.6	8.6	17.9	23.7
EPS	29.8	31.4	34.1	40.2	49.8

Source: Company, ICICI Direct Research

Exhibit 5: Cash flow statement ₹ crore

(₹ Crore)	FY24	FY25	FY26E	FY27E	FY28E
Profit after Tax	783	827	898	1,059	1,310
Depreciation	75	103	146	173	198
Interest	33	39	39	39	39
Cash Flow before WC changes	891	969	1,083	1,271	1,547
Changes in inventory	(653)	(859)	(150)	(247)	(426)
Changes in debtors	(17)	126	(148)	(62)	(82)
Changes in loans & Advances	(0)	(0)	(0)	(0)	(0)
Changes in other current assets	(1,718)	(898)	(187)	(717)	(946)
Net Increase in Current Assets	(2,404)	(1,779)	(485)	(1,026)	(1,454)
Changes in creditors	249	36	102	99	131
Changes in provisions	239	398	179	198	262
Net Inc in Current Liabilities	1,515	715	1,060	1,364	1,801
Net CF from Operating activities	2	(95)	1,657	1,609	1,894
Changes in def tax assets	0	(5)	-	-	-
(Purchase)/Sale of Fixed Assets	(667)	(502)	(450)	(600)	(600)
Net CF from Investing activities	(545)	(412)	(450)	(600)	(600)
Dividend and Dividend Tax	(237)	(128)	(145)	(178)	(217)
Net CF from Financing Activities	(351)	(244)	(184)	(217)	(256)
Net Cash flow	(894)	(751)	1,024	792	1,038
Opening Cash/Cash Equivalent	4,758	3,864	3,113	4,136	4,929
Closing Cash/ Cash Equivalent	3,864	3,113	4,136	4,929	5,966

Source: Company, ICICI Direct Research

Exhibit 6: Balance sheet ₹ crore

(₹ Crore)	FY24	FY25	FY26E	FY27E	FY28E
Equity Capital	131.5	131.5	131.5	131.5	131.5
Reserve and Surplus	4,872	5,448	6,201	7,082	8,175
Total Shareholders funds	5,003	5,579	6,333	7,214	8,307
Total Debt	23	69	69	69	69
Total Liabilities	5,526	6,168	6,921	7,803	8,896
Gross Block	1,319	1,396	4,449	5,049	5,649
Acc: Depreciation	447	550	696	869	1,066
Net Block	949	3,034	3,753	4,180	4,583
Capital WIP	2,195	515	100	100	100
Total Fixed Assets	3,163	3,563	3,867	4,294	4,696
Non Current Assets	240	170	170	170	170
Inventory	1,026	1,885	2,035	2,282	2,708
Debtors	355	229	377	439	521
Loans and Advances	1	1	1	2	2
Other Current Assets	3,270	4,168	4,355	5,072	6,018
Cash	3,864	3,113	4,136	4,929	5,966
Total Current Assets	8,639	9,667	11,175	12,994	15,486
Current Liabilities	465	501	603	702	833
Provisions	674	1,080	1,259	1,458	1,720
Total Current Liabilities	6,516	7,231	8,291	9,655	11,456
Net Current Assets	2,122	2,435	2,885	3,339	4,029
Total Assets	5,526	6,168	6,921	7,803	8,896

Source: Company, ICICI Direct Research

Exhibit 7: Key ratios

(Year-end March)	FY24	FY25	FY26E	FY27E	FY28E
Diluted EPS	29.8	31.4	34.1	40.2	49.8
Cash per Share	146.9	118.3	157.2	187.3	226.8
BV	190.2	212.1	240.7	274.2	315.7
Dividend per share	9.0	4.9	5.5	6.8	8.3
Dividend payout ratio	0.3	0.2	0.2	0.2	0.2
EBITDA Margin	22.7	18.2	19.7	20.2	20.9
PAT Margin	20.4	17.2	16.3	16.5	17.2
RoE	15.7	14.8	14.2	14.7	15.8
RoCE	22.0	20.6	19.7	20.3	21.7
EV / EBITDA	52.7	53.1	42.1	34.6	27.5
P/E	63.3	60.0	55.2	46.9	37.9
EV / Net Sales	12.0	9.7	8.3	7.0	5.8
Sales / Equity	0.8	0.9	0.9	0.9	0.9
Market Cap / Sales	13.0	10.3	9.0	7.7	6.5
Price to Book Value	9.9	8.9	7.8	6.9	6.0
Asset turnover	0.8	0.9	0.9	0.9	0.9
Debtors Turnover Ratio	11.0	16.5	18.2	15.7	15.8
Creditors Turnover Ratio	11.2	10.0	10.0	9.8	9.9
Debt / Equity	0.0	0.0	0.0	0.0	0.0
Current Ratio	4.3	4.0	3.7	3.7	3.7
Quick Ratio	3.3	2.8	2.6	2.6	2.6

Source: Company, ICICI Direct Research

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Buy: >15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%



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