



# 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/01/24-25

22 Aug 2024

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 Q1 FY 24-25 of GRSE – Reg 30**

- Further to our Intimation Letter No. SECY/GRSE/BD-69/AM/01/24-25 dated 10 Aug 2024, we wish to inform that Conference Call was held on Wednesday, 14<sup>th</sup> August, 2024 at 15.30 Hrs. to discuss the Unaudited Financial Results of the Company for the Quarter ended 30<sup>th</sup> June, 2024.
- 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 Q1 FY 2024-25 of the Company is enclosed herewith.
- 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**  
**Q1FY25 Earnings Con-call**  
**14<sup>th</sup> August, 2024**

**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**  
**Q1FY25 Earnings Con-call**  
**14<sup>th</sup> August, 2024**

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**Moderator:** Good afternoon, ladies and gentlemen. Welcome to the conference call of Garden Reach Shipbuilders & Engineers Limited arranged by Concept Investor Relation to discuss its Q1 FY25 results. We have with us today Commodore P R Hari, IN (Retd.), Chairman & Managing Director and Shri R K Dash, Director (Finance) and CFO. 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 opening remarks. Should you need assistance during the conference call, please signal an operator by pressing '\*', then '0' on your touchtone phone. I would now like to hand the floor to Cmde P R Hari - Chairman & Managing Director. Thank you and over to you, Sir.

**Cmde PR Hari:** Thank you, Aditya. Ladies and gentlemen, and very good afternoon to each one of you. I'm Cmde P R Hari - Chairman & Managing Director of your company. And along with me here, Shri R K Dash - Director (Finance) and Chief Finance Officer, Smt. Aparajita Ghosh - General Manager (Finance) and Shri Sandeep Mahapatra - Company Secretary. My warm regards to all the participants who have taken their time from their busy schedule to attend this conference call. Before we discuss the financial highlights of Q1 FY25, I would try to highlight and enlighten you on the operational performance of the company and few other aspects that may be of interest to you. I would go in the following sequence. I would first touch upon our order book position, the new orders which we have received in the recent past, the execution status and the plan of action for completion of the ongoing project, the orders on the anvil and a glimpse on the future outlook.

Coming to the order book position, our total order book stands at ₹25,231.29 crore as on 30<sup>th</sup> June 2024. This comprises of mostly shipbuilding order, so I shall first touch upon the shipbuilding order. The P17 Alpha Project, 3 warships being constructed for the Indian Navy, 8 Anti-Submarine Shallow Water Crafts, 3 Survey Vessels Large and 4 Next Generation Ocean Going Patrol Vessels. All these ships put together, we are constructing 18 warships for the Indian Navy.

In addition to these shipbuilding projects for the Navy, we are also executing a project for the Ministry of Earth Sciences - An Oceanographic Research Vessel and in addition, we are also executing four export projects. One ocean going tug, an advanced 1000 M<sup>3</sup> Hopper Dredger, 3 Fast Patrol Boats and 4 Multipurpose Vessels. Among these, in the last 2-3 months, we have concluded the four contracts, the Multi-purpose Vessel contract for four ships was concluded with the European client and there is an option for



enhancing this quantity by another four. It's a total project could be for eight ships. Then of course, two export projects that I mentioned regarding the dredger and the ocean-going tug and also the oceanographic research vessel, all these four projects were the contract for all these projects were signed during the last three months.

We have also been declared L1 for a project for the DRDO Naval Physiological and Oceanographic Laboratory for an Acoustic Research Vessel, for the Geological Survey of India to coastal reference vessel and for the Government of West Bengal, 2 projects for advanced hybrid service.

Coming to the projects on the anvil; during the last few interactions I had been stating that the Next Generation Corvette project, the RFP is likely to be out, yes, the RFP is out and we are currently in the process of preparation of the bid. This is the high value project around ₹36,000 crore split between two shipyards. Well, one shipyard getting five ships and the Second-shipyard getting three ships. Thereafter, with both the Navy and the Coast Guard looking forward to expanding their late size, we expect the RFPs for two Multi-purpose Vessels. Approximate order value could be you know around ₹1000-₹1200 crore.

Five Next Generation Survey Vessels, Twenty-one Water Jet FAC, Twelve Mine counter measure vessels, twenty-two intercept boats and of course, followed by the P17 Bravo and the Landing Platform Dock. In addition to this, RFPs from Indian Coast Guard are likely to come for six Next Generation Ocean Going Vessels and 18 Next Generation Fast Patrol Vessels. I'm leaving out the projects that Navy has in their horizon that is the Next Generation Destroyers, the Submarines and the Indigenous Aircraft Carrier.

Now, coming to the overview of the projects that we are currently executing. I shall now provide you inputs as to what state each of these projects have reached so far, the P17 Alpha Project is a three-ship project that we are executing. The first ship has touched almost 75% of physical progress of construction and the ship is currently being readied for harbor and sea trials. The second ship has reached around 62% of construction and the third ship is following closely behind with around 50% of construction. Now, the first ship is expected to be delivered in the mid of the next calendar year and the last of the ship is planned to be delivered during the mid of the calendar year 2026.

Coming to the Survey Vessel Large Project, this is a four-ship project of which the first ship has already been delivered during the end of the last calendar year i.e. December, 2023, we delivered this ship. The second ship has completed all these trials and she is now getting ready for delivery and we intend delivering this ship during the end of this month. The third and



fourth ship, the third ship has reached almost 74% of physical progress and she's getting ready for trial and the fourth ship has passed around 70% of physical construction. We intend completing this project that means delivery of the balance 3 ships, all the three ships by the first quarter of FY26.

Coming to the Anti-Submarine Shallow Water Craft project. This is a 16 ship Project, 8 being constructed by GRSE and 8 by another PSU shipyard. Of our 8 ships, the first ship has undergone the harbour trial and she is getting ready for the field trial and we expect to deliver this ship in another three months. The ship is now reached the physical progress of construction of around 90%. The next ship has touched around 65%, the third ship around 55% and so on. As far as this project is concerned, we intend completing this project by FY27 that means delivery of all the 8 ships.

Coming to the Next Generation OPV project. We signed the contract during March last year. The progress is good and the first two ships have already touched around 25% of construction and we have already started production of the last two ships also. As well as the new orders which we have for which we have signed a contract during the last three months, the pre-production activities, the design activities, commercial activities are currently in progress and we expect all these projects to move as per schedule.

So, I have touched upon our main vertical i.e. shipbuilding. And in addition to shipbuilding or other business verticals include ship repairs, commercial ship building, of course I subsume commercial shipbuilding within the core shipbuilding activity. In case of ship repairs, we started in a very modest fashion around two years back and at the point of time around 1% or just about 1% of our revenue was being generated through ship repair and over the last two years we have enhanced it almost 5%.

In addition to ship repair, we also have a vertical on Portable Steel Bridges. Here as I had stated before, we were and we are, we continue to be the market leader, Indian market leader. I'm happy to inform you that the turnover of course it is modest if you look at our overall turnover, the enhanced the turnover from around ₹60 crore to ₹140 crore recently and the tempo is being maintained and we have live MoUs with the Border Roads Organization, the National Highways Infrastructure Development Corporation and few of the State Public Works Department. So, this vertical is currently doing well.

In addition to this, we had ventured into green shipping. Towards green shipping, during our last interaction I had mentioned that we had completed a project for the Government of West Bengal, fully electric ferry. This ferry is



the largest in terms of passenger capacity within India, 150 passenger capacity ferry. So, we have done the technical delivery of the vessel to the Government of West Bengal and we expect the formal takeover during the coming month.

Happy to inform you, that I had mentioned before that we had won two more projects for the Government of West Bengal for construction of 13 in number Advanced Hybrid Ferry. Here we see a huge potential because as with many other European nations, India also intends to go green as early as possible. Specifically, for inland water transportation, so this is an area where there's huge potential and we are moving on the right track one product already ready and delivered and with this new project coming up from the Government of West Bengal for 13 more ferries, I feel we have made a good foothold in this market.

Export has been a focus area for us. During our last interaction, I had stated that by our next meeting, that is today, I'll be able to share you the happy news of the contract which was then being negotiated, we have concluded a contract with the European client (the German client), for four multipurpose vessels. As mentioned, for a with an option clause of four more vessels. Now, with most of the European nations looking at India as a destination for construction of commercial vessel, we see a huge opportunity on this front.

For autonomous platforms, the Navy have promulgated its autonomous Road map and the future development of autonomous platforms. With this intent, we had successfully developed prototypes surface and subsurface platforms and we are in the process of developing a maritime operations capable drone. So once that product is developed, we have autonomous platforms in all three domains of operation.

As a nation with respect to development of autonomous platforms, the technology competency still at nascent stages. But we expect in future, maybe in the next 5 to 10 years, market opportunities for autonomous platforms will be definitely on our price. As far as collaborations are concerned, we have active collaboration with globally renowned OEMs for co-production of Marine Diesel engines and for Water Jets. What we intend doing is to translate these MoUs to License agreement, which will in turn to utilize the core production of these equipments for use on board Indian Naval platforms.

In a nutshell, with Navy and Coast Guard on a freight expansion drive, the opportunities that are available for us in the next in the immediate future and in the foreseeable future are substantial. I've given you a glimpse earlier on the platforms that are likely to be coming up through RFPs. We shall also be focusing on ship repairs, exports specifically for commercial vessels,



green platform development and development of marine diesel engines while nurturing the small vertical of our portable Baily Bridges division.

I'm open for any questions from you now.

**Moderator:** Our first question is from the line of Amit Dixit from ICICI Securities. Please go ahead.

**Amit Dixit:** Yeah. Good afternoon, everyone, and thanks for the opportunity. I have 3 questions. My first question is on the order book that we have at the moment and if you can split it across the platforms that we are currently doing. That was the first question. The second one is that considering the current crisis in Bangladesh, I understand that we had two orders from Bangladesh also. So, do we expect some delay in execution or delay in payment and Bangladesh was one of the countries where in past also, we have supplied vessels. So, are we looking at a little bit of pause in ordering from that country? The third question is on next generation corvettes while you have highlighted that the RFP is out now, when do we expect the order for this? These are my three questions.

**Cmde PR Hari:** OK. Thank you. Thank you, Mr. Amit. Now, coming to the order book details. The order book as on 30th of June stands at ₹25,231.29 crore. I'll just give a breakup of this. 90% of this comes from the Shipbuilding segment, the P17 Alpha, the remaining portion of the order book is ₹14,392 crore. That comes to almost 55 to 56% of the total order book. The Anti-Submarine shallow water craft of ₹4600 crore approximately. Survey Vessel Large ₹855 crore. This project is mentioned likely to finish within a year. The Next Generation Ocean Green Patrol Vessels is ₹3,183 crore. The Oceanographic Research Vessel for the Ministry of Earth Sciences is ₹800 crore. The export orders i.e. the multipurpose vessels, the dredger and the ocean going tug, all put together around ₹750 crore. In addition to that, we also have another order for around ₹200 to ₹230 crore worth on a Naval Surface Gun. So, this gives you a broad breakdown of the order book. Now coming to the second point what you had mentioned about Bangladesh. See, I've given you an overall status of the order book. Order book total value is 24,250. The percentage of the Bangladesh orders both put together is just about 1.2%. So, any combination, the impact is insignificant, one. Second, we do not see any issue unlike a normal manufacturing industry whether you place an order for a product and you get it within a day within a month within a week. Here, shipbuilding orders are long lead time activities, where depending upon the size of the platform, the delivery time project duration ranges from very very aggressive 18 months to 36 months and in some cases 60 months. We feel the current situation is a passing phase, as with every situation which has happened so far in the world, we don't see any impact on our project execution, but both the contracts have already been



concluded and right now the preparatory activities of production are enhanced. So, to answer your question in a nutshell, we don't see any impact with respect to the current situation on project execution. The Third Point you had asked about the Next Generation Corvettes. As I've mentioned, the RFP is out. We expect the bid submission during this month and from then in the normal course of events how the system works, it takes around four months for the L1 to be declared and from then the most optimistic scenario would be another six to nine months for completion of contract. I presume I have answered all your queries you can just calculate and see where it falls with respect to the contract then. Thank you.

**Amit Dixit:** Yes, Sir, it's very clear. Thank you so much.

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

**Harshit Kapadia:** Yeah, Hi. Thanks for the opportunity and good set of numbers. I think this has been your best quarter as far as Q1 is concerned. So just wanted to get your sense of how do you see this run rate of ₹1000 crore which you have achieved in Q1? Do you think this run rate is going to continue for the balance of the year, given that your order book has increased, that's the first question. Secondly, can you dwell a bit on the order pipeline apart from the Next Generation Corvette, any large order which you are sensing where discussions have started, maybe RFI or RFP can be launched in next two or three years? Any color would be helpful.

**Cmde PR Hari:** Thank you, Mr. Harshit. Thank you for your wishes regarding the Q1 results have been good and we feel that that's the good tempo for the full financial year. Now, if the figures are good, you had asked a specific question on maintaining the run rate. I had mentioned this earlier also in a lighter way. This is not a T20 match or even a one-day series. In case of shipbuilding, that's the point is I would like to it, it's like a test match at best so just we would like to maintain the run rate and considering the order book position and also the current state of projects where we are in a position for our major projects where the maturity is adequate for revenue generation, we feel will be able to maintain that tempo. That is as per our project execution strategy, I repeat and also the project current status, current maturity level and also the healthy order book that we are having. Now, you are asking about the order pipeline. I had mentioned that we have been declared L1 among a couple of RFPs that the bid started opened recently. The contract negotiations are in progress. We expect these contracts to be signed within the next three to six months. Plus, the NGC where we are also eagerly looking forward, there is 8 ships contracts with the L1 taking five and L2 taking so the probability factor is very very high. In addition to this, both the Navy and the Coast Guard are likely to come up with RFPs, I cannot fix a





time for that, but in my association, if you just split it into two parts, 1 short term in the next one year and 2<sup>nd</sup> is from the next one year to four years, that means a three-year period from 1st to 4th year. In the first year, the RFP's for multi-purpose vessels 2 and the next generation survey vessels 5 and 22 Water Jet FACs. These three are likely to come from the Navy and from the Coast Guard are 22 Interceptor boats and 6 Next Generation OPVs, these are likely to come from the Coast Guard. Thereafter, from the first year to 4th year, the P17 Bravo, then the Mine Counter Measure Vessels (MCMV), it's a high value order, 12 vessels that are AON cost of around ₹32,000 crore. And the P-17 Bravo of course, you know it's a high value transit. So that is the mid to long-term including the LPD, which maybe has been taking induction for the last 5 to 10 years.

**Harshit Kapadia:** Fair enough, Sir. This was really helpful. And just last question on the margin front, I know you have been addressing the margin query, but we are still not.

**Cmde PR Hari:** I think your three questions are over, but margins are your very favorite topic, so I will answer this question.

**Harshit Kapadia:** OK. Thank you. Thanks for this. I just don't, you know run rate has touched now ₹1,000 crore, but we're still margins are sub below 6% you know so you know any color you can give us that would be helpful. Will it be able to touch a double-digit margin if the run rate improves from here on?

**Cmde PR Hari:** See. I'll put a discussion. I have mentioned this and I need to reiterate that in ship building, the orders are from one on competitive bidding. The majority of our revenue comes from shipbuilding. Shipbuilding orders are won on competitive basis. We strive to maintain PAT margins of plus 7.5 to 8% and we have been maintaining these margins and we will continue maintaining these margins in future also. But you also must understand that when revenue will grow substantially in the coming years, certainly, it cannot be directly proportional to the margin increase we have to strike the balance but I can assure you from our perspective is that we will be able to maintain margins of similar kind that means 8% PAT margins in the coming quarters. Thank you.

**Harshit Kapadia:** Understood. Thank you and wish you all the best Sir.

**Moderator:** Our next question is from the line of Venkatesh from Logic Tree Consultancy Private Limited. Please go ahead.

**Venkatesh:** Good afternoon, Sir. Thank you for the opportunity. So based on your guidance and over the last many quarters on the shipbuilding cycle and how our execution has been progressing. We have been doing some modeling,



but I think we did miss a couple of estimates of what we did. So, considering that we have to complete what we have in hand right now by the middle of 27, CY25, CY26 would be very crucial year. Would it be fair to assume that probably in FY25 and FY26, you will have to report top lines of close to ₹6,000-7,000 odd crore, probably in a trot and then another year of ₹6,000 crores because if the aggregation is on track, this has to get completed rather than I would say ₹4,000-₹8,000 or something. So, I'm just trying to figure out how it comes because the similar order cycle for Mazagaon Dock follows the same pattern, but their vessels are slightly different. But could you just guide us, Sir?

**Cmde PR Hari:**

Thank you. Mr. Venkatesh. I had explained about the shipbuilding cycle. So, there is a phase in ship building where the revenue recognition is right stage. So, in our position, we are exactly in that stage with respect to our max revenue generation strip i.e. the P17 Alpha. The second aspect that you brought out was that considering the execution of these projects by FY27 i.e. P17A Alpha by FY27, yes, the revenue generation will grow. Now, I will just highlight one aspect so that the we are all on the same page. Now, when a shipbuilding order is given, the order values of the P17A Alpha project was initially ₹19,293 crore. After that I'm just giving an example so that you understand clearly. After that, the government enhanced the order value considering certain fluctuations from the developmental orders. Basically, some of the equipment are being developed within India. So, considering the fluctuations in cost, they enhance the order value to around ₹21,000 crore. Now, that means the order value of P17 Alpha is ₹21,000 crore. Of these, ₹21,000 crore, 15% of the order value comprises of Base and Depot spares i.e. 85% of this ₹21,000 crore is the ship construction cost and 15% is the Base and Depot spares. Now, what are these Base and Depot spares? Base and Depot spares are spares which we order and then supply to the Navy for maintaining the ship throughout its life cycle. Some of these are required right from the first day that the ship is delivered, maybe if the defectors, or if any requirement comes so I assume or comes very, very conservative 5% of this 15% having been delivered before the ship is delivered to Navy. That leaves around 10%. These 10% is delivered over the next one or two years, as per the Navy's requirement because some of them may not need right now. In P-17 Alpha, out of this ₹21,000 crore, we have already completed around ₹7,000 crore. As I had mentioned, when we are discussing the other book, we are still left with around ₹14,392 crore. Now of this 15% Base and Depot spares, if 5% we deliver at the time of when delivering of the ship still 10% would be remaining. That means around ₹1,500 crore out of the ₹14,392 crore will still remain for the next one year. Same is applicable for all the Naval Shipbuilding projects so what I'm trying to say when we deliver or complete the project with respect to delivery of ship, still a percentage given a ballpark of 10% remaining. Considering not be sending all these things when we are completing the project in FY27, there



will still be a financial year where our turnover will cross ₹6,000 crore it is pure arithmetic. I cannot pinpoint whether it is ₹5700 or ₹6200, but between now that is FY 25-26 and naturally FY27 also because the ship would be delivered during the year, these three years are going to be the peak years with FY26 most likely the highest in terms of revenue generation.

- Venkatesh:** OK, Sir. Thank you very much, Sir. Thank you.
- Moderator:** Thank you. Our next question is from the line of Kartik Bhatt, an individual investor. Please go ahead.
- Kartik Bhatt:** Yeah, Sir. Thanks for the opportunity. So, I missed the timeline that you mentioned for P17 Alpha 2<sup>nd</sup> and the 3<sup>rd</sup> ship.
- Cmde PR Hari:** Sure, the first Ship I'm sure you heard, the second ship P-17 Alpha also right now at around 62% construction and third ship around 50%. The second ship that's what you wanted to know. We intend delivering by February 2026 and third ship by the mid of the same year that means by on August, September 2026.
- Kartik Bhatt:** OK, sure. And is there any further update on P-17 Bravo and when are we likely to have any further as to you know when it's likely to be.
- Cmde PR Hari:** First point is that P17 Bravo is definitely a project that is going to come because Navy wants to build more ships at the same time because they first built P-17 then now the P-17 Alpha and P-17 Bravo is very much on the anvil, from their prospective plan. Now, when the project is likely to come, we very, very conservative estimate the header could be out maybe by mid of 2025.
- Kartik Bhatt:** OK, Sure, Sir. And Sir, out of this order book of ₹25,300 crore, about 20 to 25%, can we consider a ballpark which is supposed to be delivered over the next 12 months?
- Cmde PR Hari:** No., 20 to 25%, you mentioned in 10 months?
- Kartik Bhatt:** Yeah, yeah. Over the next 10 months or so.
- Cmde PR Hari:** No, see I actually and I had actually elaborated the delivery timelines a bit earlier. You may have missed, I can just give you, I can just run you through that once again. Of these 18 platforms, which are the Naval orders which are high value orders. We intend completing the Survey Vessel Large project in the coming one year. And the Anti-Submarine Shallow Water Craft couple of ships will be delivering this year, but that apart the revenue generation will come from the P17 Alpha project, which is now at a stage where



maximum revenue generation takes place. Now, if you are asking me what will be the revenue generation during FY25, I'll just give you a background. In FY22, our revenue from operation was ₹1,754 crore, in FY23 it was ₹2,561 crore, and in FY24 it was ₹3,592 crore. So, we maintain the similar trend. Last time also I mentioned that we will deliver growth between 25 to 30%.

**Kartik Bhatt:** OK, sure. And Sir, I think regarding the Bangladesh project, I think there were couple of things that you mentioned, ocean going vessel and then few dredger. So, including all of those you're saying that the impact is less than 1% and then also it's more of a passing phase.

**Cmde PR Hari:** We feel it is a passing phase and the percentage of order value is just 1.2. Notwithstanding, that apart, as I mentioned right now, the preparatory activities that is once the production anyway is happening in India, we are immune to the conditions there and the lead times of delivery is far away. It is almost two years from now. So, we don't see any impact on these projects.

**Kartik Bhatt:** OK. Sure, Sir. Thank you.

**Moderator:** Thank you. Our next question is from the line of Divyesh Shah from Uchit Capital. Please go ahead.

**Divyesh Shah:** Sir, you have very nicely elaborated all your orders and schedules for projection. Sir, we as investors are very layman. So, my simple understanding is just now one answer to the previous question you have given a guidance of 25 to 30%. Our order book is suppose is to be precisely ₹25,000 crore. So, Sir, roughly in a value terms within next two years, how much value we will be executing you have every schedule in your hand. Month-wise, quarter-wise. So, how much we will complete by March 26? Combination of FY25 and FY26. So let us bifurcate into two parts of ₹25,000 crore. How much we will complete in first two years? Next immediate two years?

**Cmde PR Hari:** OK. Thank you. Now as far as the FY25 is concerned, I just give an indication to the previous call that we will be we are targeting, we're targeting around 25% of the current year. And we expect to maintain the similar tempo in the next year also. You must understand that it is due to the project as I mentioned earlier, the P17 Alpha is in a state where the revenue is coming in. So, if we are able to maintain a 25 to 30% of growth in the coming in the current year and the next year, you yourselves can assess where we'll be standing. And one more thing, when I have stated that we'll be completing the orders by FY27 i.e. for the orders which we were already executing. We may also note that in the last few months, we have received orders, fresh orders. So naturally the fresh orders will be as per the project timelines. This



will definitely, I mean I understand the last of these projects will be in FY29. Some of that is some of the new projects, just to answer your question, yes Sir, 25 to 30% growth this year and the similar growth next year.

**Divyesh Shah:**

Sir, just to understand the maths, I am very weak in maths to understand the maths Sir, 25% of ₹4000 crore of last year comes to ₹5000 crore, roughly  $\pm 5-10\%$  and then above that 30% comes to ₹6500 crore. So, within next two years it comes down to be ₹11,500 crore. And remaining is and one statement you gave, the FY 26 will be the maximum value. So, I fail to understand how ₹25,000 crore will be executive in next 4 years?

**Cmde PR Hari:**

We are now in FY25, the beginning of FY25. The ₹25,000 crore, I repeat again, the ₹25,000 crore comprised of earlier orders, the P17 Alpha project, the Naval projects and also the new projects that we have recently obtained. Many of these new projects will still cover. Second, to a previous call, I had explained that within the order book, a certain percentage for the Base and Depot spares of which, on a conservative basis around 10% will be provided to the customer after the ship is delivered, after the project is completed. If you remove the new orders i.e. if you remove the new orders which have recently come, the order book it will come to around ₹22,000-₹23,000 crore. From that again you remove the 10% that at least the net will come to ₹20,000 crore, and of this ₹20,000 crore as exactly that based on my input but if you're getting a 25 to 30%, yes, around ₹11,500 crore will go in the coming year and the next year with just about ₹10,000 crore remaining in the next two years. So, it's a fair adjustment.

**Divyesh Shah:**

Yes Sir. Very good. Excellent answer Sir. And same way, Sir, regarding the margin, I will put it into different ways, Sir. Our quarterly margins are not similar so on yearly basis, can you give a ballpark figure what should be on yearly basis our EBITDA margin should be how we can judge as a layman?

**Cmde PR Hari:**

I will just go to the PAT margin because I always work on the PAT margin. The PAT margin will maintain a minimum of 7.50% to 8% on a yearly basis, we can assume there will be marginal fluctuations up or down a quarter to quarter depending upon the project maturity, but we'll maintain a PAT margin of a 7.50% to 8%. Thank you.

**Divyesh Shah:**

Thank you, Sir. Thank you.

**Moderator:**

Our next question is from the line of Gagan from ASK Investment Managers. Please go ahead.

**Gagan:**

Yeah. Good evening, Sir. The order pipeline that you've indicated, one, if you could cumulatively give the total value because you rattled out so many projects in such a short span that it's difficult for us to sort of keep tabs on it.



Second you perhaps did not give the entire value of the pipeline. So, therefore, you know if you could give the total value of the pipeline and if possible, at least mention the critical key ones.

**Cmde PR Hari:**

Sure. Thank you. But you must also understand that what I'm going to indicate this based on our appreciation of and the inputs on the prospective plans of both maybe and the question. At this juncture, I'm keeping away what we are foreseeing outside the country on the commercial shipbuilding segment and for the other export activities. So, I'm just focusing on our acquisition of the Indian Navy and the Indian Coast Guard requirements. Now, as you are aware the Next Generation Corvette, I just mentioned earlier as an answer to one of the caller, the AON, that is the AON cost, which has been approved by the Defense Acquisition Council around 2 years back was ₹36,000 crore. This is split between two shipyards, L1 shipyard will get around ₹22,000 crore and the second shipyard, L2 shipyard, the three ships will get around ₹13,500 crore. As I mentioned that the RFP is out, so we expect the one declaration four months from now and from then it will take around six months to nine months for the contract conclusion. Why I'm going into that many that much of details for this project because the FRP is already out. Now coming to the next two Multipurpose vessels, our assessment of the cost is around or likely to be around ₹1000 to ₹1200 crore, then five Next Generation Survey Vessels around ₹3000 crore could be the order value and 22 Water Jet FACs, the order value could to the tune of ₹2,200 crore. These three projects, we expect the RFP to come out in the next one year. This is for the Navy. So, the Coast Guard, we expect RFPs for 22 Intercepted boats around ₹1,200 crore. And 6 Next Generation Ocean Going Vessels around ₹2,000 crore, we expect these RFPs also to come out in the next one year. Now after that, after the first year means one year to four years, we expect the RFP for 12 Mine Counter Measure Vessels. This is the High value project. This a big project the AON has already been accorded, the AON cost is around ₹32,000 crore. In addition to that, we also expect the RFP for two LPDs. This project has been going on for some time. This is where the Navy's wish list. It has moved up and down. This is a high value order. It's around ₹25,000 to ₹30,000 crore, two weapons. Then for the Coast Guard, 18 Next Generation Fast Patrol Vessels, the order value is likely to be around ₹4,000 crore plus the P17 Bravo ships. There are 7 ships which the Navy is taking and the order value could be to the tune of around ₹70,000 crore. These are the RFP's that we expect to come out between the first year one to so that three-year bracket. I'm leaving out the next generation destroyers, the submarines and the indigenous aircraft carrier, if at all, as we do not have any clarity on these three projects. Does that answer your question to an extent?

**Gagan:**

Yes, to a very large extent like a very, very helpful and so I'm saying that, you know, the two large projects which you execute by FY27, you know a total



value of almost ₹17,000 – ₹18,000 crore ex of the base and depot spares, given this kind of pipeline, there is no reason to believe that the order book at any point in time should be dropping below what we currently have despite of a very sharp execution ramp up?

**Cmde PR Hari:**

See, we have been maintaining our ₹20,000 plus crore order book despite our revenue from operations. As you rightly said, it is moving up in a sharp manner for the last five, four to five years. The projects, that are on the anvil if the RFPs are out on time and if you succeed in the NGC project, yes, we'll be able to maintain all of the positions above the figure that I just taken.

**Gagan:**

And finally said, I mean, if from a capacity standpoint, you know, if you're, if you're able to wait successfully bid for some of these very large orders you know the mine counter measures, the next generation corvettes and the water jets and so on, the P 17B also. Our capacity standpoint, what do you envisage will be your requirements you know over the next three to five years. And what sort of investment will they entail?

**Cmde PR Hari:**

A very interesting question. Yes, we are fully staffed of the current capacity and the need to enhance our capacity. Now our ship building capacity was stated, I repeat the stated ship building capacity is for concurrent construction of 20 platforms. There is 8 large and 12 small and medium. We have got up from a very modest figure of a 12 to 20 after a certain modification. Considering that we are fully aware about the projects that are coming, we have already initiated the process of capacity enhancement and one of just for information we have 3 dedicated ship building units and one of our units has been completely revamped and by the end of this calendar year, I repeat by the end of this calendar year, our ship building capacity will enhance from 20 to 24 ships. This is one part. Second, going beyond the boundaries, physical boundaries of our shipyard, we have also taken over three dry docks long term lease spaces from the Kolkata Port Trust. We are exclusively using that facility for ship repairs because we didn't want to mix up ship repairs and ship building. In addition to that, when we had realized that concurrent construction will facilitate faster, let us say project progress, we have got to do public private partnership model. The two of the ships has been successfully implemented that so what I'm trying to say it's a three-pronged approach. One, Enhance the capacity within our physical boundaries from 20 to 24 by this calendar year and effectively utilize dry docks we have taken over, because see in case of shipbuilding, one of the major assets that we need is drydocks and building this. To utilize these drydocks which we have taken more from the Kolkata Port Trust and just to make the statement that we are also looking for other facilities wherein we can do concurrent construction in addition to the partnerships we have got with capable private players with spare capacity. Just for information, we also have a tie up with shipyards, private shipyards on the Western front, so



should the situation come where all live partnership should the situation come where we get more export orders in a single route, executing them on the West Coast, so capacity wise we do not see a limitation now or in the coming years.

**Gagan:** Right. Yeah. So, from a manpower perspective, I mean naval architects, welders and you know welding specialist. The current you know pipeline can is the manpower availability is adequate to meet these requirements or you feel you know they could be the competition for talent, which will lead to a cost spiral of any sort?

**Cmde PR Hari:** **Yes, this is a very interesting question. Yes,** absolutely right. There is a necessity to enhance the strength of skilled manpower such as for information, we have adopted a strategy wherein non-core jobs are outsourced, non-core means we retain the core strengthens certain activities like fabrication and complex block design activities or core commercial activities and shafting and so on. So, core strength we retain and non-core activities we outsource. But yes, the advantage of an outsourced model is that is scalable, but yes, there is a need and again we have experimented this with the P 17 Alpha project. We have experimented this with the commercial shipbuilding project that we are going to execute. The outsourced manpower for non-core activities absolutely scalable and we have got vendors working at our premises. GRSE premises are separate geographically as Cochin, Chennai and Mumbai. So, manpower resources, human resources are not a problem. But yes, that's the point for us to make.

**Gagan:** Thank you.

**Moderator:** Thank you. Next question is from the line of Sunil Shah from SRE PMS. Please, please go ahead.

**Sunil Shah:** Yeah. Thanks for the opportunity, Sir. I guess most of the questions have been very nicely and in detail explained. Sir, I have just one point to ask and check with you. Sir, in terms of the Government's priority post the election mandate, which is, you know what is there in front of everybody. Has the priority taken some kind of a back seat for you know, announcing orders or Make in India stuff or, you know, is there any change pre-election and post elections if you could make us understand a little bit of that, is there any delays because earlier we were talking about the Next Generation Corvette orders or maybe you know it would fall in place by September or so. But now maybe so I just want to understand whether things are in line or they have taken a slight slow stance from the Government. That's the only question, Sir, that I would like to understand from you. Thank you.





**Cmde PR Hari:**

Thank you. Thank you. It's a tricky question because I'm not a part of the Government, but I'll answer as clearly as possible. In our appreciations, there has been no letup in a pace. Since you specifically mentioned the next generation corvettes, as per the DAP from the time the AON is obtained to RFP, 30 months' time is there and the Government has issued the tender ahead of that thirty month. It is moving very much on schedule. From our association, the Government initiative in enhancing the shipbuilding industry in India, we are eagerly waiting for the policy which the promised policy to come out soon. So, things are moving in the right direction and just to answer another question, another statement which we made as far as the Make in India efforts are concerned, 66 ships being built for the Indian Navy, 64 are being constructed by Indian shipyards and two of the shipyards, the orders were placed much earlier. Two of the order the ships which were being constructed outside the orders were placed much earlier. In our appreciation, none of the orders for Indian Navy construction are going out of India. As far as Coast Guard is concerned, 100% of the ships being constructed for the Coast Guard are being constructed by Indian shipyards. So, in our appreciation there is no letup in pace, there is no change in policy. Things are moving as good and as fast as possible. Thank you. Yeah.

**Sunil Shah:**

Thank you, Sir. Just one point, Sir, even on the Project Bravo, which is the ₹70,000 crore order of which you know four and three would be the bifurcation even that could be on schedule. Just the only point I want to clarify.

**Cmde PR Hari:**

All I can say is that there's a process involved in when you say schedule, there's a process involved in getting an approval by the Government. That's the DAP approval and thereafter the RFP issuance. That's why I had when I made an earlier comment, I had made a statement that in our appreciation during 2025. This is our appreciation. Now, the fact is that Navy want these vessels and I'm sure we'll put in our efforts to get the tender as fast as possible. Thank you.

**Sunil Shah:**

Thank you, Sir. Thank you so much.

**Moderator:**

Thank you. As there are no further questions, I would now like to hand the conference over to the management for the closing comments.

**Cmde PR Hari:**

Thank you, Aditya and thank you Gaurav from Concept IR for organizing this conference call. I would like to pay my sincere gratitude to all my analysts and investor friends who have taken time out of their busy schedules and listen to us today. If you have any further queries, I'd request all of you to please get in touch with us and we would be happy to address each one of your queries. Thank you once again. Wish you a very, very happy Independence Day. Jai Hind!



**Moderator:**

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

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