



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/02/24-25

21 Nov 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 Q2 FY 25 of GRSE – Reg 30

1. Further to our intimation letter no. SECY/GRSE/BD-69/AM/02/24-25 dated 11th November, 2024, we wish to inform that Conference Call has been held on **Friday, 15th November, 2024 at 03.30 p.m** to discuss the Unaudited Financial Results of the Company for the Quarter and Half Year ended 30th September, 2024.
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 25 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

Digitally signed by
SANDEEP MAHAPATRA
Date: 2024.11.21 10:24:00
+05'30'

Sandeep Mahapatra

Company Secretary and Compliance Officer

ICSI Membership No. ACS 10992

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Garden Reach Shipbuilders & Engineers Limited
Q2 & H1 FY25 Earnings Conference Call
15th November, 2024

Management:

1. **Cmde 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 & H1 FY25 Earnings Conference Call
15th November, 2024

Moderator: Good afternoon, ladies and gentlemen. I'm Yashashree, the moderator for this conference. Welcome to the conference call of Garden Reach Shipbuilders and Engineers Limited, arranged by Concept Investor Relations, to discuss its Q2 & H1 FY 25.

We have with us today, Commodore P R Hari, IN (Retd.), Chairman & Managing Director and Shri R K Dash, Director (Finance) and 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 '1' 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 & Managing Director. Thank you and over to you, Sir.

Cmde PR Hari: Thank you, Yashashree. Ladies and gentlemen, very good afternoon to one of you. I am PR Hari - Chairman and Managing Director of the company and with me here are Shri Ramesh Kumar Dash - Director (Finance) and CFO, Mrs. Aparajita Ghosh - General Manager (Finance) and Shri Sandeep Mahapatra - Company Secretary. I extend my warm welcome to each one of you for sparing your valuable time to attend this call. Our Q2 results have been very encouraging and before I provide the highlights of our financial performance, let me share you an insight on our physical performance.

Our order book as on 30th September, 2024 stands to ₹24,221.37 crore. This comprises of 12 projects with 43 platforms including four export projects comprising of 10 platforms. These include 17 warships for the Indian Navy i.e. 3 nos P17 Alpha Advanced Stealth Frigates, 4 nos Next Generation Ocean Going Patrol Vessels, 8 nos Anti-Submarine Shallow Watercrafts, 2 Survey Vessels large, 1 Oceanographic Research Weapon for the Ministry of Science, 1 Acoustic Research Vessel for a DRD organization, the NPOL, 13 Hybrid Ferries for the Government of West Bengal and Ocean Green Tug for the Government of Bangladesh and a Dredger and 3 Patrol Boats again for the Government of Bangladesh, 5 Multi-Purpose Vessels for a German client and 1 Fully Electric Ferry for the Government of West Bengal. So, as I said 12 projects, 43 platforms. I will now give you an insight to the current status of the projects and our execution plan.

Coming to the P17 Alpha Project; a 3 ships project, all 3 ships have been launched and 1st ship has already attained around 83% of physical progress, the 2nd ship



around 65% and the third ship around 50%. The first ship is expected to be delivered during the mid of next year i.e. August 2025 and we intend completing this project by August 2026.

Coming to the Survey Vessel Large Project, this is the 4-ship project and we have already delivered 2 ships, the first ship was delivered last year. i.e. December 4th 2023, and the second ship was delivered on 8th of October 2024. Now the next two ships are at advanced stages of construction with the third ship of the projects, having completed around 78% physical progress and the 4th ship following closely at 72% physical progress. We intend delivering both these ships by the mid of next calendar year i.e. the first quarter of FY26.

The next project is the Anti-Submarine Shallow Water Craft Project. It is an 8 ship project and the first of these ships have already completed the contractor sea trial and it is now getting ready for delivery. We expect the ship to be delivered during January, 2025. So, from then the second ship is right now at around by 83% physical progress, the third ship is around 70% and so on and we intend completing this project by October 2026. That means delivery of all the 8 ships shall be completed by October 2026.

The 4th projects that we are undertaking for the Indian Navy is the Next Generation Off-shore Patrol Vessel (NGOPV), which again as a 4-ship project. The progress is good so far. We have commenced production of all the 4 ships and the keel of 2 of these ships have been laid very recently. The first 2 ships have touched around 35% physical progress and the last two ships are around 25% physical progress. The delivery of these ships will be completed by 2028.

As I mentioned earlier, in addition to these projects for the Indian Navy, we have a plethora of projects being undertaken, both for the State Government, the Federal Government Research Organizations and also few Export Projects. As per our current assessment, all these projects will be completed by 2028 i.e. FY29.

I have so far given you a glimpse of the orders currently in hand and what is now on the anvil. Again, I shall give you a glimpse so that you get an understanding as to what are the orders that are likely to be materialized in the coming years. We had concluded the contract, initially for 4 multipurpose vessels with an option clause for another 4 vessels for a European client. This option clause has been exercised and the 5th vessel contract has been signed and we intend signing the contract for 3 more vessels by March, 2025.

We are also declared L1 through a tendering process for two Coastal Research Vessels for the Geological Survey of India and the price negotiations are currently in progress with the two-ship project. One project that I have been mentioning in every interaction that we had before is the Next Generation Corvette (NGC) project. The



bids have already been submitted and currently the technical evaluation of the bids is in progress and we expect the L1 declaration will be made sometime during December 24 - Jan 25. This is the 8-ship project with the L1 shipyard getting 5 ships and the L2 shipyard 3 ships. The L1 shipyard for 5 ships expected value is around ₹22,500 crore.

The RPFs which are likely to come from the Navy and the Coast Guard in the near future are for the Next Generation Survey Vessels Large i.e. 5 ships, approximate value of the project is around ₹3000 crore. Next Generation Ocean going Patrol Vessels, Offshore Patrol Vessels for Indian Coast Guard for 6 ship, approximate order values around ₹2000 plus crore. Next Generation Fast Patrol Vessel is a big project 18 ships in numbers and the order values around ₹3500 to ₹4000 crore and 2 Multi-Purpose Vessels for the Indian Navy, approximate or the value of ₹1200 crore.

This is in addition to the other projects that the Navy has plans for, the P17 Bravo projects for which the AON has already been accorded, there is the 7-ship project and the total order value is around ₹70,000 crore. So as per the AP timelines, the RFP will be promulgated in the due course. We expect the RFP to come out in the year 2026. This gives you a fair idea about the orders that are on the anvil.

Now, I'll touch upon the financial performance of the company for the quarter ending 30th September 2024. As I had mentioned, the results have been very encouraging and if you are doing a year-on-year comparison, our revenue from operations have gone up from ₹898 crore to ₹1153 crore i.e. registering a growth of around 28%. Total income from ₹969 crore to ₹1228, 27% growth, the EBITDA has gone up from ₹120 crore to ₹145 crore, 19% growth and the profit after tax registering a growth of 21% from ₹81 crore to ₹98 crore.

Our order book is good. We are flushed with orders. As a matter of fact, and we expect more orders to come in the future and I have been consistently maintaining that we have a very clear execution strategy and so the future looks bright.

With that I closed my introductory address and I'm open for any questions as the moderator conducts the further course of events.

Moderator: We'll take our first question from the line of Riffat Fatma from Yashwi Securities Private limited. Please go ahead.

Riffat Fatma: Sir, my first question is on the gross margin front. Why has the cost gone up so high in this quarter?

Cmde PR Hari: Cost is that what you mean?

Riffat Fatma: Cost of materials.



Cmde PR Hari: Yes, definitely that cost has gone up because the cost is directly dependent on the project maturity pace with what I'm trying to convey is that in the initial stages of the project, the material cost would be less and as the projects mature, the material cost automatically goes up. This in turn gets translated into the value of production. Now, just to give you an example, in a conventional warship composition in terms of value, the material cost is from 65% to 70% in the initial change of project, when the basic hull construction and the design and the commercial activities are in progress, the material input is very very less when the project reaches the maturity stage between 40% to 60%, that is of physical progress then the material input goes up and therefore the cost. So, it is a natural phenomenon in our shipbuilding cycle. Thank you.

Riffat Fatma: OK, that answers my question. Thank you.

Moderator: Thank you. We'll take our next question from the line of Karan, an individual investor. Please go ahead.

Karan: Good afternoon, Sir. Thank you for considering my question. My first question is like what is the current utilization rate of the dockyards?

Cmde PR Hari: OK. Do you have any more questions then I will address all of them together?

Karan: Sure. I have like total around 3 questions. The first question is like what is the current utilization rate of the dockyard and another question is like which countries like you see like importing the most? And the last question is like can you brief us about the double lane Portal steel and bailey bridges with NHA and like how will this benefit you in the long term?

Cmde PR Hari: OK. Third question is on our MOU with NHA, how is it going to benefit? OK, I'll answer. Your first question; the dry docks and building birth are the key assets that any shipbuilding industry is required and the Garden Reach shipbuilders have got adequate facilities. So, you may be aware that they've got 3 dedicated ship building units, all in Kolkata and in addition, we have also taken over a facility from the Kolkata port i.e., the Syama Prasad Mookerjee Port which comprises of three more dry docks. So, we are good with the dry docks. Now, come to your question regarding the utilization, right now these dry docks and building blocks that are around the 70 percentage of utilization and again, I would like to highlight I think I mentioned during the last earnings call that we, our state of shipbuilding capacity was for concurrent construction of 20 platforms, 20 warships, 8 large and 12 small and medium ship. What we had done was considering the orders that we currently have and also the orders on the anvil, in addition to taking a three drydocks on long term lease from this Syama Prasad Mookerjee Port, we had also revitalized some of the existing facilities that we have. So, with this initiative, we could augment our



shipbuilding capacity from 20 to 24 and our current capacity is the construction of 24 warships concurrently i.e. 8 large and 16 medium. So, to put in a natural, our capacity utilization with respect to dry docks and building blocks is about 70% as of now. Your second question was on the country which is importing and our export potential is very high. Most of the European nation that is Germany, Netherlands and so on, they are now looking at India as a commercial shipbuilding hub. The results are very evident that almost all the Indian shipyards have orders from these clients. Earlier they used to go to other nations for shipbuilding requirements, but now India is sought after destination and we have orders that mentioned that we have an order for already for five Multipurpose vessels which will go up to 8 by March 25 and so do the other shipyards. So, we expect this trend to continue and the export potential to be more towards the European nations who need commercial processors and that too in large numbers. Coming to your third question was the significance of the MOU with National highways, can I say the National Highway Infrastructure Development Corporation. Now, this MoU, we had concluded for a product of ours in the bailey bridges segment, as you aware bailey bridges is one of our that is portable steel bridges is a strong business vertical that we have and we are a market leader in this segment and we already had live MoUs with the Border Roads Organization earlier, we have expanded this to NHIDCL. With this MOU, we expect the orders to come in from the NHIDCL over the next two years, 75 bridges the portable steel bridges. I hope, I've addressed all your 3 queries.

Karan: Yes, yes, thank you very much.

Moderator: Thank you. Thank you. We'll take our next question from the line of Hiren from Axis Securities. Please go ahead.

Hiren: Yeah. Thanks for the opportunity. Just two small questions; First is on the breakup of the export and the domestic order book in terms of quantum and the percentage and 2nd is would like to know your outlook on the green energy vessels and you know how that space is developing, going forward, Sir.

Cmde PR Hari: Sure. I will when I dig out the data regarding exports and the domestic breakup of orders. I will first access your query on the green energy sector. See, this is a segment that has got huge, huge potential. Now, some of the nations have mandated go green by as conditions a target as 2030. India too is moving in the right direction. Already, the Ministry of Shipping has promulgated Green Tug Transition program, the GTTP, and in addition many of the State Governments are going green. When you say green, they're looking at global emission platforms and GRSE has already made a foray into this segment through a partially research and development funded project on a fully electric ferry for the Government of West Bengal and we have successfully completed this project. We are awaiting the formal handing over of the vessel to the Government and just for information, this is the largest in terms of passenger capacity is 150 passenger fully electric ferry for the



Government of the West Bengal. In addition, we also won an order for 13 more hybrid ferries, again from the Government of West Bengal. It's a World Bank funded project. So currently in India, 2 shipyards i.e. Cochin shipyard and GRSE has successfully completed the green energy vessels. So, this is an area where we see huge potential, and we will definitely play an active part of the Green Tug Transition program, which I'm very confident is moving in the right direction where all the ports will be mandated to use fully green tug. In addition to the GTTP, that's the green tug transition program, the Indian Water Authority of India, the IWAI, also has got requirements for green vessels for Indian water transportation. So, this is an area where we see this potential in future. Thank you. And now, coming to your first person on the breakup of Export and domestic orders. As I narrated before, our core business is domestic warship building and the majority of our orders come from domestic warship building and now since we have made a foray into the non-defence platform also, still, the shipbuilding segment is almost 99% of our orders and coming to exports within the shipbuilding segment, exports come to around 3.17% as of now and the domestic i.e. the domestic values of 96%.

Hiren: OK, Sir. Yeah. Thank you. That was very helpful.

Moderator: We'll take our next question from the line of Harshit Kapadia from Elara Capital. Please go ahead.

Harshit: Yeah, hi. Good evening, Sir. So, two questions from my side. Could you please share the order book breakup project wise that is the first question and 2nd question is, Sir, as you're now looking at 40 to 60% of your project are in the maturity, so once we cross this maturity, again, the margins will look up at a gross margin level as well as the EBITDA margin level. And would there be at least 2-3 quarters away? Would that be a right assumption to make?

Cmdr PR Hari: Coming to the order book breakup, the current order book is, as I mentioned earlier is ₹24,221.37 crore. And this again as I mentioned, comprises mostly of ship building orders which comes to 99.4%. Now, coming to the order book breakup project wise, the P17 Alpha - the balance order remaining is around ₹13,927 crore. The Anti-Submarine Shallow Water Craft is around ₹4,331 crore. The Survey Vessel Large project with the two ships were remaining around ₹729 crore, the Next Generation Offshore Patrol Vessels is ₹3,023 crore. The oceanographic research vessel for the NCPOR, Ministry of Earth Sciences, around ₹800 crore i.e. ₹796 crore. The multipurpose vessels is around ₹520 crore, 2 export projects for the Government of Bangladesh around ₹314 crore and Naval Surface Gun project around ₹255 crore. So, this gives you a breakup of the current order book. Your second question was on the margins. So, we as in stating this consistently, that in shipbuilding margins, optimal margins, where satisfactory efficiencies existing around 7.5 to 8% when we are in a competitive environment and we have been maintaining this kind of margin. So, we



are hopeful, we're very confident of maintaining similar margins in future too. Thank you.

Harshit: Yeah, I have one more question on the Next Generation corvette order. What is the status by Q4, are the tender results expected out or there could be a delay and probably in FY26 the results would be out and second thing you mentioned on the pipeline, P17 Bravo Frigate so is that something so destroyers or will not be coming? Is that a correct understanding because what we understand either frigates would come or destroyers would come in terms of order pipeline over next 2-3 years. Any color on that would be helpful.

Cmde PR Hari: OK, I'll give my views on this. The Next Generation Corvette as they had briefed before, that we have already submitted the bid. There are 4 shipyards who have built for this project and currently the technical evaluation is in progress and we expect the bid to be open by then in December or January, I mean December 2024 or as close as January 2025. What I'm trying to convey is that in our appreciation, the bid results will be declared during the current financial year itself. Of course, then the contract negotiations will happen and we expect the order to be signed only during the next financial year. Your next question was on the P17 Bravo project and the Next generation destroyer project. For the P17 Bravo project, Defence Acquisition Council (DAC) has already accorded the AON and again, what I'm trying to convey is the clock has started. So, once the AON has been accorded, the Navy finalize the SOTR and RFP will be promulgated. We expect the RFP to come out sometime in the calendar year 2025 that means during FY26 we expect the RFP to come out. And coming to the next generation destroyers, yes, in our acquisition as per our assessment of the prospective plan of the Navy, Navy is need of this vessel. At this moment, we will not have any clarity as to when the project is going to fructify because they have not yet gone for AON. So, that answers your queries for NGC, P17 Bravo and the Next Generation Destroyer.

Harshit: Thank you for answering all the questions and wishing you all the best.

Moderator: We'll take our next question from the line of Amit Dixit from ICICI. Please go ahead.

Amit Dixit: Yes, Sir. Thanks for the opportunity and congratulations for a good set of numbers. Just I have three questions from my side. So, this quarter, if you see the gross margin has declined, it is now below 30%. While I understand that quarter on quarter, we should not look at you know, defence companies. But since this below 30%, we have not seen for a very long time and many, many quarters. So just wanted to understand what is behind that, isn't just the execution phase or you know we expect to see gross margin at these levels only?

Cmde PR Hari: OK, if you're looking at the gross margins, during our earlier interactions also have maintained that we will be providing a margin which are consistent. Consistent in



terms of, we're looking at the perhaps margins around 8% which we are maintaining and I expect the similar trend to continue in future also, we don't see any decline nor we do not expect any steep rise. We'll be maintaining this kind of margins in future too. The margins in most of our revenue are coming from shipbuilding. Yes, we have ventured into ship repairs where the margins are much better so as and when our ship repair revenue goes up, the high margins of the ship repair segment, the lower relatively lower margins of shipbuilding and we could see an increase. But, all I can say at this moment considering our current order book and the execution strategy, the current margins, we'll be able to maintain.

Amit Dixit: OK, Sir, that's very clear. The second one is on next generation corvette, but now two parts here. The first one is that when you mentioned to Harshit's answer that you know that you expect the contract negotiation to go on in next financial year. Now, assuming that you know we finished the contract negotiation, then next financial year and we are ready for you know and we get the order. So, how much time will it take for us to mobilize and start recording the revenue?

Cmde PR Hari: OK, very interesting question. If you just take the timeline, logical realistic timelines now, if the bid is going to be open by December 2024 / January 2025 and let us put a very reasonable figure about 6 months for contract negotiations and 6-8 months that means by Q3 of FY26, when the contract is concluded, the revenue recognition will start two years from then. It's gets to say that which is perfect in terms of the timeline, why perfect, it is from 2026, if you take two years that comes to 2028 and that perhaps is the time when our current order book will get exhausted. So, time and space wise the NGC project is moving in the right direction if we get it, I'm just mentioning if we get it, 2026 make 2 years hence the revenue recognition starts and that is a time when more or less our existing order book is exhausted. That's the time for your question.

Amit Dixit: Yes, Sir, certainly. And the part B of this question is that what kind, what level of indigenization are we targeting on this NGC?

Cmde PR Hari: The indigenization if you see, I'm sure you're keeping track of our company, but all the ship building companies in India, Indigenization is the focus area of the Government and almost all the shipyards have a clear mandate to maximize the indigenous content on their ships. And as precedent over the last 2-3 projects that we have completed be it the landing craft utility project, be it the anti-submarine corvette project or something like the Fast Patrol vessel for Indian Coast Guard, the indigenization content has been hovering between 80 to 92%. Now, for the P17 Alpha projects, the major project where certain equipment are of import nature, the indigenization content is around 80 to 82%. But the other three projects which we have again at hovers in this direction, I am not at this moment assuming any major change in the indigenization content, even in NGC, I expect it to be in our appreciation that it will be between 85 to 90% tops. But there will still be an element



of import content that, maybe in the in part of the propulsion package or some of the consensus, so around 10% optimistic level input content and 15% at the business level.

Amit Dixit: OK. That's very clear, Sir. The third question from my side is that there are some media articles suggesting that we are planning indigenous hovercraft for military operations. So just wanted to get your thoughts on this, you know and we are trying to collaborate with some private sector also that is or that media article says so are we doing something on that trend and what kind of market we see and if so when it will translate into you know revenue or orders for us?

Cmde PR Hari: OK. As far as hovercrafts are concerned, so far hovercrafts are being used only by the Indian Coast Guard and Indian Coast Guard has two sets of hovercrafts, one which they directly imported from UK based company and second, manufactured by GRSE through collaboration. This is the past history. Now both the Coast Guard and Army, they need hovercraft. The business volumes of this venture, I will not see it very, very attractive but there is the need to indigenize hovercraft because hovercraft manufacturing technology so far is not available in India. It is with this intent that we have taken an initiative and you may be aware that there is a Department of Defence Production has key invited scheme for encouraging startups and private sector to come up with the solutions towards Indigenization and new product development. So, we have put this as a challenge and we have identified a partner, private sector partner and we are confident of achieving the indigenization of the class by 2027. Because it takes time because certain components of the technology has to be developed. So, we expect a three-year period to develop this product and second question that you asked is what is the potential? Both the Coast Guard and the Army has dropped the requirement and if the product is indigenous, naturally the cost is going to be much lesser and the maintenance aspects would be much better handled in India. So, I expect the potential I would not say huge potential but reasonable market potential for this product sometime in the early 30s.

Amit Dixit: OK, great, Sir. Thank you so much for answering my questions and all the best.

Moderator: We'll take our next question from the line of Sunil Shah from SRE PMS. Please go ahead.

Sunil Shah: Yeah. Thanks for the opportunity, Sir. Just need to have an understanding on the P17 Bravo project, Sir. Our P17 Alpha is going to get completed by August, 26 is what I understand from your note. Sir, what would be the timeline for this P17 Bravo to recognize the revenue for us. The way in which you explained about, you know, the Next Generation Corvette, which is 2 years after we get the order. Similarly, if we get 4 orders for P17 Bravo, how would the revenue recognition happen in terms of the timeline? If you could make me understand that piece.



Cmde PR Hari: The fact is that P17 Bravo, the AON has been already accorded recently. So, the clock has started ticking for Navy to come up with the RFP. The best-case scenario, the RFP could come out, only an assumption that the RFP could come out during mid 2026 calendar year. The project, it's a big project, two shipyards will undertake this project. It's a 7-ship project and overall cost is around ₹70,000 crore, The L1 shipyard could get ₹40,000 crore worth order around and the second shipyard, 3 ships are the proportionate cost. So, if the RFP is out during the mid-26, you keep a year from the RFP to contract signing. Best case I'm telling that means mid 2026 the contract will be signed and as with the other project, it will take two years for the revenue recognition which should come to 2028-29.

Sunil Shah: This is ok. Thanks for all this understanding that you gave me. Thank you.

Moderator: We'll take our next question from the line of Vijay Bhayani from Samyag Financial Consultants. Please go ahead.

Vijay: Yes, thank you Ma'am. Sir, I would like to understand about this Government's new initiative of the Indian shipbuilding industry right now is very small in the global context and we are hearing that the Government wants to bring Indian shipbuilding industry among the top five in the world and that the government is planning to give it an infrastructure status and all kind of incentives, you know, to boost the Indian shipbuilding industry. So, if you can explain, Sir, what exactly is the government planning to do? What kind of incentives they are likely to give, by what time frame, this is likely to come and most importantly, Sir, how can GRSE benefit out of this whole thing? Sir that is my one question, Sir.

Cmde PR Hari: OK. Thank you. Whatever is, yes, it's the fact that the Government is already started the process of formulating a shipbuilding policy framework with a sole aim to bring India into the top nations in terms of shipbuilding. Yes, our market share and the overall global shipbuilding scenario as a nation, it is similarly low and the intent is to enhance this and become one of the top nations. Whatever initiatives currently the Government is taking is all that is available in the open media, open-source information is least available. Now, our assessment is that the ship building financial assistance scheme would continue because right now the scheme is available and it is for a specific time frame. Second, there will be focused on green initiatives with a clear intent for our transition from conventional energy driven platforms, green energy platform. Third, there would be a focus on linking ship breaking with ship building, which means it's a very innovative scheme they're proposing, they're likely to propose is that if a ship owner breaks the ship in India, he gets a certain amount of credit and if he builds the next ship in India, he can avail the credit. So, such very, very innovative schemes are likely to come up as far as the timeline is concerned. As I understand, it's one of the focus areas of the government. So anytime now, as I understand the process is at advanced stages. So anytime now maybe in the three to six months, the policy framework could come out. Now, coming to GRSE, while our



focus has been and primary focus would be on Warship building, for which there is already a structured process because warship building priced on a prospective plan of both the armed forces i.e. the Navy and the Coast Guard and the budget availability. So, there's a very structured and our primary focus would remain on warship building, but considering the opportunities available in the non-defence segment, we are already, I mean we are aware that this policy framework is going to come, the Government focus will be on encouraging shipbuilding in India. So, with that clear understanding, we are slowly diversified and prepared ourselves into one after another ships, prepared ourselves through aiming experience in construction of commercial ships. The results are here. Any experience ship building like specialized research vessels again, the results are here to see. We have already got order and execution. Any experience by developing green energy vessels, again, we already developed and received more orders and capacity enhancement i.e. capability already we have, capacity enhancement and infrastructure enhancement process already commence. What we had targeted might mean GRSE's target would be to achieve a shipbuilding capacity for the 28 ships concurrently. We are at 24 now. By 2025, we'll be able to achieve that. So as to your specific question, what is in store for GRSE, very much is on the anvil and we are fully geared to take on this challenge in the coming years. Thank you.

Vijay: Sir, So, will there be some kind of PLI scheme for shipbuilding industry under the financial assistance program?

Cmde PR Hari: As per my understanding, while infrastructure status may be there at this juncture, it's my understanding that there is no thought process to accord rather to provide a PLI scheme for shipbuilding.

Vijay: OK. So, thank you very much Sir. Thank you.

Moderator: Next question is from the line of Basant Bansal, an individual investor. Please go ahead.

Basant Bansal: Yeah. Good evening, Sir. I have 2-3 questions. The first one is that in your opening remarks, you said that you are working on 3-4 projects for the Government of Bangladesh. So, are you facing any challenge in terms of execution because of the social unrest kind of situation prevailing over there? Secondly, you are working on 24 projects as you said so, are you facing any challenge in terms of execution due to supply chain related issue or any other issue which can delay the execution part. And the third one is that in the first half you have clocked 30% revenue growth. So, will it be maintained for the full year for the current year as well as for the subsequent years?

Cmde PR Hari: OK. Thank you, Mr. Bansal. I'll address your questions one by one. You're asked about Bangladesh. Yes, we are executing 3 projects for Bangladesh. But if you see our



overall order book and compare it with the orders in hands of Bangladesh, the total order value from Bangladesh is just about ₹300 crore, which comes to about 1.5% of our total order book. So, the impact on the company is negligible. Now, coming to the impact on the project. We have an undertaking a patrol boat projects of Bangladesh, 50% of the boats already delivered and the other three boats will be delivered by end of the year. We don't envisage any issue with that. The other two projects again are very very small price, one is for a dredger and one is for a tug. The dredger project is moving in the right direction. That project is still in preparatory phase, so we don't see any impact and on a positive note, I feel as a nation this is just a passing phase. It's a dip that they have once the things stabilize. I don't see any issue, especially considering the shipbuilding unlike any other manufacturing industry, the projects are long term project so by the time the situation makes becomes normal, the project continues what he has been doing and to catch up so whatever initial teething issues Sir. So, I don't see any problems with the Bangladesh project. Coming to the supply chain impact on shipbuilding, there was a time in the post COVID phase, not definitely during the COVID phase and post COVID phase there was an issue with the supply chain, but those issues have been fully tied over and at this juncture, we do not have any supply chain issues. When I said 24 means what I meant was that GRSE has got the capacity to construct 24 vessels concurrently within our physical boundaries. To answer your question, no impact on supply chain as of now. Coming to revenue growth, yes, we have registered 30% growth within the first half of the year. Here, I would like to make a statement which I'm only reiterating what I had mentioned during our previous interactions that we had assured us the CAGR of around 25% during the four-year period from FY23 to FY27, we are confident of maintaining that kind of CAGR and only exceed your expectations maintaining similar growth rate. Thank you.

Basant Bansal: Thank you very much.

Moderator: We'll take our next question from the line of Kartik Bhatt from Kuber Investments. Please go ahead.

Kartik Bhatt: Yeah, Hi Sir. Sir, if you can throw some light on the contract that you signed with this German company, I think for multi-purpose vessels, was it a competitive bid, how many other companies are bidding, what is the order value and the timeline over which is to be delivered?

Cmde PR Hari: OK. Yes, this is for the orders for our German client, 8 multipurpose vessel and the initial contract when we signed about 4 months back was for ships with an option clause was for another 4 ships and we already expressed the option clause and as of now we have signed contracts for 5 of the weapons and the total order value and the next 3 ships will be signing the contracts by March 25 and the total order value for 8 ships is around ₹890 crore. And to answer your question, for foreign clients, they did not go on a conventional tendering and competitive process. They approach



potential shipyards directly, do a capacity assessment and when they find a particular shipyard competent and capable of undertaking executing their project, they take a cost or bid from us when they negotiate with us, they have a method. I'm sure they would have approached multiple shipyards before coming on to GRSE and assessing our capacity. The order values around ₹890 crore.

Kartik Bhatt: OK. And Sir, I believe there is a first contract with the European company and I think in the last one also you were alluding to a lot of European nations looking at India as a destination for construction of commercial vessels. So, are we talked with the most such companies? I mean is it a sign of things to come that you'll be participating in more such contracts and tenders?

Cmde PR Hari: Yes, this is the sign of things to come and more and more European clients are approaching not only as all the Indian shipyards and they are looking seriously at India as the hub for commercial shipbuilding. It is a very, very positive and good sign of things to come in future. And we will be actively pursuing more opportunities in this segment.

Kartik Bhatt: That's great to hear. Thank you so much. Thank.

Moderator: We'll take our next question from the line of Harshit Kapadia from Elara Capital. Please go ahead.

Harshit: So, thanks for the opportunity again, Sir. My question is largely on your working capital. So there has been a specific budget which is given to Indian Navy. Till now, your working capital has been extremely good. Now, there are two big projects which Indian Navy is going to import. One is a drone and the other is Rafael as per news report by in this financial year. Do you think this can strain your receivables, at least for a year as we approach March, 2025? Any color would be helpful.

Cmde PR Hari: OK, I'll put it this way. In the budget, capital budget allocation, all three services are given the funds based on the projections and of course the decision of the Government. In our appreciation, the budget allocated to Indian Navy is more than adequate to meet the requirements of the ongoing projects. Neither would the drone, nor the Rafael projects, which are which have been publicized, would have any impact on the fund flow from the ongoing capital projects of the Indian Navy. Coming to the future projects, once the AON is accorded, it is with the consideration that the budget is available. So, I'm even talking about be in, NGC or I'm not talking about the orders already in line where I have to 0 impact. I'm only speaking about the orders on the anvil, be it NGC or be it P17 Bravo, these considerations have already been factored while according AON and are coming out with RFP. So, we do not see any budget constraint. And another point I'd like to highlight is that unlike an outright purchase, where you may expand the complete project value in one shot in case of shipbuilding, it is priced over a period of time, sometimes ranging from three



years for a small platform or a project to 5 to 10 years for a large project, some of the stuff that they used take the digital aircraft project pictures being handled by one of the other Indian shipyard as the project is almost at 12 to 13 years long. So, budget is not a constraint in my appreciation as well as the projects which we are executing or what we are likely to get in the coming years.

Harshit: OK, Sir. And just one final question on the electric ferry. So, if this helps us understand Sir, there is no change in the design of our ship, you largely replace the diesel engine in the ship with an electrical engine. Is that a correct understanding and are you right now manufacturing or importing this engine? If you can give a color on that.

Cmde PR Hari: OK, in case of when we say zero emission vessel, what we try to convey is that emissions which come from a diesel engine or a gas turbine or an erstwhile coal engine that is no longer there. While an engine is not there, the propulsion mode that is used in a very electric ferry is the batteries. The batteries drive a propulsion motor and the propulsion motor in turn drives the shaft which propels the ship. This is the basic difference. Whereas in case of a diesel engine or a gas turbine profile or a steel ship the steam engine, the diesel engine of the gas turbine drives through a gearbox the shaft, here the shaft driving is undertaken by a propulsion motor, which in turn gets power from a battery pack. The batteries are of different types. I'm sure you would not like me to get into those details, but the basic differences, the conventional proportional methods are not.

Harshit: Understood, Sir. Yeah, that's helpful.

Moderator: We'll take our next question from the line of Basant Bansal, an individual investor. Please go ahead.

Basant: Yeah, Sir, when I see your sales receivable turnover ratio for the last year, six months, it was 39.48 and now it is 19.64. So, this past variation, can you explain this?

Cmde PR Hari: Please I will just request my Director Finance and CFO to answer this question.

R.K. Dash: Actually, in shipbuilding, last stage of payment, receivables get delayed. In the initial period, the receivable is very fast and in the last moment, there is some guarantee period because of the guarantee period, at least the last payment gets delayed by one year. So, because of that, whenever the delivery, there will be more delivery, receivable accumulation will go. So whatever disturbance you are finding, the reason is because of that. Now we have started delivering. So, this will go up.

Cmde PR Hari: In the last few months, we have delivered 2 vessels, 2 survey vessels and their last stage payment, their last trade receivable stage payment is that contractually also it



is linked to the guarantee period and that is the reason why the turnover to receivable ratio is varying.

Basant: OK. Thank you. Thank you.

Moderator: Ladies and gentlemen, that was the last question for today. I now hand the conference over to management for closing comments. Over to you Sir.

Cmde PR Hari: Thank you, Yashashree and there is always been a fresher, ladies and gentlemen, to interact with you and I look forward to such interactions with our citizen, an eye opener as to what you expect from us and I am very confident that to the best of our ability we have tried to clarify all your queries and looking forward to meeting you next. Thank you, Jai Hind. Thank you, Gaurav and Yashashree.

Moderator: It was our pleasure, Sir. On behalf of Garden Reach Shipbuilders & Engineers Limited, that concludes this conference. If you have any further queries, please send an email to gaurav.g@conceptpr.com. Thank you for joining us and you may now disconnect your lines.
