Choice
Institutional Equities

Q1FY27 Result Update

COCHIN: Shipbuilding Gains Momentum; Repair Weakness Weighs on Profits

ADD

August 16, 2026 | CMP: INR 1,497 | Target Price: INR 1,565

Expected Share Price Return: 4.6% I Dividend Yield: 0.8% I Potential Upside: 5.4%

Sector View: Positive

Change in Estimates	✓
Change in Target Price	✓
Change in Recommendation	✗

Company Info	
BB Code	COCHIN IN EQUITY
Face Value (INR)	5.0
52-wk High/Low (INR)	1,980/1,187
Mkt Cap (Bn)	INR 393.7/ $4.1
Shares o/s (Mn)	263.1
3M Avg. Daily Volume (NSE)	1,362,989

Change in CIE Estimates

	FY27E			FY28E		
INR Mn	**New**	**Old**	**Dev.**	**New**	**Old**	**Dev.**
Revenue	60,011	60,011	-	72,014	72,014	-
EBITDA	10,562	10,562	-	12,890	12,890	-
EBITDAM%	17.6	17.6	-	17.9	17.9	-
PAT	9,485	9,378	1.1	11,759	11,619	1.2
EPS	36.1	35.6	1.1	44.7	44.2	1.2

Actual vs CIE Estimates

INR Mn	Q1FY27A	CIE Estimates	Dev. (%)
Revenue	10,942	12,075	(9.4)
EBITDA	1,932	2,731	(29.3)
EBITDAM %	17.7	22.6	(496) bps
PAT	1,515	2,001	(24.3)

Key Financials

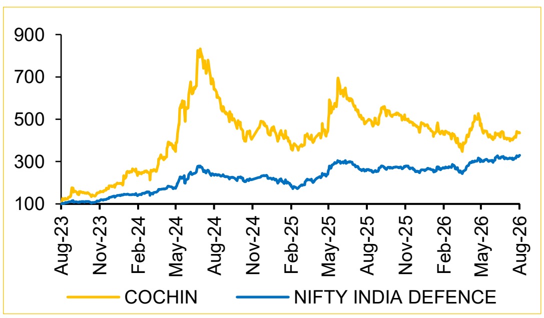
INR Mn	FY25	FY26	FY27E	FY28E	FY29E
Revenue	48,200	50,219	60,011	72,014	86,416
YoY Growth (%)	25.8	4.2	19.5	20.0	20.0
EBITDA	8,779	8,114	10,562	12,890	15,728
EBITDAM (%)	18.2	16.2	17.6	17.9	18.2
PAT	8,273	7,167	9,485	11,759	14,514
EPS	31.5	27.2	36.1	44.7	55.2
ROE %	15.6	12.5	15.3	17.0	18.6
ROCE %	19.0	16.7	19.1	20.9	22.5
PE(x)	47.6	54.9	41.5	33.5	27.1
Price to BV (x)	7.1	6.7	6.0	5.4	4.7

Shareholding Pattern (%)

	Jun-26	Mar-26	Dec-25
Promoters	67.91	67.91	67.91
FIIs	2.83	3.10	2.74
DIIs	6.96	6.05	6.47
Public	22.30	22.95	22.88

Relative Performance (%)

	3Y	2Y	1Y
NIFTY INDIA DEFENCE	229.7	39.8	25.7
COCHIN	335.1	(32.4)	(11.5)



Indian Naval Shipbuilding Industry Thematic

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Shipbuilding Gains Momentum; Repair Weakness Weighs on Profits

Cochin Shipyard delivered a **mixed Q1FY27 performance below our expectation**, with revenue from operations rising **2.4% YoY to INR 10,942 Mn**, while EBITDA/PAT declined **12.3%/19.4% YoY**. The key drag was the **sharp adverse mix**, with shipbuilding revenue growing **59.5% YoY to INR 7,000 Mn**, while high-margin ship-repair revenue fell **37.4% YoY to INR 3,941 Mn**.

We believe the strong shipbuilding ramp-up is the key positive from the quarter, as the segment's revenue increased sharply while profitability remained intact. With an order book of **~INR 190 Bn (3.8x of FY26 revenue)** and the increasing contribution from commercial shipbuilding should support better execution visibility and diversify the revenue mix beyond naval programmes. However, the **near-term earnings trajectory will remain sensitive to the recovery in ship-repair activity**, given its significantly higher profitability.

We maintain a constructive view on the medium-term growth outlook, although margin recovery is likely to be gradual. Key monitorables remain the recovery in ship repair, faster conversion of the shipbuilding backlog and resolution of the long-pending A&N vessels. We maintain our positive stance on COCHIN, underpinned by its robust long-term growth visibility, supported by a strong order pipeline. We maintain our **'ADD' rating** with a **target price of INR 1,565**, valuing it at **35x of FY28E EPS**.

Revenue Misses Estimate; EBITDA and PAT Decline YoY/QoQ

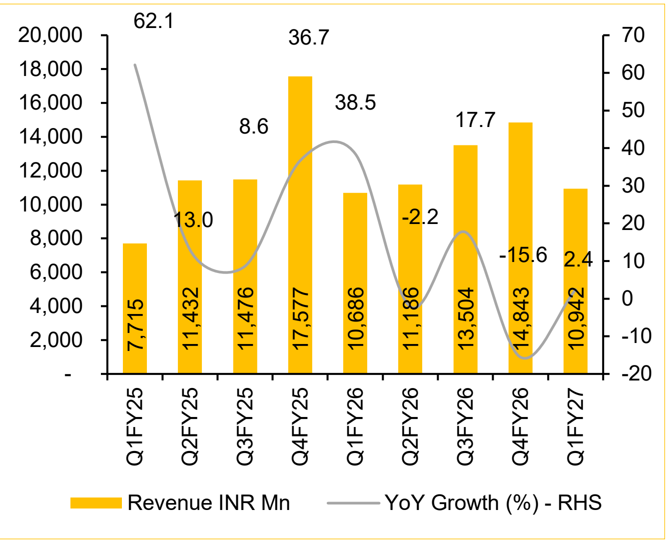
- Revenue for Q1FY27 was up 2.4% YoY but down 26.3% QoQ at INR 10,942 Mn (vs CIE est. of INR 12,075 Mn)
- EBITDA stood at INR 1,932 Mn, down 20.0% YoY and 37.6% QoQ (vs CIE est. of INR 2,731 Mn), 29. EBITDA margin stood at 17.7% (vs CIE est. of 22.6%), contracting by 493 bps YoY and 321 bps QoQ
- PAT declined 19.4% YoY and 45.2% QoQ to INR 1,515 Mn (vs CIE est. of INR 2,001 Mn). PAT margin stood at 13.8%, contracting by 374 bps YoY and 479 bps QoQ (vs CIE est. of 16.6%)

Particulars (INR Mn)	Q1FY27	Q1FY26	YoY (%)	Q4FY26	QoQ (%)
Revenue	10,942	10,686	2.4	14,843	(26.3)
Material Exp.	4,533	3,240	39.9	7,249	(37.5)
Gross Profit	6,410	7,446	(13.9)	7,594	(15.6)
Employee Exp.	1,271	1,067	19.0	1,280	(0.8)
Other Exp.	3,207	3,965	(19.1)	3,216	(0.3)
EBITDA	**1,932**	**2,414**	**(20.0)**	**3,098**	**(37.6)**
Other Income	670	543	23.4	1,571	(57.3)
Depreciation	324	340	(4.7)	320	1.2
EBIT	2,278	2,617	(12.9)	4,348	(47.6)
Interest Cost	254	122	108.4	322	(21.4)
PBT	2,025	2,495	(18.9)	4,026	(49.7)
Tax	510	617	(17.3)	1,261	(59.5)
PAT	1,515	1,878	(19.4)	2,765	(45.2)
EPS (INR)	**5.8**	**7.1**	**(19.4)**	**10.5**	**(45.2)**

Margin Analysis	Q1FY27	Q1FY26	YoY (bps)	Q4FY26	QoQ (bps)
Gross Margin (%)	58.6	69.7	(1,110)	51.2	741
Emp Exp. % of Sales	11.6	10.0	162	8.6	299
Other Exp. % of Sales	29.3	37.1	(779)	21.7	764
EBITDA Margin (%)	**17.7**	**22.6**	**(493)**	**20.9**	**(321)**
Tax Rate (%)	25.2	24.7	47	31.3	(612)
PAT Margin (%)	13.8	17.6	(374)	18.6	(479)

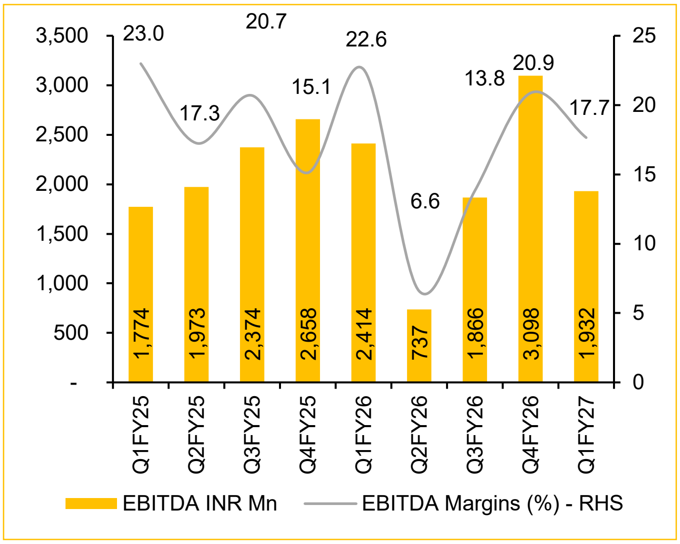
Source: COCHIN, Choice Institutional Equities

Revenue up 2.4% on a YoY basis



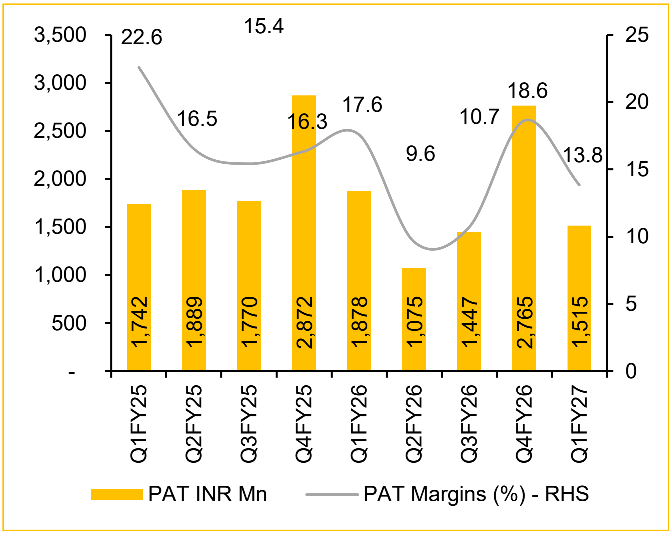
Source: COCHIN, Choice Institutional Equities

EBITDA down 20.0% on a YoY basis



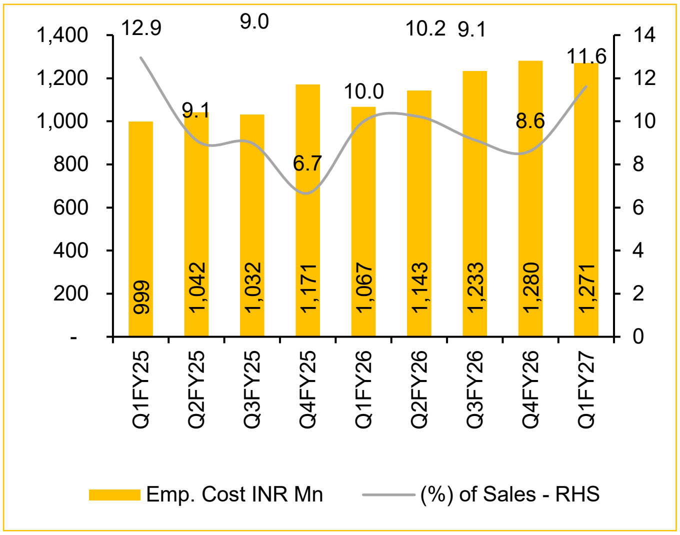
Source: COCHIN, Choice Institutional Equities

PAT down 19.4% on a YoY basis



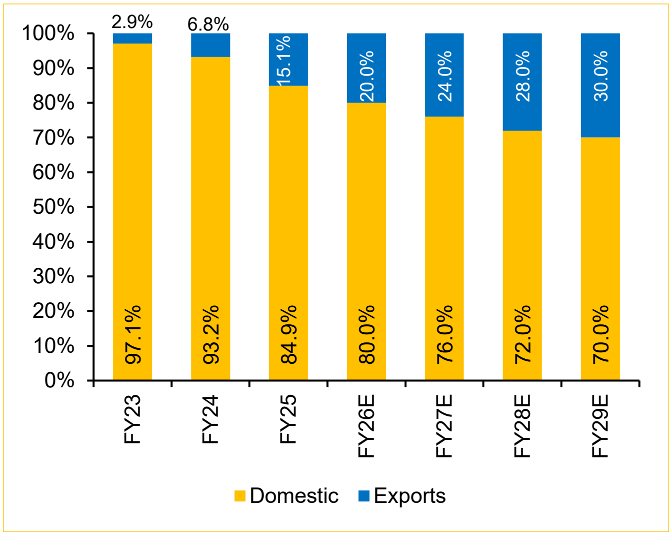
Source: COCHIN, Choice Institutional Equities

Employee cost trend



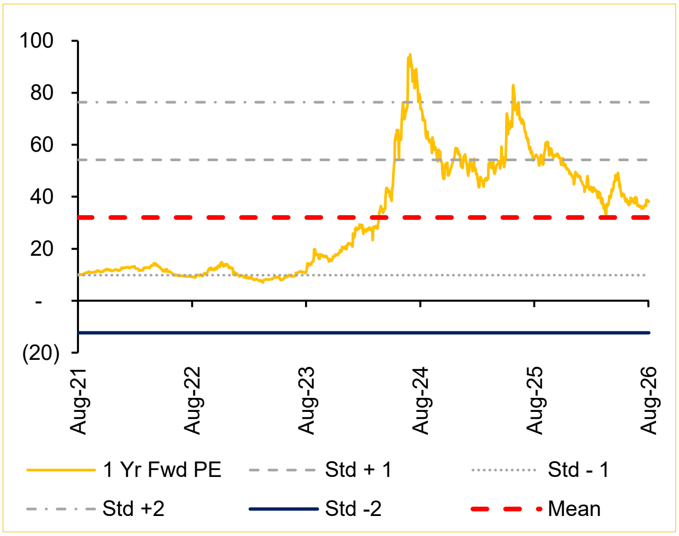
Source: COCHIN, Choice Institutional Equities

Contribution of exports to revenue anticipated to rise



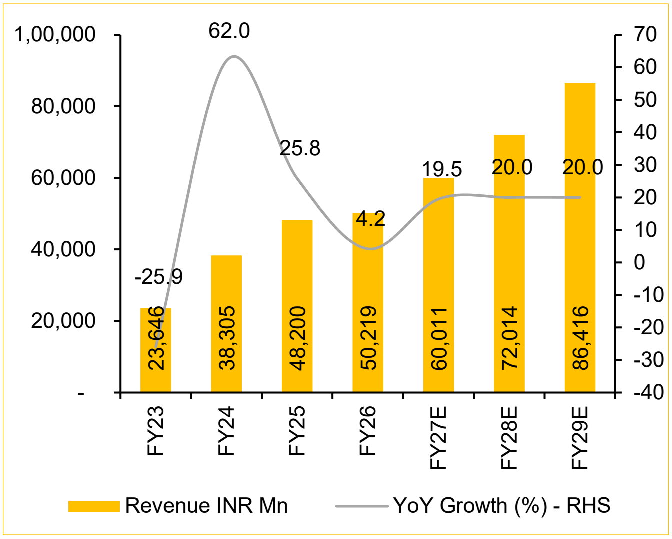
Source: COCHIN, Choice Institutional Equities

1-yr forward PE band



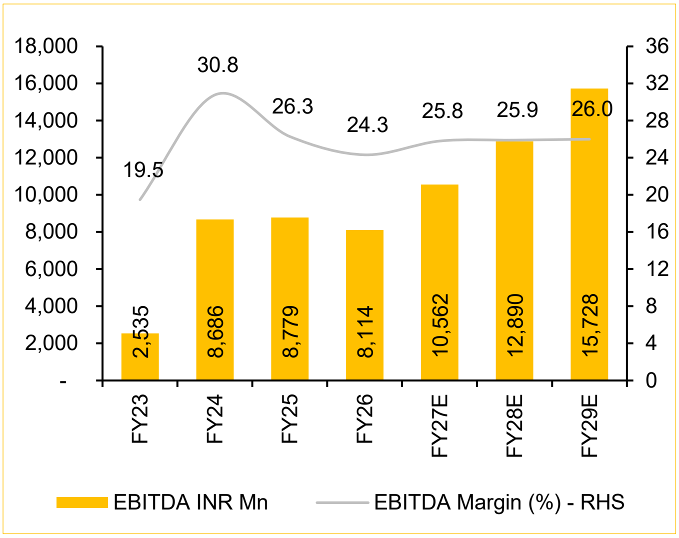
Source: COCHIN, Choice Institutional Equities

Revenue expected to expand 19.8% CAGR over FY26–29E



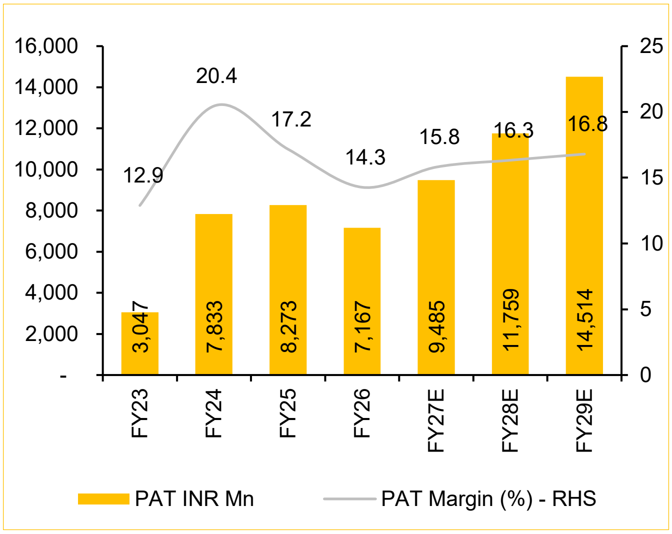
Source: COCHIN, Choice Institutional Equities

EBITDA margin to expand



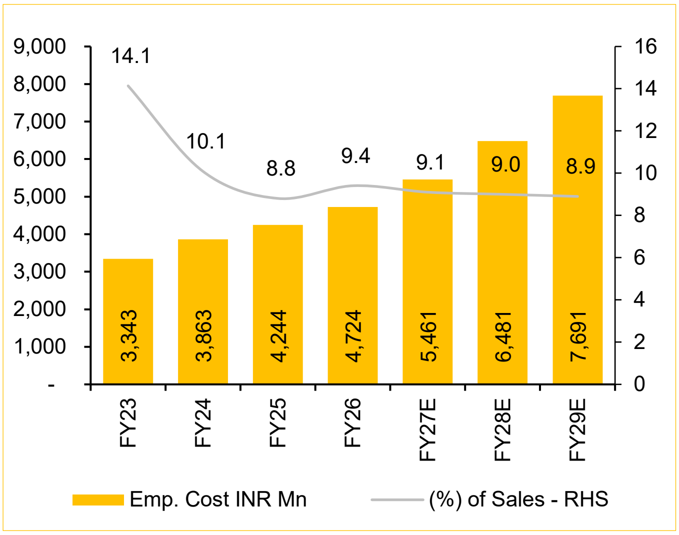
Source: COCHIN, Choice Institutional Equities

PAT expected to expand 26.5% CAGR over FY26–29E



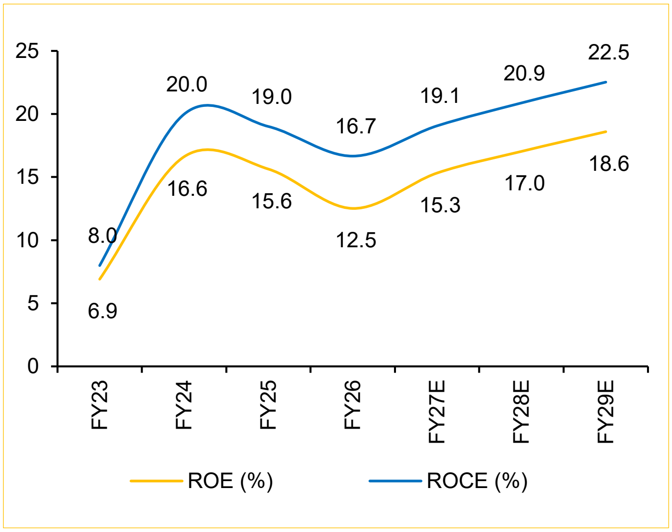
Source: COCHIN, Choice Institutional Equities

Employee cost trend



Source: COCHIN, Choice Institutional Equities

ROE and ROCE trend



Source: COCHIN, Choice Institutional Equities

Income Statement (INR Mn)

Particulars	FY25	FY26	FY27E	FY28E	FY29E
Revenue	48,200	50,219	60,011	72,014	86,416
Gross Profit	26,912	28,188	33,726	40,544	48,739
Other Expenses	18,134	20,075	23,164	27,653	33,011
EBITDA	**8,779**	**8,114**	**10,562**	**12,890**	**15,728**
Other Income	3,891	4,098	4,921	5,761	6,740
Depreciation	1,032	1,298	1,369	1,437	1,505
EBIT	11,637	10,914	14,114	17,215	20,964
Interest Expense	386	924	1,297	1,325	1,350
PBT	11,252	9,990	12,818	15,890	19,614
Reported PAT	8,273	7,167	9,485	11,759	14,514
EPS	**31.5**	**27.2**	**36.1**	**44.7**	**55.2**

Ratio Analysis	FY25	FY26	FY27E	FY28E	FY29E
Growth Ratios					
Revenue (%)	25.8	4.2	19.5	20.0	20.0
EBITDA (%)	1.1	(7.6)	30.2	22.0	22.0
PAT (%)	5.6	(13.4)	32.3	24.0	23.4
Return Ratios (%)					
Gross Margin	55.8	56.1	56.2	56.3	56.4
EBITDA Margin	18.2	16.2	17.6	17.9	18.2
PAT Margin	17.2	14.3	15.8	16.3	16.8
ROE	15.6	12.5	15.3	17.0	18.6
ROCE	19.0	16.7	19.1	20.9	22.5
Leverage Ratios (x)					
D/E	0.1	0.3	0.3	0.3	0.2
Current Ratio	1.3	1.3	1.4	1.4	1.4
Turnover Ratio					
Fixed Assets Turnover (x)	1.4	1.4	1.6	1.9	2.2
Inventory Days	325	379	340	330	320
Debtors Days	17	31	30	30	30
Payable Days	85	159	110	105	100
Valuation Metrics					
Outstanding Shares (Mn)	263.1	263.1	263.1	263.1	263.1
Price (INR)	1,497	1,497	1,497	1,497	1,497
Market Cap (INR Bn)	393.7	393.7	393.7	393.7	393.7
PE (x)	47.6	54.9	41.5	33.5	27.1
EV (INR Bn)	368.2	386.4	379.0	374.4	368.0
EV/EBITDA (x)	41.9	47.6	35.9	29.0	23.4
BV/Share	212.1	223.2	247.4	277.3	316.0
Price/BV (x)	7.1	6.7	6.0	5.4	4.7

Source: COCHIN, Choice Institutional Equities

Balance Sheet (INR Mn)

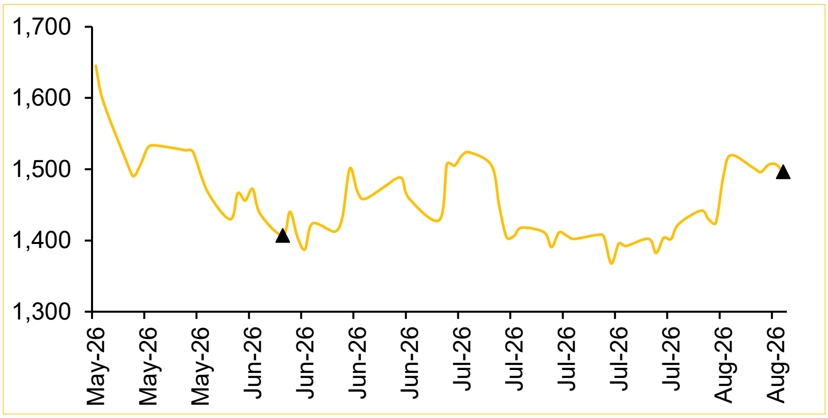
Particulars	FY25	FY26	FY27E	FY28E	FY29E
Net Worth	55,793	58,728	65,083	72,961	83,121
Total Debt	690	10,989	10,989	10,989	10,989
Other Non-current Liabilities	5,199	6,537	8,732	9,272	9,704
Trade Payables	4,941	9,624	7,921	9,053	10,323
Other Current Liabilities	67,370	59,429	72,314	84,832	99,465
Total Liablities	**1,33,992**	**1,45,307**	**1,65,038**	**1,87,106**	**2,13,601**
Fixed Assets	35,627	37,505	38,290	39,351	40,300
Other Non-current Assets	1,550	1,586	1,686	1,650	1,593
Inventories	18,961	22,884	24,485	28,452	33,032
Trade Receivables	2,248	4,232	4,932	5,919	7,103
Cash & Bank Balance	31,126	24,059	33,489	38,837	45,858
Other Current Assets	44,480	55,041	62,155	72,897	85,716
Total Assets	**1,33,992**	**1,45,307**	**1,65,038**	**1,87,106**	**2,13,601**
Capital Employed	61,221	65,495	74,045	82,463	93,055
Net Debt	(30,436)	(13,071)	(22,501)	(27,848)	(34,870)

Cash Flows (INR Mn)	FY25	FY26	FY27E	FY28E	FY29E
Cash Flows from Operations	(2,842)	(12,341)	5,116	6,833	8,064
Cash Flows from Investing	5,376	3,271	(2,255)	(2,461)	(2,395)
Cash Flows From Financing	(2,431)	6,957	(2,232)	(4,665)	(5,272)

DuPont Analysis	FY25	FY26	FY27E	FY28E	FY29E
Tax Burden	73.5%	71.7%	74.0%	74.0%	74.0%
Interest Burden	96.7%	91.5%	90.8%	92.3%	93.6%
EBIT Margin	24.1%	21.7%	23.5%	23.9%	24.3%
Asset Turnover	0.4	0.3	0.4	0.4	0.4
Equity Multiplier	2.5	2.5	2.7	2.7	2.7
ROE	**15.6%**	**12.5%**	**15.3%**	**17.0%**	**18.6%**

Source: COCHIN, Choice Institutional Equities

Historical Price Chart: Cochin Shipyard (COCHIN)



Date	Rating	Target Price
June 08, 2026	ADD	1,550
Aug 16, 2026	ADD	1,565

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Large Cap*	
BUY	The security is expected to generate upside of 15% or more over the next 12 months
ADD	The security is expected to show upside returns from 5% to less than 15% over the next 12 months
REDUCE	The security is expected to show upside or downside returns by 5% to -5% over the next 12 months
SELL	The security is expected to show downside of 5% or more over the next 12 months
Mid & Small Cap*	
BUY	The security is expected to generate upside of 20% or more over the next 12 months
ADD	The security is expected to show upside returns from 5% to less than 20% over the next 12 months
REDUCE	The security is expected to show upside or downside returns by 5% to -10% over the next 12 months
SELL	The security is expected to show downside of 10% or more over the next 12 months
Other Ratings	
NOT RATED (NR)	The stock has no recommendation from the Analyst
UNDER REVIEW (UR)	The stock is under review by the Analyst and rating may change
Sector View	
POSITIVE (P)	Fundamentals of the sector look attractive over the next 12 months
NEUTRAL (N)	Fundamentals of the sector are expected to be in stasis over the next 12 months
CAUTIOUS (C)	Fundamentals of the sector are expected to be challenging over the next 12 months

*Large Cap: More Than INR 20,000 Cr Market Cap
*Mid & Small Cap: Less Than INR 20,000 Cr Market Cap

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