

19<sup>th</sup> November 2024

CMP – ₹1,365/-

View – **BOOK PROFITS**

**Q2FY24 Result Highlights**

**Strong performance across segments –**

- COCHINSHIP's Q2FY25 revenue, at ₹11.43bn, grew 13% YoY, driven by steady performance across ship building (13% YoY growth) and ship repair (12% YoY growth). Steady execution was partially offset by weaker-than-expected EBITDA margin performance which came in at 17.3%. Margins across both ship building (18%) and ship repair (30%) are moving to a more normalized range, as the one-off positive impact of the IAC - INS Vikrant order (40% margin between Q3FY24 and Q1FY25) is largely behind. Overall reported PAT came at ₹1.9bn, +1.1% YoY on higher-than-expected D&A (partial impact of ISRF project capitalization from Q2FY25).
- Clarity on IAC-2 order remains the key catalyst for CSL. However, lack of any movement for the last one year indicates a further delay in timelines. Beyond IAC-2, there have not been any major defense orders, with YTD order wins, driven largely by commercial shipping orders; the near-term pipeline remains muted at ₹78bn. The medium-term pipeline has also been lowered to ₹300bn (from ₹500bn). Out of the total ~₹3tn pipeline identified by the Indian Navy, we only see a landing platform dock (₹200 bn) as a key project for CSL.

**Important Statistics**

<b>Nifty</b>	23,559
<b>Sensex</b>	77,691
<b>MCAP (₹ bn)</b>	~359
<b>52-week H/L (₹)</b>	2,979.45/525.15
<b>NSE Code</b>	COCHINSHIP
<b>BSE Code</b>	540678
<b>Bloomberg Code</b>	COCHIN:IN

<b>Shareholding pattern</b>		<b>Sep'24 (%)</b>
<b>Promoters</b>		72.9
<b>FII</b>		3.0
<b>DII</b>		3.8
<b>Public &amp; Others</b>		20.3

**View**

Cochin shipyard 1HFY25 Revenue came in at ₹19bn (+29% YoY) and it seems to be on track to achieve its guided 20-25% revenue growth for FY25. COCHINSHIP's 1HFY25 margins are at 19.5% versus a full-year guidance of 17-19%, imply further normalization of margins in the coming quarters, as the one-off ship repair orders are now behind the company. Furthermore, post commissioning of the new ship repair and dry dock facility, a significant rise in depreciation is expected in 2HFY25. As a result, we believe that the current price of the stock **trading at P/E 28.9x FY26E EPS of ₹47.2** already captures the company's visible growth prospects. **Since our first release on 10Dec20, the stock has achieved a 52-week of ₹2979.5 (08Jul24) giving returns of +1500%, hence we advise investor to BOOK PROFITS while those intending to continue from a long term outlook can do so.**

**Financials**

<b>Particulars</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23</b>
<b>Net Revenue</b>	<b>28,189</b>	<b>31,909</b>	<b>23,646</b>
<b>EBITDA</b>	<b>7,158</b>	<b>6,191</b>	<b>2,535</b>
<b>EBITDA Margin (%)</b>	<b>25%</b>	<b>19%</b>	<b>11%</b>
<b>Net Profit</b>	<b>6,087</b>	<b>5,604</b>	<b>3,047</b>
EPS (₹)	23.1	21.3	11.6
DPS (₹)	16.8	16.8	17.8
RoE (%)	15%	13%	6%
RoCE (%)	20%	18%	9%
P/E (x)	59.0	64.1	117.9
EV/EBITDA (x)	47.3	53.0	123.4
P/BV (x)	8.9	8.2	8.1

<b>Particulars</b>	<b>FY24P</b>	<b>FY25E</b>	<b>FY26E</b>
<b>Net Revenue</b>	<b>38,305</b>	<b>45,850</b>	<b>57,313</b>
<b>EBITDA</b>	<b>8,686</b>	<b>10,782</b>	<b>14,252</b>
<b>EBITDA Margin (%)</b>	<b>23%</b>	<b>24%</b>	<b>25%</b>
<b>Net Profit</b>	<b>7,833</b>	<b>9,774</b>	<b>12,414</b>
EPS (₹)	29.8	37.2	47.2
DPS (₹)	18.8	22.8	23.8
RoE (%)	16%	17%	19%
RoCE (%)	22%	17%	21%
P/E (x)	45.8	36.7	28.9
EV/EBITDA(x)	36.9	29.2	21.4
P/BV (x)	7.2	6.4	5.6

Source: Company, Way2Wealth

**Relative Performance**

<b>Returns (%)</b>	<b>1Yr</b>	<b>3Yr</b>	<b>5Yr</b>
<b>Cochin Shipyard</b>	<b>180.0</b>	<b>762.8</b>	<b>775.6</b>
<b>Nifty-50</b>	24.3	33.7	101.9
<b>Sensex</b>	22.2	31.1	96.9

Source: Company, Way2Wealth

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**FINANCIAL PERFORMANCE**

(₹ mn)

Particulars	Q2FY25	Q2FY24	YoY (%)	Q1FY25	QoQ (%)	1HFY25	1HFY24	YoY (%)
Revenue	11,432	10,117	13.0	7,715	48.2	19,147	14,876	28.7
<b>EBITDA</b>	<b>1,973</b>	<b>1,912</b>	3.2	<b>1,771</b>	11.4	<b>3,744</b>	<b>2,699</b>	38.7
<i>EBITDA Margin (%)</i>	<i>17.3%</i>	<i>18.9%</i>	-869.6%	<i>23.0%</i>	-2483.9%	<i>19.6%</i>	<i>18.1%</i>	7.8
<b>Net Profit</b>	<b>1,889</b>	<b>1,815</b>	4.1	<b>1,740</b>	8.6	<b>3,629</b>	<b>2,802</b>	29.5
EPS (₹)	7.2	6.9	4.1	6.6	8.6	13.8	10.6	29.5

Source: Company, Way2Wealth

**SEGMENTAL PERFORMANCE**

(₹ mn)

Revenue	Q2FY25	Q2FY24	YoY (%)	Q1FY25	QoQ (%)	1HFY25	1HFY24	YoY (%)
<b>Ship Building</b>	8,601	7,598	13.2	5,267	63.3	13,868	10,854	27.8
Ship Repair	2,831	2,519	12.4	2,448	15.7	5,279	4,022	31.3
<b>EBIT (₹ mn)</b>								
Ship Building	1,529	1,518	0.7	917	66.8	2,445	2,152	13.6
<i>% Margin</i>	18	20	-11.1	17	2.1	18	20	-11.1
Ship Repair	850	687	23.6	1,052	-19.3	1,902	1,052	80.8
<i>% Margin</i>	30	27	10.0	43	-30.2	36	26	37.7

Source: Company, Way2Wealth

**FINANCIALS & VALUATIONS**

(₹ mn)

Particulars	FY21	FY22	FY23	FY24	FY25E	FY26E
Net Revenue	28,189	31,909	23,646	38,305	45,850	57,313
EBITDA	7,158	6,191	2,535	8,686	10,782	14,252
<i>EBITDA Margin (%)</i>	<i>25%</i>	<i>19%</i>	<i>11%</i>	<i>23%</i>	<i>24%</i>	<i>25%</i>
Net Profit	6,087	5,604	3,047	7,833	9,774	12,414
EPS (₹)	23.1	21.3	11.6	29.8	37.2	47.2
DPS (₹)	16.8	16.8	17.8	18.8	22.8	23.8
RoE (%)	15%	13%	6%	16%	17%	19%
RoCE (%)	20%	18%	9%	22%	17%	21%
Cash Balances	22,089	32,127	47,580	38,640	45,000	55,000
P/E (x)	59.0	64.1	117.9	45.8	36.7	28.9
EV/EBITDA(x)	47.3	53.0	123.4	36.9	29.2	21.4
P/BV (x)	8.9	8.2	8.1	7.2	6.4	5.6

Source: Company, Way2Wealth

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**Disclosure of Interest Statement Cochin Shipyard Ltd. as on 19<sup>th</sup> November 2024**

Name of the Security	Cochin Shipyard Ltd.
Name of the analyst	Rupali Singh
Analysts' ownership of any stock related to the information contained	NIL
Financial Interest	
Analyst :	Yes (25 shares : 5 <sup>th</sup> July and 9 <sup>th</sup> July 2024)
Analyst's Relative : Yes / No	No
Analyst's Associate/Firm : Yes/No	No
Conflict of Interest	No
Receipt of Compensation	No
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