



# गार्डन रीच शिपबिल्डर्स एण्ड इंजीनियर्स लिमिटेड **Garden Reach Shipbuilders & Engineers Ltd.**

(भारत सरकार का उपक्रम, रक्षा मंत्रालय)  
(A Government of India Undertaking, Ministry of Defence )

CIN NO. : L35111WB1934GOI007891

SECY/GRSE/BD-69/AM/02/23-24

23 Nov 2023

To,

**National Stock Exchange of India Limited**

Exchange Plaza,  
Bandra Kurla Complex, Bandra (E),  
Mumbai – 400 051  
Symbol: GRSE

**BSE Limited**

Phiroze Jeejeebhoy Towers,  
Dalal Street, Fort  
Mumbai – 400 001  
Scrip Code: 542011

Dear Sir / Madam,

**Sub: Transcript of Analyst Meet/Con Call for Q2 & HY-1 FY 23-24 of GRSE – Reg 30**

1. Further to our Intimation Letter No. SECY/GRSE/BD-69/AM/02/23-24 dated 10 Nov 2023, we wish to inform that Conference Call was held on Friday, 17<sup>th</sup> November, 2023 at 15.30 Hrs. to discuss the Unaudited Financial Results of the Company for the Quarter and Half Year ended 30<sup>th</sup> September, 2023.
2. In this regard and pursuant to Regulation 30 read with para A of Part A of Schedule III of the SEBI (LODR) Regulations, 2015, the Transcript of the Analyst/Conference Call for Q2 FY & HY-1 FY 2023-24 of the Company is enclosed herewith.
3. This is for your information and records.

Thanking You,

Yours faithfully,  
For Garden Reach Shipbuilders & Engineers Limited

Sandeep Mahapatra  
Company Secretary and Compliance Officer  
ICSI Membership No. ACS 10992



**Garden Reach Shipbuilders & Engineers Limited**  
**Q2 & H1FY24 Earning Conference Call**  
**November 17<sup>th</sup>, 2023**

**Management:**

1. **Cmdr P.R. Hari, IN (Retd)** - Chairman & Managing Director
2. **Shri R.K. Dash** - Director (Finance) & CFO
3. **Mrs. Aparajita Ghosh** – General Manager (Finance)
4. **Shri. Sandeep Mahapatra** - Company Secretary & Compliance Officer



**Garden Reach Shipbuilders & Engineers Limited**  
**Q2 & H1FY24 Earning Conference Call**  
**November 17<sup>th</sup>, 2023**

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**Moderation:**

Ladies and gentlemen, welcome to the conference call of Garden Reach Shipbuilders & Engineers Limited, arranged by Concept Investor Relations to discuss its Q2 and H1FY24 ended September 30<sup>th</sup>, 2023.

We have with us today, Cmde P.R. Hari, IN (Retd.), Chairman & Managing Director and Shri R. K. Dash, Director (Finance) & CFO.

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 one on your telephone keypad. Please note that this conference is being recorded.

I would now like to hand over the floor to Cmde P.R. Hari, Chairman and Managing Director. Thank you and all to you, Sir.

**Cmde P. R. Hari:**

Ladies and gentlemen, very good afternoon to each one of you. I'm Cmde P.R. Hari Chairman and Managing Director of Garden Reach Ship Builders and Engineers Limited and with me here Mr. R. K. Das the Director (Finance) and Chief Finance Officer, Mrs. Aparajita Ghosh, General Manager (Finance) and Company Secretary, Mr. Sandeep Mahapatra.

I thank you all for taking time out to attend our earnings call to discuss Q2 of financial year 24. Before I dwell upon the financial results, let me highlight some of the salient aspects of our physical performance. The current order book position, the order book execution plan and what's the future holds for us.

Our order book as on 30th September 2023 stands at Rs. 23,739.59 crores. This comprises of four projects for Indian Navy, consisting of 19 warships. That is 3 P17 Alpha stealth frigates, 4 Survey Vessel Large, 8 Anti-Submarine Swallow Water Craft and 4 Next Generation Ocean Going Patrol Vessels.

In addition to these orders for the Naval ships, we also have an order from the Government of Bangladesh for six Patrol Boats, Government of West Bengal for a next generation Electric ferry and from the DRDO for an Unmanned Surface Vessel.

In addition, happy to inform you that we have just been given a Letter of Intent for an Oceanographic Resource Vessel for the Ministry of Earth sciences. This LOI has



been received very recently. Now coming to the current status of the ongoing projects and also the execution plan. First, the P17 Alpha ships as you are aware, we are constructing 3 ships under this project for the Indian Navy. With the seven-ship project with four ships being constructed by Mazagon Docks Limited and three by GRSE. All the three ships have been launched and they are presently undergoing various stages of outfitting.

Happy to inform you that on 17th of August this year, our Hon'ble President had launched the 3rd and the last of these vessels. The first ship has already attained more than 60% physical progress of construction, with the 2nd ship at from 51% critical construction and the third ship has crossed 40% of construction. We intend delivering these ships from mid-2025 to mid-2026.

Coming to the Survey Vessel Large project, this is the four ships project again for the Indian Navy. All the four ships have been launched. The first ship has already completed a machinery trials both at harbor and all the relevant trials at sea. Now, the ship is getting ready for delivery and we intend delivery of the ship to Indian Navy may be next Month i.e. December 23. The ship is ready for delivery. This has already attained over 90% physical progress of construction, with the second ship at 76% of construction, the third ship closely following the 66% and the fourth ship at 52%. The 2nd ship is currently around six months behind the 1st ship and we intend completing this project during the next financial year.

Coming to the anti-submarine shallow watercraft project. This is a 16 ships projects, of which 8 ships are being built by GRSE and 8 ship by another public sector undertaking shipyard. Among the 8 ships that we are constructing, 4 have already been launched. Happy to inform you that from these 16 ships, all the 4 ships so far launched have been constructed by GRSE. The first of these ships has already attained 66% of construction, the second at 60%, the 3<sup>rd</sup> at 51%, and the 4th closely following it 42% and so on.

We intend delivering these ships from the beginning of the next calendar year and this project will get completed by 2026. All the 8 ships should be delivered by 2026. Coming to the next generation OPV project, the contract for this project is four ships for the Indian Navy. The contract was concluded on 30th of March 2023. Happy to inform you that the physical production of two of these ships has already commenced and the various other activities like equipment, procurement, design finalization are in progress. Such activities were preparatory activities. The project is on right track.

The project for six Patrol Vessels for the Bangladesh Government is on right track and we intend completing this project in the current financial year. The next generation Electric Ferry project for the Government of West Bengal is moving in the right direction. We already reached around 70% of construction and in another couple of months that is by January, we intend delivery of the ship to Government of West Bengal. This is the breakthrough that the company would be having in the field of green versus that is electric, zero carbon emission vessels and this we expect huge market potential in the future.

We also have a project going on for the DRDO. It is an Unmanned Surface Vessel (USV). The project is on the right track and we intend delivering of this platform to DRDO in March next year. The order, the LOI that we have mentioned for the Oceanographic Research Vessel for the NCPOR under the Ministry of Earth Sciences,



it is worth around Rs. 840 crores. We also have an order for manufacture and supply of 10 in number 30MM guns to the Indian Navy, the order value is around Rs. 240 crores.

Our ship repair segment is moving on. We have been regularly getting orders from the Indian Coast Guard for repair and refit of their vessels and also few commercial ships. The order book position of ship repair stands at the modest Rs.80 crores. We have already completed 6 refit during this financial year so far. Another business vertical that we have is the portable steel bridges segment that is the Bailey Bridges Division. In the current financial year, we have already executed orders worth around Rs.60 crores and have outstanding order book of around Rs.79 crores.

Happy to inform you that we had concluded a MoU with the Border Roads organization (BRO) for manufacture and supply of 30 bridges. This MoU has been enhanced by another 15 more bridges in the recent past. This, in a nutshell, gives you a glimpse of the orders that we have currently, the progress and the status of each of these orders and our execution plan.

Coming to the orders on the anvil, what we expect from the inputs from our major customers that is Indian Navy and the Coast Guard are RFP for the 5 in number Next Generation Survey Vessel for the Indian Navy which is expected to be floated in the next six months. This would be followed by the RFP for the Next Generation Corvette that is 8 in number Next Generation Corvette. As per the AOL that has been accorded by the DAC something during last year was the 8 Ship project and the L1 shipyard would get 5 ships and the L2 shipyard would get 3 ships. So we're preparing for bidding for this prestigious project.

Why this is prestigious? with the experience that we have, you may be aware that we are the only Indian ships have delivered 9 Corvettes, both surface, i.e., Missile Corvette and the Anti-submarine Warfare Corvette, and all of them are in active service with the Indian Navy. So, with that kind of experience and expertise that we have, we intend bidding for this project in an aggressive manner. The next project that is likely to come out is a P17 Bravo ship which is 7 ship project. This in effect will be a follow on of the ongoing P17 alpha project. Of these 7, one of the shipyard, the Lead shipyard would get 4 ships and the Second shipyard could get 3 ships.

The order value for this project, for the seven ships could be the tune of around Rs. 70,000 crore. The next project on the anvil is the Next Generation Destroyer project, is a big project. Wherein 4 NGD's exaggeration destroyers are expected to be manufactured and built by Indian shipyards. High value project and of course a project for the Indian Navy, again for 21 in number Waterjet Fast Attack Crafts this again we expect the RFP to come out in the next year.

Coming to the new products that we have developed. One of the projects that we had undertaken is development of an Unmanned Surface Vessel. As we had mentioned, we already have an order in hand. And another prototype with the larger Unmanned Surface Vessel is expected to be launched this year. We have already launched an autonomous underwater Vessel and this project has been successfully completed and with both the Navy and the even the Army showing interest in this project.

In this product, we expect orders for the AUV (Autonomous Underwater Vehicle) in the near future. We are also developing marine capable drones. What I'm trying to



convey is that as well as far as autonomous platforms are concerned, GRSE is developing Marine Capable Drones, underwater vehicles and also surface vessels is basically to address the autonomous requirements of the customers that is the armed forces in all three domains of operations surface, sub-surface and air.

Coming to the green energy vessels, this is another area of focus. We have already developed the Next Generation ferry. What I had mentioned or the government of West Bengal, I expect it to be delivered in a couple of months. We'll also be bidding for a project for the Kerala Metro Rail Corporation that is KMRL. They have come out with an RFP, where they would be bidding for this 15 green vessel for the electric vessel project.

Coming to export, export has been a focus area and we have managed breakthrough to Bangladesh in addition to the projects that they have completed earlier for the Government of Guyana, for the Government Seychelles and for the Government of Mauritius. We expect opportunities to come again in Bangladesh, Sri Lanka, Guyana and a few Scandinavian countries. These are all at various stages of negotiations and we expect positive results in the coming months and years.

Our various segments have been in the forefront towards manufacturing and development and manufacturing of new products. One of the products that we have successfully walked into the industry was the 4.25 meters double lane bridge. It is for this bridge that we have got MoU with the Boarder Road organizations. We are also developing a new type of bridge, that is 5.3 meter carriageway bridge which would be proprietary item of the shipyard. We also have collaborations with the Rolls Royce, that is Rolls Royce, Germany, for development and Co production of high-speed Marine Diesel Engine. Last time when I had the brief during the investor con call, I stated that we have signed MoU with them. Now the MoU is being translated into a license agreement and this license agreement is expected to be signed within a month. We also have the collaboration with the Kongsberg of Finland for Co-production of marine waterjets. This is at MoU stage. We have already signed MoU and it will again be translating into a license agreement.

The intent of both these license agreements is to address the requirements of the Indian Armed Forces that is both the Navy and Coast Guards, both in terms of marine engine requirements and also for waterjets. This, in a nutshell, gives you again an overview of what is on the anvil.

Now coming to the financial results. We have been maintaining the upward trend. In our financial performance. And the results for the quarter ending and half year ending 30th September has been definitely encouraging. Again, both revenue from operations and the profit after tax had touched new hikes. That is the best performance in the history of the company.

Coming to the revenue from operations for the Q2 FY24 revenue from operations stand at Rs. 897.97 crores, registering growth to around year end growth of 32%. The last year of Q2FY23 was Rs. 681.60 crores. The total income again has increased by 34% year on year and our Q2 total income stands at Rs. 969 crores. Similarly, the profit after tax recorded has been Rs. 80.74 crores registering and year on year growth of 37%. Both in terms of share price and in turn market capitalization, there has been a definite increase as evident to all of you.



So, I have completed my opening address and we are open for questions any and we would like to provide. We'll definitely attempt to provide answers to each and every query of yours. Thank you.

**Moderator:** Thank you very much. We will now begin the question and answer session. The first question is from the line of Rohit Natarajan from Antique. Please go ahead.

**Rohit Natarajan:** Thank you for this opportunity. So my first question is on you addressed the physical progress in the order backlog. I will appreciate if you could help us with the outstanding vessel wise. I said P17 A how much is the outstanding order backlog similarly survey ASW and NGOPVs?

**Cmde P.R. Hari:** Thank you, Mr. Rohit. The total outstanding order book is 23739.59 crore. Out of the total order outstanding, P17 Alpha order outstanding is Rs. 13,132.46 crores, Survey Vessel Large Rs. 1291.79 crores, Anti-submarine Shallow Water Craft Rs. 5319 crores. Next generation ocean going petrol vessel Rs. 3404 crores and of course the Naval Surface Guns Rs. 235 crores.

**Rohit Naratajan:** Sir, if you could help me understand this ASW, I understand, we are working currently only on the four vessels, but what is the timeline to deliver all the 8 and how are we planning to start the remaining 4 vessels as well?

**Cmde P.R. Hari:** Thank you again Mr. Rohit. ASW Shallow Water Crafts at the outset we can state that the production of all eight ships has commenced. Now, coming to the progress I had mentioned earlier, but I'll repeat the 1st vessel 66% completed, the 2<sup>nd</sup> 60%, 3<sup>rd</sup> 51%, 4<sup>th</sup> 42%, 5<sup>th</sup> is 26%, 6<sup>th</sup> is again around 26%, 7<sup>th</sup> is 16% and the 8<sup>th</sup> is 13%. Which means the production has already commenced. We start the production, We get the hull constructed, equipment are lowered and after the equipment are lowered and the hull block joined. This would be done in a dry dock or a building berth, but after this is completed, the ship is put to water for the first time, that is when the term we use launch takes place. Four of these ships out of these eight have already been launched, launching generally we do after with physical progress of construction of around 40%. Now the stages of the four ships are being launched, all eight construction at various stages. And of these four ships that have already been launched, the 1st ship, we expect to be delivered in the next four months. As mentioned, this starts 66% and the next ship is closely following around 60%. So, from then on, we'll be able to deliver a ship every five to six months. The entire project would get completed by 2026.

**Rohit Naratajan:** Got it. Sir, how many dry docks will be available or maybe they will be sitting idle to say so that you can win new orders and start the work like by the end of this fiscal.

**Cmde P.R. Hari:** OK, now you got it. Bang on. You're right. The major requirement for any shipbuilding company is availability of Dry Docks or Building Berths. So, in our case we have captive dry docks available both in our main unit and we have also a dedicated facility, the Rajabagan unit, where we have an end to end facility for construction of small and medium size ships and in both these facilities we have dry docks available.

Right now, our 70% of these docks are occupied, which means even at this juncture we have around 30% spare capacity. We have also adopted a strategy wherein we partner capable shipyards, private or public, who have got spare capacity. This has been basically the strategy has been adopted. One, we're using the spare capacity,



second we can facilitate concurrent construction at the same time I maintained a certain amount of let us say dock can both availability with me, which means should I get a new order, I will not be caught by wanting for a dock or both availability. So we always keep around 25 to 30% for dock captive and available with us. This is the current status. We have adequate berth and dock capacity.

**Rohit Natarajan:**

Got the point sir, but if I understand, because you have this Bangladesh order, that will also get concluded this year, a lot of years that ASWs will be launched as well. So technically speaking, there will be further spare capacity in dry dock level. Right?

**Cmde P.R. Hari:**

But at the same time, we have just started the production of four in number next generation ocean going petrol vessels and these are big ships, they're hundred plus meter ships. 2nd, as I mentioned, we just got an LOI for oceanographic vessel. This will again a big ship It is around 85 meters. In addition, I had made the statement in passing that with respect to exports and commercial ships, we have definitely made advances at this moment, and I cannot commit because I'm not sure about it, but yes, we are very confident that in the coming months we will be getting orders on this front also. So, this is from what we are doing at this moment. The next part is again I had mentioned that both the Navy and the Coast Guard will be coming up for new projects in the coming years and months. So, then I finished this next generation OPV the dry dock and Building Berth requirements, but definitely we would be getting fresh orders.

**Rohit Natarajan:**

Got it. Sir, from the order perspective, you mentioned that next generation destroyer of four, but the industry buzz is that it's actually eight and it's could be in the size of 80,000 crore as such. Is that the right way to understand?

**Cmde P.R. Hari:**

You are partially correct, one yes, it is 4 + 4, but it is 4 + 4. Once the four is completed, then only the next four will come. That's why I had mentioned the four. What is the information available now. I would not even say immediately the RFP could come out only maybe in 2025 early to mid of 2025. So, the initial requirement would be for four, which could be enhanced to 8, maybe has not even taken the memo from **DSP** as of now.

**Rohit Natarajan:**

But Sir, from a capacity perspective, NGD is technically speaking at 10,000 deadweight tonnage kind of vessel. Will you be in a position to do that at your yard? I mean is size a constraint?

**Cmde P.R. Hari:**

Absolutely. We have got adequate capacity and capability for this, whereas there is capacity assessment which is being carried out by the customer that is the Navy and we intend and aim to get a stick with respect to our capability, no issues with respect to capacity or capability. Since you mentioned the displacement and also the dimensional requirements.

**Moderator:**

Thank you. Our next question is from the line of Venkatesh Subramanian from Logictree Consultants Private Limited. Please go ahead.

**Venkatesh Subramanian:**

Yes, Sir. Good evening. Two questions. One is, you mentioned about the current order book and what is pending and continuing from previous con calls, Sir, is it fair to assume that the current order book that we have would be exhausted over the next three years broadly? that's my first question. Second, in terms of exports, you mentioned some very interesting places like Scandinavia and a few other things.





What could be the size of the opportunities is the order size? Can expect over the next one year in terms of if you are able to capture any orders?

**Cmde P.R. Hari:**

I'll answer your second question first. See as I had mentioned that we are attempting for orders in Guyana where we have already made a deal. We're also trying the Scandinavian countries. The background is that one Guyana definitely we have delivered ships there then they have requirements. Second, Scandinavian countries have actually opened up. Europe is now looking at India for commercial shipbuilding, but at this juncture I will not be able to give any further details because most of these are in negotiation stage perhaps, I'll be able to hopefully give you good news in the next con call or the next-to-next call. But the bottom line is that there are opportunities available and we are moving aggressively towards them.

Second, coming to the order book. Order book position as you are aware, it's around Rs.23,739 crores. See, we are only in the mid of 2023, i.e. the second quarter of FY24 has just finished. As per the current execution plan, the NGOPVs would definitely spill over to FY27 maybe 2028 because as the contract to these ships are to be delivered only by FY28.

So, right now we have enough in our hand to last us for the next five years. That is, mid of 2023 to at least mid of 2028. Of these projects that they're on, the deliveries will definitely be staggered starting the first of the deliveries of the 19 ships that are currently under construction commencing next month. And what we are aiming is between the projects ship every five to six months is what we are targeting.

**Venkatesh Subramanian:** So P17 Alphas, the remaining would be completed over the next two years, FY24 and FY25?

**Cmde P.R. Hari:** No, P17 alpha, right now we've got around Rs.13,000 odd cores remaining as per the delivery timelines, what has been mutually agreed between the customer - Navy and us, these three ships are to be delivered between mid of the calendar year 2025 and mid of calendar year 2026, which means definitely we'll go to financial year 27.

**Venkatesh Subramanian:** My last question, Sir, which is you have talked about the shipbuilding cycle, how the revenues you have actually educated a lot of us. My question is, considering that we are almost coming to another six months to go four months to go in terms of financial year, what would be the peak revenue recognition year would it be FY25 or FY26?

**Cmde P.R. Hari:** Definitely not FY24. You have already seen that we have touched around Rs.1700 crores already. So we are actually moving vertically upwards. We would be maintaining the same trend as per the present progress of construction and the revenue accrual plan in the next financial also. So, it could be either FY25 or FY26, it could be either of these years or it could be almost there.

**Venkatesh:** Or both could be big years for us.

**Cmde P.R. Hari:** Yes, both FY25 and FY26 definitely big years.



- Moderator:** Thank you. Our next question is from the line of Amit Dixit from ICICI Securities. Please go ahead.
- Amit Dixit:** Thank you for the opportunity and Congratulations for the good set of numbers. I have couple of questions maybe at the same risk of being repetitive because I joined the call a little bit late. If you could just, let us know the status of Next Generation Corvette, where we are in there and when can we expect RFP to be floated? That would be helpful.
- Cmdr P.R. Hari:** Thank you, Mr. Amit. See the Next Generation Corvette RFP is in process. As per the DPP, the process that has shown is clear is that the basic requirements are made by the Navy and after that, with the estimated cost, it goes for a DSP approval. This DSP had occurred an AON during the first half of the last year that is 2022. For a value of Rs.36,000 crores, this is the 8 ship project among L1 & L2 in the ratio of 5 + 3. So, this is the background.
- Now, the statement of technical requirements are being finalized by Navy in consultations with the concerned shipyards. And in my appreciation, with present happening and based on the current progress of their readiness, we expect the RFP to come out in the latter half of next calendar year. FY24 end is when I expect the RFP to come out.
- Amit Dixit:** Sir, why I'm asking this question is because in the Standing Committee of Parliament report, we saw that next generation, Corvette was clearly mentioned as one of the ordering points till FY25. So, if RFP comes out at the end of FY25, that means ordering would happen, maybe one year after that, is it fair to assume that?
- Cmdr P.R. Hari:** If the RFP's issued towards the end of the next calendar hypothetically say in the third quarter of FY25, from then considering the minimum time required for the bid submission, evaluation. The realistically, the ordering would happen that the contract conclusion would happen will be/ is likely to spilled over to FY26, at least the first half of the FY26.
- Amit Dixit:** OK, got it. The second one is on destroyer. So this is your commentary slightly different from the peers or may be my understanding is a little bit different. Where they mentioned that all 8 destroyers will be ordered and they will be kind of the order will be split between 2 shipyards. That's what was told to us. But now you are saying that it will be ordered in two tranches of 4 + 4. So, is it fair to assume that even the first tranches of four will be split in between 2 shipyards or it will be like the winner takes all kind of game.
- Cmdr P.R. Hari:** As for the present understanding and what we are given to understand, it is likely to be in two tranches with 2 + 2 is 4 in the first tranche with the two shipyards as there is 2 + 2 followed by another four again 2 + 2 that means two shipyards will definitely be involved in this project.
- Amit Dixit:** OK. And how much time, do you think it will be between the tranches in terms of orders?
- Cmdr P.R. Hari:** There is no clarity at this moment on that. There is no clarity even because this project has not even gone for DSP approval. When accord of an AON. So what I'm



trying to convey, it is still under deliberation stage. We expect clarity on this only maybe in another six months. So, at this moment there is no clarity except for the input that these ships are required for the Navy and the requirements are being finalized.

**Amit Dixit:** OK. So the last question that I have is a book-keeping question. If you can let us know the contract asset and customer advances on the balance sheet.

**Cmde P.R. Hari:** First thing before I go to this, there are no advances from customers. Customers are not giving us any advances. So only stage payment takes based on stage completion and as per the DPP condition, in ship building there are 15 stage payments, so there are no advance. As of now, our bank balance stands at Rs. 4397 crores owned fund is Rs. 270 crores and the project related fund is Rs. 4127 crores. This is for all the projects put together.

**Moderator:** Thank you. Our next question is from the line of Harshit Kapadia from Elara Capital. Please go ahead.

**Harshit Kapadia:** Congratulations and thanks for the opportunity, Sir. On the order front, what I saw probably you have not mentioned, the landing platform dock order, is it that the order has now cancelled or we are not qualified for it. That's the reason why we are not highlighting that particular order.

**Cmde P.R. Hari:** Thank you, Mr. Harshit, there has been a lot of talk going on. Actually one of the investor con-calls call had mentioned about this, but it has been going on for quite a long time, that's why we have put it off, let us say this is a project, which has been in the horizon for a very long time as far as I can remember, it is more than five to seven years the discussions have taken place at even at this moment there is no clarity as to when the AON would be accorded or when converted to RFP, that's the reason why I did not mention about it.

**Harshit Kapadia:** Thanks for the clarification around P17B which you had mentioned. So, the similar thing will also happen in that the way the NGD order is going to be placed as in once your P 17A will get delivered then P17 B will be taken into account in terms of ordering or is it that different in P17 B can be ordered before that as well?

**Cmde P.R. Hari:** As per the current delivery schedule, the P17 Alpha project is expected to be concluded by FY27, that is mid of calendar date is August' 26. I think the project would get completed even if the process of AON and the subsequent formalities start. Now it will take that kind of time. What I'm trying to convey is that the construction of these ships will commence only after this project is completed.

**Harshit Kapadia:** When would the ordering happens according to you? Will it be FY25 that we will see the RFP coming out and you will be bidding for it or it could happen post FY27?

**Cmde P.R. Hari:** At this moment there is no clarity on that. All that is known is that there is a requirement for the Indian Navy. For another 7 ships of the same class with minor tweaking of the specifications and maybe whatever is the latest weapon system that could come in. But there is no clarity with respect to the timelines. The requirement very much there and it has been acknowledged, but the timelines are still not known.



**Harshit Kapadia:**

Sir, so in this regard previously it was mentioned that FY25-26 could be the best of this year. But then going up to FY27, since a lot of this big ticket or high value orders which are not right now in the clear stage of when it will come on board when the tender will happen when the awarding will happen do you think FY27 we may see a sharp decline in terms of revenue as most of your chunky orders will get executed and revenue booking will happen.

**P.R. Hari:**

We have the NGOPV project still to be going on during that time plus the new order which is of course just about Rs. 840 crores. There is an oceanographic research ship which is a confirmed orders that we have in our hand as of now. This is exactly the reason why we are moving aggressively for other avenues of business i.e. commercial shipbuilding exports and so on. So, I don't see any major dip in the revenue from operations during these years because, see we are on FY24 now. So FY25, 26 - 27 to go. Definitely, we expect orders at least next year or next year. Which will mature into revenue generation and FY27. So, I don't see any major dip. I mean we should not be really concerned about the dip during FY27 or 28.

**Harshit Kapadia:**

And what brought GRSE to get into autonomous vehicle anything you can highlight this was that either given by DRDO was it that you guys figured out that this is a vacuum? Then we could be the one who could be the starting company to get into this. It would be helpful and on the commercial ship building part, if you can share something on terms of size of orders, which you look at not just from one-year perspective, but in terms of opportunity size, it will be of great help because we probably are looking to build up this. Any color on this would be helpful.

**Management:**

OK, you have asked two questions. In effect, one is triggering the autonomous platforms. What are the initiatives that we have taken and 2<sup>nd</sup>, on the commercial as well as autonomous platforms are concerned I had mentioned during my introductory address that we have fully seized on the requirements of rather both arms of marine that is the Coast Guard and the Navy, and also the army, interestingly DRDO also. So the requirement is known and at this juncture India as a nation, we are still in a developmental stage with respect to autonomous platforms. Most of our autonomous platforms, based subsurface or even clones are imported at distinction.

What we had decided was this is an opportunity. This is an area where huge opportunities coming in future. So we started with the basics settings. We went to startups and MSMEs, Indian startups and MSMEs with huge potential, but they have capacity Constraints. So, through a process we have identified capable startups both in terms of Autonomous Underwater Vessels which has successfully proved the prototype has been tested satisfactorily. Both the Navy and the DRDO have come out with RFP's for these places. At this juncture, they're all very moderate, but we expect potential.

Coming to the surface vessel, we have tested and proved unmanned surface vessel and for the same platform same design we have already got an order from the DRDO. Both from the research and development wings, that is DRDO and from the Combat Forces, we expect orders.

The marine drones, another interesting segment here. We have not yet developed the product fully. It is still in trial phase. We expect this also to get developed may be in another three to four months. Again the partnerships with the startup, the advantage of doing this collaboration with the startup is that niche product and its



IPR is within India. There is market potential and this is coming to the Autonomous service.

Another area which we are focusing is on the green energy field, which breakthrough has been made. We have the only second Indian Shipyard, of course Cochin Shipyard there has made earlier with the KMRL Kerala. Now our product is almost ready and in the next two months we are delivering next generation electric ferry to the government of West Bengal. Here the potential is huge. If the government policies materialize in the coming three to five years, almost all the platforms which they used for inland water transportation could get re-engined or the new platforms are injected into this area would be green energy platforms.

Coming to commercial vessels, we have recently delivered a commercial vessel to the Government of Guyana. That is the first vessel that we delivered after a long gap because we have taken a break from commercial ship building, but we have tested our capability and successfully delivered 1 vessel to Guyana and Institute. This has given us the confidence to go in from more and more opportunities, pursuing more and more opportunities in this field targeted certain countries where who have shown interest in India, we this companion countries and some of the Middle East countries and here at this center I can only state that things are moving in the right direction. Several projects that are under negotiation stage I'll be able to provide clarity on this, maybe in the next call or the next to next call. Hopefully by that time, some of the orders could fructify. Thank you.

**Harshit Kapadia:** What would be the size of the Kochi metro - tender which you are participating in?

**Comde P. R. Hari** It's a 15-platform order. This could be to the tune of around Rs. 150 to 180 crores.

**Harshit Kapadia:** And, Sir, for the last question on the Diesel Engine, apart from Rolls Royce, there are couple of other companies who also are supplying diesel engine to the Indian Navy. So do you think the competition on this indigenous type of a Green Energy Vessel will also rise? How do you see this thing playing out?

**Comde P. R. Hari** OK, Marine diesel engines have been an area wherein as a nation, imports were being resorted to. So, within the marine diesel engines, there are two types of engines. One is the low power, there is low to medium power engines, it's called high speed marine diesel engine. And the second segment is the high power but low speed engines. Now what we have collaborated with Rolls Royce is for high-speed low power engines and these are the types of engines which are normally used in Fast patrol vessels, waterjet crafts, inshore patrol vessels and so on. The number of the volumes are very high. So, in this we don't expect much competition since you said there are other manufacturers also there, most of them are global OEMs like the Caterpillar, MAN or the Rolls Royce or Yanmar. Their product strength is on the high-powered low speed engine, so there will not be any clash of requirements. So, what we have collaborated also with Rolls Royce is for high-speed low power engines. Once the collaboration is successful, it would give us huge potential with both the Navy and the Coast Guard.

**Harshit Kapadia:** And sorry, lastly so you would be manufacturing this in India or it would be assembled in India or what would be your role in terms of this marine diesel engine Sir?



**Cmde P. R. Hari**

We have a dedicated diesel engine plant at Ranchi, Jharkhand. And we had and have an association already existing with Rolls Royce for assembly of engines. Now what we are talking about, now is transiting from this Assembly to manufacturing. It is actually the term used through a license agreement 'Co production'. A certain percentage of the entire components of marine diesel engine will be manufactured in India. What we are targeting this is in line with the government mandatory indigenization plus 50% indigenization to start with.

**Moderator:**

Thank you. Our next question is from the line of Viraj Mithani from Jupiter Financial. Please go ahead.

**Viraj Mithani:**

Thank you for the opportunity. And although very Congratulations for the good numbers. So, my question is, is this order book peaked out, whether would the margins will be affected or there will be a higher or lower trajectory?

**Cmde P. R. Hari**

Very interesting question. Every time I get this question, I was wondering why it did not come so far margins have been consistent in my views. Ours is not a routine industry. Ours is a highly specialized industry where the PAT margin above 7.5 is considered healthy. As I've stated, we have been maintaining our profit margin that is PAT margin plus 8% under sort of 8.99% we will maintain this during the coming months and years.

**Viraj Mithani:**

And Sir any updates on the repair business, any color on that? We were still planning in this?

**Cmde P. R. Hari**

Currently as I said mentioned earlier, we have taken over three docks from the Kolkata Port Trust; 3 medium size dock, all of them almost 100% occupancy and currently we are executing six refit orders of various Coast Guard ships plus we keep getting commercial ship refits too. We are at a modest position at this moment. Our order book stands just about Rs.80 crores from this segment.

As I had mentioned earlier, we were just pushing the system. We expect this to increase in the coming years because more and more refits will come considering the freight strength of Coast Guard and the Navy. We are not yet got a break into Naval repair yet. But they got captive repair facilities. We are pushing the system and having experienced the success so far we intend to ramp up the ship repair vertical in the coming years. Right now, we reported modest Rs. 80 crores order book outstanding as we have.

**Viraj Mithani:**

My last question is Sir, about this green ferry, what kind of market potential do you see? Some color on that in terms of growth, margins in future to come.

**Cmde P. R. Hari**

Green ferry or other green vessel potential is huge as with every other nation, even our country is also going in for zero emission basis. This is the process which has already commenced. The first step would be to meet the requirements of the state governments to meet their inland motor transportation requirements and even in both Kerala and West Bengal have advanced strong in just this, Kerala has gone ahead with green vessel in a big way. I had mentioned that there is another RFP which is live for 15 more vessels for Kerala. In a nutshell this is an area where huge opportunity exists. The ports would ultimately work to resort to green tugs. The all the barges which move in our rivers with the land motors run through oil. The aim would be to eliminate the conventional powered platforms. So, at this juncture I can only state that huge potential is exists and quantification at this stage may not



be possible and just to put things in perspective, some of the nations like Norway has already given a dictate that they must grow 100% green by 2030, so it is that kind of impact and opportunity, we didn't want to miss out the first most advantage that's why we have taken this order from the government of West Bengal.

**Moderator:**

Thank you. Ladies and gentlemen, that was the last question of our question and answer session. I would now like to hand the conference over to the management for closing comments.

**Comde P. R. Hari**

Thank you, investors for listening patiently to the literary address, and I hope to have answered the almost all your queries and in case of any further query, please feel free to contact us. We will ensure that all your queries are addressed. We also thank Concept Investor Relations for coordinating this conference call. And we have started this financial with a robust Q1. We have maintained the tempo during Q2 also and we improved, maintained the tempo in the coming quarters too. Wish you all belated Happy Durga Puja and Diwali. Thank you.

**Moderator:**

Thank you. On behalf of Garden Reach Shipbuilders & Engineers Limited, that concludes this conference. If you have any further questions, please send an email to [gaurav.g@conceptpr.com](mailto:gaurav.g@conceptpr.com). Thank you for joining us, and you may now disconnect your lines.