Cochin Shipyard (COCSHI)

ICICI Direct

CMP: ₹ 1445 | Target ₹ 1590 (10%) | Target Period: 12 months

HOLD

September 11, 2026

Steady execution but margins expected to moderate…

About the stock: Cochin Shipyard (CSL), incorporated in 1972 as a Government of India company, is one of the leading shipbuilding & ship-repair yards in India

- CSL has capacity of building ships up-to 1,10,000 DWT and repair ships up-to 1,25,000 DWT. Company has built various types of vessels including Tankers, Bulk Carriers, Port Crafts, Passenger Vessels etc
- Order backlog stands at ₹ 21900 crore as on date

Investment Rationale:

- **Steady execution and robust order pipeline to drive sustained growth:** Company has delivered 3 vessels in Q1FY27 and targeting 10 deliveries in FY27, including ASW vessels, multi-purpose vessels, dredgers, commissioning service vessels, and zero-emission container vessels. The current order-backlog stands at ₹21,900 crore (4.3x TTM revenue) and is positioned as L1 for the ₹5,000 crore Next-Generation Survey Vessel (NGSV) order. Moreover, key opportunities include LPDs (~₹ 32,000 crore), MCMVs (~₹36,000 crore), and P-17 Bravo (~ ₹ 49,000 crore), aligning well with CSL's expertise in large, steel-intensive platforms. On the commercial side, the company is pursuing repeat dredger orders, passenger vessels, and tankers, supported by government initiatives to promote domestic shipbuilding. With improved execution, strong order pipeline and management's guidance of 12-15% annual revenue growth, we expect steady medium-term growth
- Ship repair and capacity expansion to create multiple growth engines beyond the existing order book: CSL is increasingly strengthening its position across both its segments, with the commissioning of its large dry dock and International Ship Repair Facility (ISRF) providing a significant increase in capacity. The proposed 50:50 JV with Drydocks World Dubai (DP World) is a key strategic step, bringing global ship-repair expertise and customer access to CSL's Kochi facility while retaining the company's existing domestic and defence repair business. Management expects ISRF revenue to scale from ~₹ 600 crore over the next two years to ₹ 1,000-1,200 crore over five years. The growth opportunity is further supported by the proposed Vadinar ship-repair facility and the planned hybrid shipbuilding and repair facility at Tuticorin, which could progressively add ₹ 300-600 crore and ₹ 650-700 crore of revenue initially, respectively. Meanwhile, the new block fabrication facility will increase total block fabrication capacity to ~72,000 tonnes, supporting higher throughput at the expanded shipyard.

Rating and Target Price:

- Over FY26-28E, we expect CSL to deliver revenue CAGR of ~12% on steady execution while EBITDA CAGR at ~6% due to higher share of lower-margin contracts as guided by the management. We believe that substantial pick-up in execution across both shipbuilding and ship-repair segments (including defence & commercial) along with steady order flows would be the key monitorable in the longer-term
- We recommend HOLD on CSL with a target price of ₹ 1590 per share (based on 45x P/E on FY28E EPS)

Particulars

Particular	Amount
Market Capitalisation (₹ Crore)	38,015
FY26 Gross Debt (₹ Crore)	1,099
FY26 Cash (₹ Crore)	2,406
EV (₹ Crore)	36,708
52 Week H/L (₹)	2547 / 1180
Equity Capital	131.5
Face Value	5.0

Shareholding pattern

	Sep-25	Dec-25	Mar-26	Jun-26
Promoter	67.9	67.9	67.9	67.9
FII	3.2	2.7	3.1	2.8
DII	6.5	6.5	6.1	7.0
Others	22.4	22.9	22.9	22.3

Price Chart

Key risks

i. Dependent on govt. contracts

ii. High working capital requirements

iii. Availability of key raw materials

Research Analyst

Vijay Goel
vijay.goel@icicisecurities.com

Kush Bhandari
kush.bhandari@icicisecurities.com

Company Update

ICICI Securities – Retail Equity Research

Key Financial Summary

Key Financials (₹ Crore)	FY23	FY24	FY25	FY26	3-year CAGR (FY23-26)	FY27E	FY28E	2-year CAGR (FY26-28E)
Revenues	2,365	3,830	4,820	5,022	28.5	5,608	6,338	12.3
EBITDA	253	869	878	811	47.4	783	903	5.5
EBITDA margin (%)	10.7	22.7	18.2	16.2		14.0	14.3	
Net Profit	305	783	827	717	33.0	779	929	13.9
EPS (Rs)	23.2	29.8	31.4	27.2		29.6	35.3	
P/E (x)	124.8	48.5	45.9	53.0		48.8	40.9	
EV/EBITDA (x)	131.7	39.3	39.8	45.2		47.7	41.8	
RoCE (%)	8.6	22.0	20.6	15.7		14.6	15.4	
RoE (%)	7.9	15.7	14.8	12.2		12.2	13.2	

Source: Company, ICICI Direct Research

Q1FY27 Result Summary

- Revenue from operations increased 2.4% YoY (-26.3% QoQ) to ₹1094 crore, with growth led by strong shipbuilding execution
- Shipbuilding revenue increased 59.5% YoY to ₹700 crore and contributed 64% of revenue, while ship-repair revenue declined 37.4% YoY to ₹394 crore
- EBITDA declined 20% YoY (-37.6% QoQ) to ₹193 crore, with EBITDA margin contracting to 17.7% (-493 bps YoY) primarily due to a weaker segment mix and lower contribution from ship repair
- PAT declined 19.4% YoY (-45.2% QoQ) to ₹152 crore

Concall highlights

- Management expects FY27 revenue growth of 12–15%, supported by improving execution across shipbuilding and ship repair, with the company targeting 10 vessel deliveries during the year.
- The company delivered 3 vessels in Q1FY27, including an ASW vessel, multi-purpose vessel and dredger. The delivery schedule for FY27 includes ASW vessels, multi-purpose vessels, dredgers, commissioning service vessels and zero-emission container vessels.
- The current order book stands at around ₹22,000 crore, providing strong medium-term revenue visibility. The company has also been declared L1 for five Next Generation Survey Vessels (NGSV) worth ~₹5,000 crore, with the order expected to be added to the backlog after completion of the contracting process.
- The order pipeline remains strong across both defence and commercial shipbuilding. Key defence opportunities include Landing Platform Dock (LPDs) (~₹32,000 crore), Mine Counter Measure Vessels (MCMVs) (~₹36,000 crore) and P-17 Bravo (~ ₹49,000 crore), while the company is also pursuing opportunities in dredgers, passenger vessels, tankers and other commercial vessels.
- Management indicated that the LPD’s and MCMV’s programmes could be among the key large opportunities, with the company well positioned given its experience in large naval platforms and steel-intensive shipbuilding.
- The company expects shipbuilding execution to improve progressively as vessels move through fabrication and advanced stages, while the new dry dock and expanded facilities provide additional capacity to handle larger and more complex vessels.
- Ship repair remains a key growth area, with the International Ship Repair Facility (ISRF) now operational. Management expects ship-repair revenue to scale to around ₹2,500 crore over the next three years, supported by higher utilisation and increasing repair opportunities.
- CSL is progressing with its proposed 50:50 joint venture with Drydocks World Dubai, which is expected to bring global ship-repair expertise, customer access and technical capabilities to the Kochi facility. The partnership is aimed at developing CSL into a larger regional ship-repair hub.
- The company is also progressing with the Vadinar ship-repair facility, which is expected to strengthen its presence on India's western coast and provide access to vessels operating along major international shipping routes.
- Management expects ship repair to remain structurally more profitable than shipbuilding, with increasing contribution from the segment supporting overall margin improvement as the new facilities scale up.
- CSL continues to work with HD Korea Shipbuilding & Offshore Engineering (HD KSOE) on large commercial shipbuilding opportunities, with the

partnership expected to leverage CSL's new dry dock for construction of larger vessels while improving productivity, technology and execution capabilities.

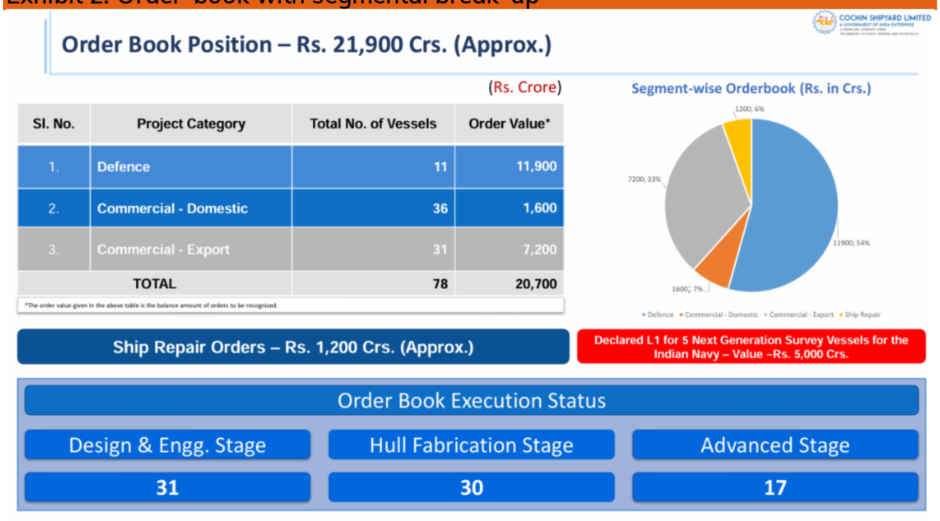
- The company is expanding its manufacturing ecosystem through the planned block fabrication facility, which will increase block fabrication capacity and support higher throughput at the main shipyard as the order pipeline scales up.
- Beyond its traditional businesses, company is building capabilities in emerging maritime technologies. JV has been formed with HBL Engineering to develop electric mobility technologies and energy storage solutions for the maritime sector
- Management expects FY27 operating cash flow to turn positive, supported by higher vessel deliveries and milestone-based collections as execution accelerates.
- CSL continues to focus on improving its presence in green and specialised vessels, with opportunities including LNG-fuelled vessels, electric/hybrid vessels and other environmentally friendly shipbuilding projects.
- Management remains confident of sustaining growth over the medium term, supported by a combination of strong order visibility, improving execution, new shipbuilding capacity and the scaling up of the ship-repair business.

Exhibit 1: Q1FY27 consolidated result overview (₹ crore)

Particulars	Q1FY27	Q1FY26	YoY (%)	Q4FY26	QoQ (%)	Comments
Operating Income	1,094.2	1,068.6	2.4	1,484.3	-26.3	Execution was led by shipbuilding segment while ship-repair was impacted
Other income	67.0	54.3	23.4	157.1		
Total Revenue	1,161.3	1,122.9	3.4	1,641.3		
Raw materials costs	453.3	324.0	39.9	724.9		
Employees Expenses	127.1	106.7	19.0	128.0		
Other Expenses	81.1	102.5	-20.9	74.8		
Total Expenditure	901.0	827.2	8.9	1,174.5		
EBITDA	193.2	241.4	-20.0%	309.8	-37.6%	
EBITDA margins (%)	17.7	22.6	-493 bps	20.9	-321 bps	Primarily due to execution of weaker segment mix
Interest	25.4	12.2		32.2		
Depreciation	32.4	34.0		32.0		
Tax	51.0	61.7		126.1		
PAT	151.5	187.8	-19.4	276.5	-45.2	

Source: Company, ICICI Direct Research

Exhibit 2: Order-book with segmental break-up



Source: Company, ICICI Direct Research

Financial summary

Exhibit 3: Profit and loss statement ₹ crore

(₹Crore)	FY25	FY26	FY27E	FY28E
Revenue	4,820	5,022	5,608	6,338
% Growth	25.8	4.2	11.7	13.0
Other income	389.1	409.8	471.3	542.0
Total Revenue	4,820	5,022	5,608	6,338
% Growth	25.8	4.2	11.7	13.0
Total Raw Material Costs	2,129	2,203	2,541	2,801
Employee Expenses	424	472	534	603
other expenses	382	427	533	694
Total Operating Expenditure	3,942	4,210	4,825	5,435
Operating Profit (EBITDA)	878	811	783	903
% Growth	1.1	(7.6)	(3.5)	15.4
EBITDA Margin	18.2	16.2	14.0	14.3
Interest	39	92	103	103
PBDT	1,228	1,129	1,151	1,342
Depreciation	103	130	160	187
PBT before Exceptional Items	1,125	999	991	1,155
Total Tax	298	282	263	306
PAT before MI	827	717	729	849
PAT	827	717	779	929
% Growth	5.6	(13.4)	8.6	19.3
EPS	31.4	27.2	29.6	35.3

Source: Company, ICICI Direct Research

Exhibit 4: Cash flow statement ₹ crore

(₹Crore)	FY25	FY26	FY27E	FY28E
Profit after Tax	827	717	779	929
Depreciation	103	130	160	187
Interest	39	92	103	103
CF before WC chg.	969	939	1,041	1,219
Changes in inventory	(859)	(403)	(262)	(332)
Changes in debtors	126	(194)	(45)	(61)
Changes in loans & adv	(0)	(0)	(0)	(0)
Changes in other CA	(898)	(1,110)	(616)	(767)
Net Inc. in Curr. Assets	(1,779)	(1,662)	(909)	(1,160)
Changes in creditors	36	461	(348)	80
Changes in provisions	398	(445)	33	80
Net Inc. Curr. Liabilities	715	(326)	312	939
Net CF from Op act.	(95)	(1,049)	444	998
Chg. in def. tax assets	(5)	110	-	-
(P)/S of Fixed Assets	(502)	(318)	(700)	(1,100)
Net CF from Inv act.	(412)	(172)	(700)	(1,100)
Div. and Dividend Tax	(257)	(257)	(263)	(263)
Net CF from Fin Act.	(244)	514	(366)	(366)
Net Cash flow	(751)	(707)	(622)	(468)
Opening Cash/Cash Eq	3,864	3,113	2,406	1,784
Closing Cash/ Cash Eq	3,113	2,406	1,784	1,316

Source: Company, ICICI Direct Research

Exhibit 5: Balance sheet ₹ crore

(₹ Crore)	FY25	FY26	FY27E	FY28E
Equity Capital	131.5	131.5	131.5	131.5
Reserve and Surplus	5,448	5,741	6,257	6,923
Total Shareholders' funds	5,579	5,873	6,388	7,054
Total Debt	69	1,099	1,099	1,099
Total Liabilities	6,168	7,625	8,141	8,807
Gross Block	1,396	3,573	4,590	5,490
Acc: Depreciation	539	647	807	994
Net Block	3,034	3,156	3,783	4,496
Capital WIP	515	586	500	700
Total Fixed Assets	3,563	3,750	4,291	5,204
NonCurrent Assets	170	159	159	159
Inventory	1,885	2,288	2,551	2,882
Debtors	229	423	469	530
Loans and Advances	1	2	2	2
Other Current Assets	4,168	5,278	5,894	6,661
Cash	3,113	2,406	1,784	1,316
Total Current Assets	9,666	10,622	10,909	11,601
Current Liabilities	501	962	615	695
Provisions	1,080	636	669	749
Total Current Liabilities	7,231	6,905	7,217	8,156
Net Current Assets	2,435	3,716	3,692	3,445
Total Assets	6,168	7,625	8,141	8,807

Source: Company, ICICI Direct Research

Exhibit 6: Key ratios

(Year-end March)	FY25	FY26	FY27E	FY28E
Diluted EPS	31.4	27.2	29.6	35.3
Cash per Share	118.3	91.5	67.8	50.0
BV	212.1	223.2	242.8	268.1
Dividend per share	9.8	9.8	10.0	10.0
Dividend payout ratio	0.3	0.4	0.3	0.3
EBITDA Margin	18.2	16.2	14.0	14.3
PAT Margin	17.2	14.3	13.9	14.7
RoE	14.8	12.2	12.2	13.2
RoCE	20.6	15.7	14.6	15.4
EV / EBITDA	39.8	45.2	47.7	41.8
P/E	45.9	53.0	48.8	40.9
EV / Net Sales	7.3	7.3	6.7	6.0
Sales / Equity	0.9	0.9	0.9	0.9
Market Cap / Sales	7.9	7.6	6.8	6.0
Price to Book Value	6.8	6.5	6.0	5.4
Asset turnover	0.9	0.7	0.7	0.8
Debtors Turnover Ratio	16.5	15.4	12.6	12.7
Creditors Turnover Ratio	10.0	6.9	7.1	9.7
Debt / Equity	0.0	0.2	0.2	0.2
Current Ratio	4.0	5.2	7.3	7.3
Quick Ratio	2.8	3.7	5.2	5.2

Source: Company, ICICI Direct Research

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Sell: <-15%

Pankaj Pandey Head – Research pankaj.pandey@icicisecurities.com

ICICI Direct Research Desk,
ICICI Securities Limited,
Third Floor, Brillanto House,
Road No 13, MIDC,
Andheri (East)
Mumbai – 400 093
research@icicidirect.com

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Name of the Compliance officer (Research Analyst): Mr. Atul Agrawal

Contact number: 022-40701000 E-mail Address: complianceofficer@icicisecurities.com

For any queries or grievances: Mr. Jeetu Jawrani Email address: headservicequality@icicidirect.com Contact Number: 18601231122

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