



KNOWLEDGE MARINE & ENGINEERING WORKS LIMITED

Ship Builders, Repairers, Charterers and Marine Contractors

CIN: L74120MH2015PLC269596

To

BSE Limited

Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai- 400001

Date: 29th November, 2023

Dear Sir/Ma'am,

Scrip Code	Symbol	ISIN
543273	KMEW	INE0CJD01011

Sub: Transcript of Earnings Call held on 24th November, 2023.

Pursuant to Regulation 30 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of the Company's earnings call held with Investors/ Analysts on 24th November, 2023 to discuss the Company's operational and financial performance for the Half Year ended 30th September, 2023.

The same is available on the website of the Company www.kmew.in

You are requested to kindly take the same on records.

Thanking You,
Yours Faithfully,

For **Knowledge Marine & Engineering Works Limited**

Ritika
Sharma

Digitally signed by
Ritika Sharma
Date: 2023.11.29
12:24:50 +05'30'

Ritika Sharma
Company Secretary & Compliance Officer
M. No. A40852



“Knowledge Marine & Engineering Works Limited
H1 FY24 Earnings Conference Call”

November 24, 2023



MANAGEMENT: **MR. SUJAY KEWALRAMANI – CHIEF EXECUTIVE OFFICER – KNOWLEDGE MARINE & ENGINEERING WORKS LIMITED**
MRS. KANAK KEWALRAMANI – DIRECTOR AND CHIEF FINANCIAL OFFICER – KNOWLEDGE MARINE & ENGINEERING WORKS LIMITED

MODERATOR: **MR. RONAK JAIN – ORIENT CAPITAL**



Moderator: Ladies and gentlemen, good day and welcome to the Knowledge, Marine and Engineering Works Limited H1 FY24 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Ronak Jain. Thank you and over to you Mr. Jain.

Ronak Jain: Thank you. Good evening everyone. Welcome to the H1 FY24 Earnings Call of Knowledge Marine and Engineering Works Limited.

Today on this call, we have Mr. Sujay Kewalramani Chief Executive Officer along with Mrs. Kanak Kewalramani Director and Chief Financial Officer. Before beginning with the call I would like to give a short disclaimer. This conference call may contain forward-looking statements about a company which are based on the beliefs, opinions and expectations as of today. Actual results may differ materially. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict.

With this, I now hand over the call to Mrs. Kanak Kewalramani for the opening remarks and financial performance of the company. Over to you ma'am.

Kanak Kewalramani: Thank you Ronak. A very good evening to everyone. On behalf of Knowledge Marine & Engineering Works Limited, I welcome you all to the H1 FY24 Earnings Calls of our company. I hope everybody had an opportunity to go through the financial results and investor presentation which has been uploaded on the Stock Exchange as well as on our website.

In FY23-24, our journey is sailing robustly with the successful integration of a new service into our portfolio, the sand mining business in the Bahrain market. This accomplishment aligns with our visionary Waste-to-Wealth Revenue Model, as previously discussed in our investor call and has resulted in the substantial growth of our order book in this particular portfolio.

KMEW specializes in dredging and other port ancillary services such as pilot boats, patrol boats, survey boats, mooring boats, tugboats, and hopper barges. We contribute to the efficient and safe operation of ports, supporting international trade and fostering maritime industry growth. Our mission is to offer holistic, innovative and environmentally sustainable solutions in marine engineering and construction. As one of India's most reliable dredging companies, we operate on both the east and west coasts covering major ports from Kandla to Kolkata.

Coming to the order book win and status during H1 FY24, we achieved several prestigious milestones:-

Firstly, we secured our second international contract from the Myanmar Port Authority tasked with the critical dredging and enhancement of the Yangon River Channel. This contract builds

on our previous success at the Sittwe Port and is noteworthy as it marks our first independent international contract distinct from our initial collaboration efforts with the Government of India.

A significant accomplishment was our successful entry into the Bahrain market, especially in the sand mining sector, aligning with our Waste to Wealth Mission. This venture has resulted in an outstanding order book of approximately INR 450 crores in Bahrain for the next five years significantly boosting our business visibility.

Furthermore, we expanded our customer base by adding the contract from Mumbai Port Authority. We secured an order from the Mumbai Port Trust for the hire of two highly manoeuvrable dock tugs valued at INR 34.49 crores for a contract period of seven years.

Additionally, we claimed an order from the Paradip Port Authority for the supply of a 20 knot speed patrol boat with a manning crew on hire. This contract valued at INR 5.02 crores involves a daily hire charge and spans a period of five years.

Our current order book stands at INR 670 crores with order win of INR 573 crores with an average tenure of three to four years.

Coming on to the execution part,

We have successfully accomplished a rock dredging project at Mangrol Fishing Harbour, achieving a substantial project value of INR 78 crores by completing rock dredging quantity of 1.25 lakh cubic metres.

Furthermore, we demonstrated our expertise by successfully executing first year capital and maintenance dredging at Sittwe Port, Myanmar with a project value of INR 248 crores and a dredging quantity of 16.73 million cubic metres.

Based on our proven experience and successful project completion, we are pleased to announce that KMEW is qualified on its own to bid for dredging contracts amounting to INR 300 crores, highlighting the trust and capability we command in the industry. Additionally, on completing the Mangrol rock dredging contract, we have the qualification for the rock dredging contract, emphasising our expertise and credibility in this specialised field.

With these contract wins, our fleet will soon be consisting of 16 vessels following the construction of two tugs for Mumbai Port and one highly speeded patrol boat for Paradip Port.

I would now like to comment on the performance and strategic progress made by the company along with its H1 FY24 financial performance.

In H1 FY24, we achieved a revenue of INR 106.9 crores, making a sequential growth of 36%. Our EBITDA margin reached INR 36.1 crores, a 4% Y-o-Y increase and approximately 7% sequential growth. Sustaining EBITDA margins at 34% for H1 FY24 underscores our commitment to stability.

Profit after tax reached INR 24.4 crores, reflecting a growth of approximately 3% and a sequential increase of about 5%. Our PAT margins rose to 23% from the previous 19%.

Remaining net debt free we align our existing debt facilities with specific contracts ensuring timely repayment before contract completion. Our strategic vision focuses on establishing a sustainable and reliable dredging and marine engineering company in India.

Our strategic vision continues to centre on the establishment of a sustainable and reliable dredging and marine engineering company based in India. We remain committed to expanding our operations with the goal of possessing a fleet of 40 or more vessels within the next 10 years. These ongoing expansion plans mirror our ambition to attain a prominent position in the dredging industry.

Additionally, our objective entails capturing a substantial market share of 10% in the dredging business. Through the utilisation of our expertise, advanced technology and robust business execution capabilities, we are actively positioning ourselves as a trusted and preferred partner in the industry. Thank you very much.

Moderator: Thank you. We will now begin the question-and-answer session. The first question is from the line of Abhishek Agarwal from Naredi Investment, Please go ahead.

Abhishek Agarwal: Good evening sir and congrats for a good set of numbers. So, my first question, can you give projection for FY25 and FY26 order book execution and what kind of EBITDA margin are you looking for FY25 and FY26?

Sujay Kewalramani: Hi, good evening sir. My name is Sujay Kewalramani. I am CEO of the company. Recently, order book in hand is INR 650 crores plus. EBITDA margin as always we have projected, it will be between 30% to 40% going forward always.

Abhishek Agarwal: Okay, and FY25 and FY26 order book execution, what is revenue we expect? What kind of revenue we convert from order book?

Sujay Kewalramani: That is the number which we have to disclose at a later stage. Presently, order book is INR 650 crores and there is a big pipeline in excess of INR 1,300 crores as of today. So, we have recently made some more bids. So, that may also be get converted. So, for the next two years right now I do not have a particular number for you.

Abhishek Agarwal: Okay, and second question, what is EBITDA margin in new contract that has just received in Bahrain market?

Sujay Kewalramani: It is close to 35%.

Abhishek Agarwal: Okay, and what is capex plan for FY24 and till now, how much spend and ongoing capex will be done from internal approval or any debt raise?

Sujay Kewalramani: Sir, we are planning to do a capex of about INR 60 crores going forward and this will be from either internal accruals or we will raise some debt.

Abhishek Agarwal: Okay, thanks sir. So, we have bid for around INR 1,100 crores and 50% success rate and till now, we get INR500 crores order. So, in the remaining year FY24, what is our expectation to win new order and what is current order pipeline?

- Sujay Kewalramani:** So, current order pipeline up till 7 days ago was INR 1,100 crores but we have in the last one week added another bid for another project of additional INR 210 crores. So, it has crossed INR 1,300 crores today and like always, it will be more than 50% going forward.
- Abhishek Agarwal:** So, in remaining FY24, how much order we will get from this INR 1,300 crores?
- Sujay Kewalramani:** These are orders with the government, the decision making lies with the government. Sometimes the decisions are taken within weeks and sometimes they take several months. So, it is difficult to project right now exactly how much will be converted but like I said, whatever projects we take, that will have EBITDA margins of 30 to 40% and there will be a steady growth in the revenue going forward.
- Abhishek Agarwal:** Okay. And sir, last one. We have strong cash flow September 23, half year. Our advice, do not raise any equity for capex and any other thing. If you need a fund, always raise debt which is cheaper than equity. So, please keep in mind, it is our advice. Thank you so much.
- Sujay Kewalramani:** We will have it under consideration.
- Moderator:** Thank you. The next question is from the line of Vikram Sunil Datwani from Nuvama Wealth Management. Please go ahead.
- Vikram Sunil Datwani:** Good evening to the management team and congratulations on massive scaling of order book in the first half. I just have two questions. One is, how many vessels are currently being operated in Bahrain and is there a further need for capex just specific to the Bahrain order?
- Sujay Kewalramani:** Hi, good evening. So, presently there is only a single vessel that is under mobilization to Bahrain and going forward, we will assess the market over a period of two quarters. There is a huge demand for a second and a third vessel but we are starting off with one vessel right now. And if at all there is, if at all we go forward for the second vessel like for this first vessel, we will raise debt for it.
- Vikram Sunil Datwani:** Okay. And how much would that vessel cost approximately?
- Sujay Kewalramani:** The first vessel that we have purchased is close to USD 5 million and is undergoing the journey from Bulgaria to Bahrain right now. And she should reach there during the third week of December to commence the operations in Bahrain. And going forward, the second or the third vessel will be approximately along the same line.
- Vikram Sunil Datwani:** Okay, thank you. And is there any timeline for main board listing?
- Sujay Kewalramani:** Before the end of this financial year, we'll be doing it, because there are certain guidelines by NSE that we should complete three years on the SME exchange before listing on NSE Main Board which we will complete on 21st of March, and then we'll be in a position to move on to the main board.
- Vikram Sunil Datwani:** Okay, thank you so much for the opportunity. Hopefully next time when we interact, it will be on the main board. Thank you.

- Moderator:** Thank you. The next question is from the line of Rudresh Kalyani from Kalyani Private Business. Please go ahead.
- Rudresh Kalyani:** I have a few questions. I have some questions on the balance sheet. Receivables have as well as payables have shot up drastically. So what's the reason for the same?
- Sujay Kewalramani:** I'll let the CFO answer that question.
- Kanak Kewalramani:** Hi, Mr. Kalyani Good evening. I would like to first go on to the receivables. The receivables are outstanding at the tune of INR160 crores as on 30th September. But as we mentioned in our notes to the financial statement, we have already received INR 107 crores out of INR 160 crores. So around INR 55 crores is outstanding.
- And we are hopeful and confident that the same will be received in a month's time. And regarding the payables, because two of our major projects were with the JV partner, Sahara Dredging, and that we could not receive the funds from the debtor. So that is why we didn't pay to our JV partners as well.
- That's why the creditors have also shot up. But currently the same has also been paid as on today, because we have received the receivables of INR107 crores. So I mean, out of 100% of the creditors, we have paid substantial amount to the creditors out of the debtors which we have received.
- Rudresh Kalyani:** Okay, thank you. And how is our margin in the domestic versus international market?
- Sujay Kewalramani:** It is the same. There is no huge difference. Because around the markets that we play, this EBITDA margin will be close to 35%. So we play around that same margin.
- Rudresh Kalyani:** Okay. And what will be the utilization rate of our vessels? Do we have any track on it?
- Sujay Kewalramani:** Sorry, say again.
- Rudresh Kalyani:** No, I want to say that. So in a year, if we have 365 days, for how many days our ship will be deployed?
- Sujay Kewalramani:** So out of 365 days, we have presently planned for 290 days in the projection.
- Rudresh Kalyani:** Okay, that is across the ships?
- Sujay Kewalramani:** So this is what I thought you were asking for Bahrain. So rest of the vessels, it is different for each vessel, because it depends on the contract that we have entered into. But usually most of them will exceed 300 days.
- Rudresh Kalyani:** Okay. So, in the leftover two months, we take up the maintenance activities or how do we cost utilize it? Do we have anything on that line?
- Sujay Kewalramani:** So, those two months are usually for bad weather or some sort of a breakdown, repair, usual repair, maintenance, dry docking, and all of that.

- Rudresh Kalyani:** Okay. And one more thing on the -- how is our revenue looks like between the recurring business versus the one time?
- Sujay Kewalramani:** How is the revenue looking like between recurring and sorry?
- Rudresh Kalyani:** And the one-time, one-time project?
- Sujay Kewalramani:** Sir, I would have to get back to you with the exact answer for that. So, right now, the recurring business is continuous. The projects that we have are on a long-term basis, a yearly basis, those revenue numbers are constant. One-time basis, we don't have any project that is one-time basis, or actually just the one that we had with the Mangrol Fishing Harbor that has been completed. So, one-time basis projects are not there in hand right now, only recurring projects are going on.
- Rudresh Kalyani:** So, can we assume that recurring business comprises 100% of our revenue?
- Sujay Kewalramani:** Today, yes.
- Rudresh Kalyani:** Okay. And can you detail on the margin across our different verticals?
- Sujay Kewalramani:** So, for the small craft business, it is close to 25% to 30% EBITDA margin. And with dredging business, it is between 35% to 40%.
- Rudresh Kalyani:** Okay. So, how is our revenue look like five years down the line between these two verticals?
- Sujay Kewalramani:** The breakup will be about 20% of revenue will come from small-craft business, 80% will come from the dredging business.
- Rudresh Kalyani:** Okay. Thank you. That's it from my side. All the best.
- Moderator:** Thank you. The next question is from the line of Darshan Shah, who's an individual investor. Please go ahead.
- Darshan Shah:** Yes, sir. I had a couple of questions, basically on the capex part of things. So, just can you give me a number on, up until H1, how much capex you've done and what will be our guidance for this year?
- Sujay Kewalramani:** Done a capex of about \$ 5 million right now for H1. Going forward in the next one year, we are going to spend another INR 60 crores.
- Darshan Shah:** Another INR 60 crores. And this will primarily be towards acquisition of vessels or towards refitting of existing vessels?
- Sujay Kewalramani:** So, this is actually a mix of both. We are going to construct three vessels for two of the orders, and we are going to acquire a few more vessels for the upcoming orders. So, it will be a mix of both.

- Darshan Shah:** Okay, sir. And in line with the recent order win in Bahrain, so can you just tell out of the -- you said, I think, for the new vessels that you said for your order, so this is all going to be towards Bahrain?
- Sujay Kewalramani:** This \$ 5 million of capex that we have done is for the vessel for Bahrain, yes.
- Darshan Shah:** Okay. And no more capex on that end. So, for that contract, all of our spending is more or less only the recurring part of it will be remaining, if there is any?
- Sujay Kewalramani:** Yes.
- Darshan Shah:** Okay, sir. And another question, I had a question on your transition to your mainboard, I think you'd already answered it to one of your previous participants. I just wanted to know, are there any implications of the new SEBI-circular on a graded surveillance measure for SME stocks should affect the company? So, are there any implications for our stock? And if there are steps that you've taken to align to these regulatory changes?
- Sujay Kewalramani:** I don't think our company has any kind of exposure to that circular.
- Darshan Shah:** Okay. That's answered my question. Thank you.
- Moderator:** Thank you. The next question is from the line of Nihar Doshi from ND Investments. Please go ahead.
- Nihar Doshi:** Sir, I just wanted to know in terms of EBITDA margin, just want to know our perspective. So, I'm going to understand the margin differentials between capital dredging and maintenance dredging?
- Sujay Kewalramani:** Okay. There is usually the vessel deployment over a period can be in capital dredging as well as maintenance dredging. Usually, the capital dredging will yield higher margins as compared to maintenance dredging segment, because it is high risk, high reward business. Presently, most of our contracts that we have on hand are for maintenance dredging right now.
- Nihar Doshi:** Okay, sir. Understood, and also could you provide some insights into the average margin we are currently realizing in our port ancillary business?
- Sujay Kewalramani:** It is close to 25% to 30% in the small craft business.
- Nihar Doshi:** Okay.
- Sujay Kewalramani:** It's a very low risk business. It is a very plain vanilla business where we construct a craft and the craft is in standby with the port and whether they use it or they don't use it. So, in that business, we have a little bit of competition. So, that is why the margins are like that. But dredging business, the competition is lesser compared to the other business because of the risk content.
- Nihar Doshi:** Okay, sir, that answers my question. And one more thing, during the last investor call, we have highlighted an order book bidding pipeline of INR1,100 crores, which included with the Inland Waterways Authority of India and a bid worth of INR 425 crores in sand mining. So, does the

recent Bahrain order align with our earlier bids or if you could provide an update on current order book by our bid pipeline?

Sujay Kewalramani: So, out of that INR 1,100 crores, INR450 crores has already translated into business for us. The Inland Waterway orders and the sand mining orders in India are still under consideration and deliberations with the government. They have not placed the order as yet. Once they are placed, then we will definitely be announcing it as soon as they are placed on us.

Nihar Doshi: Okay, sir, that answers my question. Thanks a lot and all the best, sir.

Sujay Kewalramani: Thank you so much.

Moderator: Thank you. The next question is from the line of Rahul Jain, who's an individual investor. Please go ahead.

Rahul Jain: Yes, so with the acquisition of a second independent international contract, akin to the Sittwe order, could you shed light on whether this new agreement is expected to yield an exceptionally higher margin?

Sujay Kewalramani: Sir, no, this is since we've entered a market which had other players and we have had to lower our margins a little bit to start off. So, I am considering right now, 35% margin going forward. But this is just a start. There are several other businesses in Bahrain in terms of land reclamation, not just selling off land, but other businesses, which we will be able to capture once we enter the market. And Bahrain, we'll be able to increase our margin. So, right now, the business that we have started, which is long term, which is a simple business of just dredging sand and selling it in the open market will have EBITDA margins close to 35%.

Rahul Jain: Okay, so my second question is, like I'm interested in understanding the executability of our current order book for the remainder of this fiscal year. Additionally, considering the significant orders we have secured, what adjustments can we anticipate in the revenue recognition of FY '24? Is there any revised guidance?

Sujay Kewalramani: No, so it is going to be higher than the last year. I don't have a number for you, but there is going to be a growth in it. It is going to be higher than last year.

Rahul Jain: Okay, so I have one more question for it. Like in our previous investor call, you mentioned the imminent recipient of the work completion certificate for the INR250 crores or single order. With this milestone achieved, what is our current eligibility to bid for contracts? And what's your next target in terms of volume and price?

Sujay Kewalramani: So, that makes us eligible for orders of bids of INR300 crores plus and in terms of volume in excess of two million cubic meters. And that will definitely help us grow further into it going forward.

Rahul Jain: Okay, thank you so much. That answers my question.

Sujay Kewalramani: And I would like to add to it, we won't require a JV partner going forward.

- Rahul Jain:** Okay. Thank you.
- Moderator:** Thank you. The next question is from the line of Axay Niravbhai Shah from Kriis PMS. Please go ahead.
- Axay Shah:** Congratulations for the good set of number and good order book win in the international market. My question is that we are not getting many orders from domestic market. So, what challenges are we facing in the domestic market?
- Sujay Kewalramani:** Sir, what a contractor can do is make timely and accurate bids. The decision making is not in the hands of the contractor, it is completely and solely in the hands of the government. So, we are making efforts with the government to try and see that the government places these orders at the earliest. The decision making happens at various stages in the government. So, the tenders are at various stages in the government and as and when they get cleared, the order can be placed. So, there is no challenge from the side of the contractor or the bidder. It is the government who is taking its time and placing these orders. These are World Bank funded projects. So, there are two stages.
- Once the Indian government will clear, then World Bank will clear and these are all three year, five year long term contracts. So, two different stages of clearance are required. So, that is all I can say. I mean, it is taking time with the government to clear these orders domestically and we are still hopeful since we have made competitive bids to come out clear in the future.
- Axay Shah:** Okay. And how much intense competition.?
- Sujay Kewalramani:** It is not that they have gone away. It is just in the processing stage. That is all.
- Axay Shah:** Okay. So, how much intense competition is there in the government orders?
- Sujay Kewalramani:** So, anywhere between two to three bidders are there. That is all.
- Axay Shah:** Okay. And is Adani Port our major competitor?
- Sujay Kewalramani:** In a couple of tenders, they have participated, but usually there are small domestic players who are our competitors, not Adani Port always.
- Axay Shah:** Okay. That is all from my side. Thank you, sir.
- Sujay Kewalramani:** Thank you.
- Moderator:** Thank you. The next question is from the line of Rudresh Kalyani from Kalyani Private Business. Please go ahead.
- Rudresh Kalyani:** I had a question on that. In Europe, the major inland waterway is a major part of their transport. So, do we have any plans to get into it?
- Sujay Kewalramani:** Sir, presently our highlight is to get into inland waterways in India. We have no set plan to enter waterway in Europe right now. You would see that government of India has, as of two days ago,

signed a major MOU with Amazon, the e-commerce business to move their cargo between Patna to Calcutta. And we have made bids for that particular stretch for dredging. So, we are very sure that government will finalize these stretches very soon.

Rudresh Kalyani:

Okay. Thank you. That's it.

Moderator:

Thank you. The next question is from the line of Anurag from Agrawal Analytical Investments. Please go ahead.

Anurag:

Hi, sir. Thank you for the opportunity. I joined in a little bit late. So, forgive me if this question is repetitive. Sir, in one of our prior con calls, you mentioned that we wanted to partner with ITD Cementation for dam disiltation and all that kind of work. Could you shed some light on that?

Sujay Kewalramani:

Sir, we have had several discussions with a few companies across the globe. And they are wanting project-based JVs, not a long-term JV. They are interested in project-based JVs. And we are exploring that particular concept with them right now. So, with the same particular company, we are evaluating a contract on the East Coast of India right now.

Anurag:

Got it. Thank you, sir. That is it from my side.

Moderator:

Thank you. The next question is from the line of Darshan Shah, who is an individual investor. Please go ahead.

Darshan Shah:

Hi, sir. Just a follow-up regarding our significant order within Bahrain, specifically in the area of sand mining, which includes dredging activities. Could you provide a clarification whether the contract includes the dredging services or what is the expected revenue projection from dredging services associated with this contract?

Sujay Kewalramani:

So, sand mining is through dredging. So, all of the revenue is going to come through dredging. Initially, in the dredging process, we discard the dredge material. Here, the dredge material, which is a waste, is being used as wealth and sold into the market. So, dredging services will generate revenue from the sale of the dredge material.

Darshan Shah:

Okay. So, will you be able to give a split as to how much you will be getting from the actual services and how much from the sale of the material itself?

Sujay Kewalramani:

All of it is going to come from the sale of sand. There is nothing that revenue generation from dredging. All of it is coming from the sale of sand.

Darshan Shah:

Okay. So, will this be an industry standard going forward for all of your contracts or is this one-off thing with the Bahrain government?

Sujay Kewalramani:

So, in India, very recently, the government has come up with this concept as of three months ago and they are exploring with IIT where all the dredge material can be used. There is dredging in India that is the maintenance dredging that is done to the tune of 100 million cubic meters plus every year. If there is beneficial use for this material, whether all of this needs to be dumped to sea, IIT is doing various studies for various ports at this stage. Going forward, if there is

suitability in that material, definitely the government will come up with bids for that particular one.

Darshan Shah: Okay. So, I think there would also be then that clause of ownership of the dredge material and the revenues between them because I think, if it is something that is valuable, even the port authority itself might have some claim to it and then it will be depending on contract-to-contract basis with the port regarding how much of the revenue besides the dredging material from the sale of these dredge materials that KMEW will get, is my assumption correct there?

Sujay Kewalramani: Usually, they will want -- I mean they have not thought about generating revenue from it for themselves right now but since the dredge material that gets accumulated in the channel and becomes a hindrance for navigation, they are looking for a concept wherein you provide the services for free but you generate the revenue from it whatever you can. So, they are not yet so aggressive on sharing of revenue from the dredge material because that market still needs to be explored properly.

Darshan Shah: Okay. And sir, just a final question. Will it -- does it make sense for us to look at your business from a gross profit point of view or from an EBITDA standpoint? If I can see at your H1 level where the revenues have dipped from Y-on-Y changed, but your cost of material has come down significantly. So, can you just explain what has led to this increase in gross profit? Is it that some contract which you have got in higher margin that is getting finished and what is it that is happening here?

Sujay Kewalramani: So, it is a balance of both. Sometimes, we generate more revenue and usually, I would like to explain to you the first half is wherein most of the dredgers will face downtime of repairs because this is during the monsoon periods on East Coast and West Coast of India. The second half will usually yield better numbers. So, accordingly, the cost will decrease.

Darshan Shah: Okay, sir.

Sujay Kewalramani: The cost in the second half will decrease because of the standby cost getting decreased.

Darshan Shah: Okay, sir. Yes, that is all from my side, sir. Thank you.

Moderator: Thank you. The next question is from the line of Vivek Hinduja who is an individual investor. Please go ahead.

Vivek Hinduja: Yes, thank you for the opportunity to ask a question. Sir, I wanted to ask that earlier in the call, we had highlighted that we target to reach 10% of the total market. So, if you could just explain like what is the market size that we are targeting? Our existing share? And by when do we aspire to reach 10%?

Sujay Kewalramani: Also, the maintenance, our aim is to reach 10% of the maintenance dredging market. And it will take us another three years to four years to reach that point.

Vivek Hinduja: Okay. So, what is the existing size of the maintenance dredging, sir, in India?



Sujay Kewalramani: So, maintenance dredging and capital dredging market put together for port sector will be close to INR5,000 crores. And river dredging and dam dredging, everything put together will come to another INR5,000 crores to INR7,000 crores, total of INR12,000 crores per annum.

Vivek Hinduja: Understood. So, we aspire to be 10% of this total.

Sujay Kewalramani: Yes

Moderator: In the interest of time, that was the last question. I would now like to hand the conference over to Mr. Ronak Jain for closing comments.

Ronak Jain: Thank you, participants, for having us today. It has been a pleasure. If there are any further questions or queries that we have not been able to answer, please feel free to reach out to the Orient Capital team. Thank you.

Moderator: Thank you. On behalf of Knowledge Marine and Engineering Works Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.