Choice Institutional Equities

Q2FY27 Result Update

COCHIN: Strong Medium-term Prospects; Correction Makes Valuation Attractive

November 11, 2026 | CMP: INR 1,289 | Target Price: INR 1,565

Expected Share Price Return: 21.3% I Dividend Yield: 0.8% I Potential Upside: 22.1%

BUY

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)	1,843/1,101
Mkt Cap (Bn)	INR 339.1/ $3.6
Shares O/s (Mn)	263.1
3M Avg. Daily Volume (NSE)	9,56,075

Change in CIE Estimates

	FY27E			FY28E		
INR Bn	New	Old	Dev.	New	Old	Dev.
Revenue	60.0	60.0	0.0	72.0	72.0	0.0
EBITDA	9.0	10.6	(15.0)	11.2	12.9	(13.0)
EBITDAM%	15.0	17.6	(260)bps	15.5	17.9	(240)bps
PAT	8.5	9.5	(10.0)	10.5	11.8	(11.0)
EPS	32.4	36.1	(10.0)	39.8	44.7	(11.0)

Actual vs CIE Estimates

INR Mn	Q2FY27A	CIE Estimates	Dev. (%)
Revenue	12,492	12,289	1.7
EBITDA	509	2,107	(75.8)
EBITDAM %	4.1	17.1	(1,306)bps
PAT	538	1,707	(68.5)

Key Financials

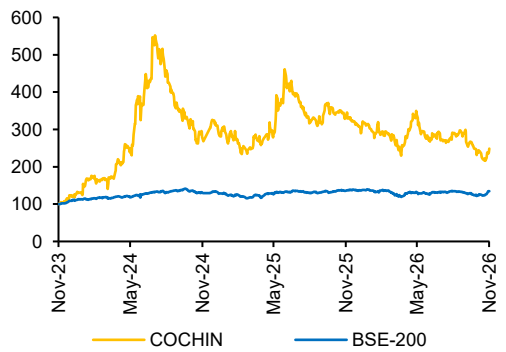
INR Mn	FY25	FY26	FY27E	FY28E	FY29E
Revenue	48,200	50,219	60,011	72,014	86,416
YoY Growth (%)	25.8	4.2	19.5	20.0	20.0
EBITDA	8779	8114	9002	11162	13827
EBITDAM (%)	18.2	16.2	15.0	15.5	16.0
PAT	8,273	7,167	8,534	10,480	12,946
EPS	31.5	27.2	32.4	39.8	49.2
ROE %	15.6	12.5	13.9	15.4	17.0
ROCE %	14.0	12.0	12.2	12.6	13.1
PE(x)	41	47	40	32	26
Price to BV (x)	6.1	5.8	5.3	4.7	4.2

Shareholding Pattern (%)

	Sep-26	Jun-26	Mar-26
Promoters	63.33	67.91	67.91
FIIs	3.07	2.83	3.10
DIIs	11.26	6.96	6.05
Public	22.34	22.30	22.95

Relative Performance (%)

	3Y	2Y	1Y
BSE200	34.7	3.6	-1.0
COCHIN	148.4	-11.1	-26.6



Strong Medium-term Prospects; Correction Makes Valuation Attractive

Consolidated revenue grew 11.7% YoY, supported by growth in both shipbuilding and ship-repair, activities. However, profitability remained weak, with EBITDA declining 30.8% YoY. The key concern was shipbuilding profitability, which reported a segment PBIT loss of INR 61 Mn against a profit of INR 1,497 Mn in Q2FY26. In contrast, **ship-repair PBIT more than doubled to INR 1,433 Mn**, highlighting the improving contribution from the repair business.

We believe Cochin Shipyard's medium-term growth prospects remain strong, supported by its **sizeable order book of approximately INR 22,125 Cr (4.4x FY26 revenue)** and opportunities across defence and commercial shipbuilding. Further, the commissioning of the New Dry Dock and International Ship Repair Facility (ISRF), along with the proposed Vadinar facility, provides an opportunity to expand its presence in high-value shipbuilding and international ship-repair markets. **The growing contribution from ship repair also provides an opportunity to improve the overall business mix**, given its relatively higher margin profile.

View and valuation: While near-term performance may remain volatile due to uneven project execution and pressure on shipbuilding margins, **we believe Cochin Shipyard is well-positioned for medium-term growth**, supported by its expanded infrastructure, strong defence order pipeline and growing ship-repair opportunities. We have **trimmed our FY28E/FY29E earnings estimates by 10%/11%**, respectively, and now forecast a **FY26–29E revenue/ EBITDA/PAT CAGR of 19.8%/19.4%/21.8%**. We maintain our target price of **INR 1,565**, based on Sep '28E EPS. Following the recent correction in the stock, we upgrade our rating to '**BUY' (earlier 'ADD')**. **Improvement in shipbuilding execution and profitability remains a key monitorable.**

Revenue Growth Healthy, but Sharp Margin Erosion Weighs on Earnings

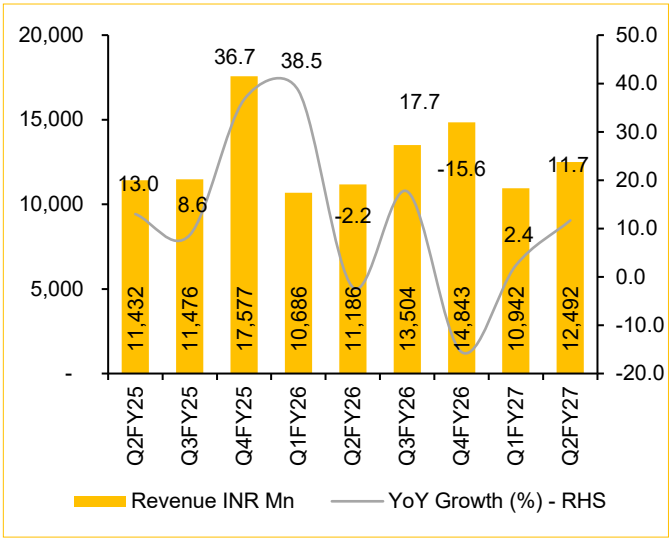
- Revenue was up 11.7% YoY and 14.2% QoQ at INR 12,492 Mn (vs CIE est. of INR 12,289 Mn)
- EBITDA was down 30.8% YoY and 73.6% QoQ at INR 509 Mn (vs CIE est. of INR 2,107 Mn), EBITDAM stood at 4.1% (vs CIE est. of 17.1%), contracting by 251 bps YoY and 1,358 bps QoQ. The deviation was primarily driven by a sharp decline in gross margin to 45.3%, as material expenses increased 23.1% YoY, outpacing revenue growth
- PAT was down 50.0% YoY and 64.5% QoQ at INR 538 Mn (vs CIE est. of INR 1,707 Mn). PATM stood at 4.3%, contracting by 531 bps YoY and 954 bps QoQ (vs CIE est. of 13.9%). A sharp decline in other income, alongside higher interest cost, further weighed on earnings

Particulars (INR Mn)	Q2FY27	Q2FY26	YoY (%)	Q1FY27	QoQ (%)
Revenue	12,492	11,186	11.7	10,942	14.2
Material Exp	6,828	5,548	23.1	4,533	50.6
Gross Profit	5,664	5,638	0.5	6,410	(11.6)
Sub-contracting Charges	2,758	2,420	14.0	2,278	21.1
Employee Exp	1,279	1,143	11.9	1,271	0.7
Other Exp	1,034	1,133	(8.8)	811	27.4
Provisions	84	206	(59.1)	118	(28.9)
EBITDA	509	737	(30.8)	1,932	(73.6)
Depreciation	320	309	3.4	324	(1.3)
EBIT	190	428	(55.6)	1,608	(88.2)
Other Income	826	1,273	(35.1)	670	23.2
Interest Cost	265	201	31.6	254	4.6
PBT	751	1,499	(49.9)	2,025	(62.9)
Tax	213	424	(49.7)	510	(58.2)
RPAT	538	1,075	(50.0)	1,515	(64.5)
EPS (INR)	2.0	4.1	(50.0)	5.8	(64.5)

Margin Analysis	Q2FY27	Q2FY26	YoY (Bps)	Q1FY27	QoQ (Bps)
Material Exp. % Sales	54.7	49.6	506	41.4	1,323
Gross Margin (%)	45.3	50.4	(506)	58.6	(1,323)
Sub-contracting % of Rev.	22.1	21.6	44	20.8	126
Empl Exp. % of Rev.	10.2	10.2	2	11.6	(137)
Oprt Exp. % of Rev.	8.3	10.1	(186)	7.4	86
EBITDA Margin (%)	4.1	6.6	(251)	17.7	(1,358)
Tax Rate (%)	28.4	28.3	11	25.2	318
PAT Margin (%)	4.3	9.6	(531)	13.8	(954)

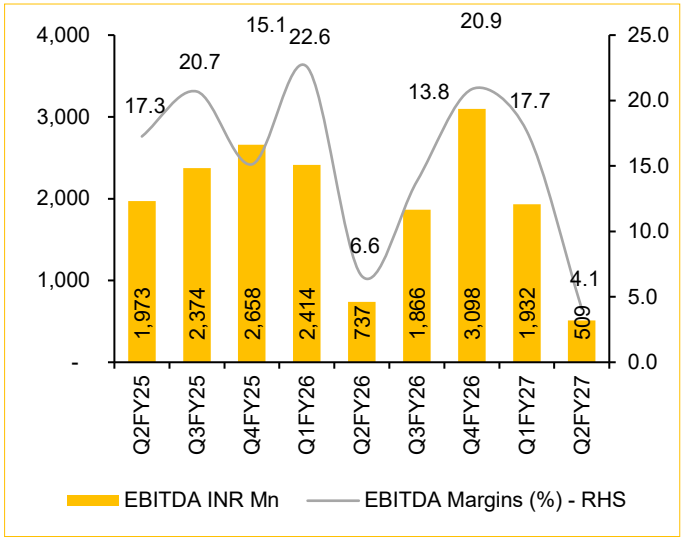
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Revenue up 11.7% on a YoY



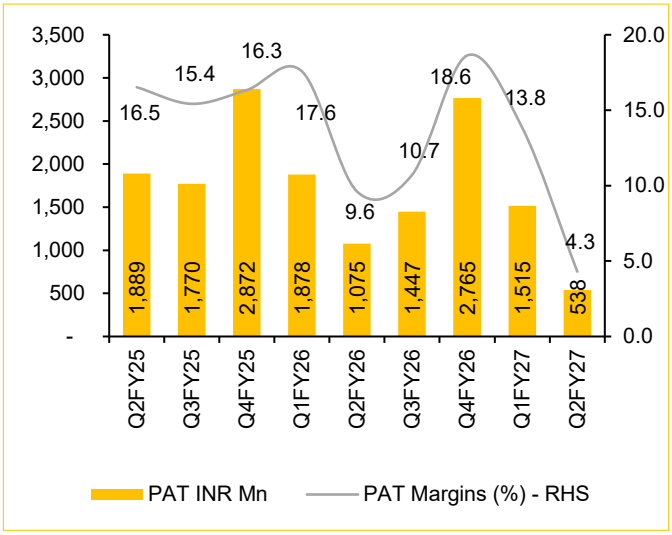
Source: COCHIN, Choice Institutional Equities

EBITDA contracts 30.8% YoY



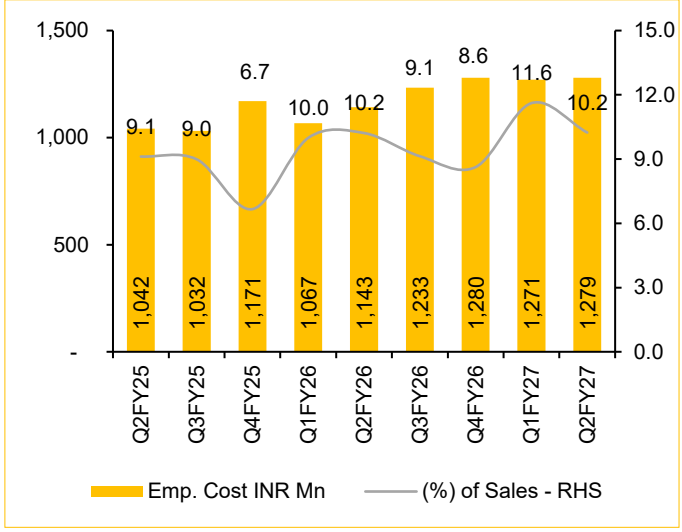
Source: COCHIN, Choice Institutional Equities

PAT declines 50.0% YoY



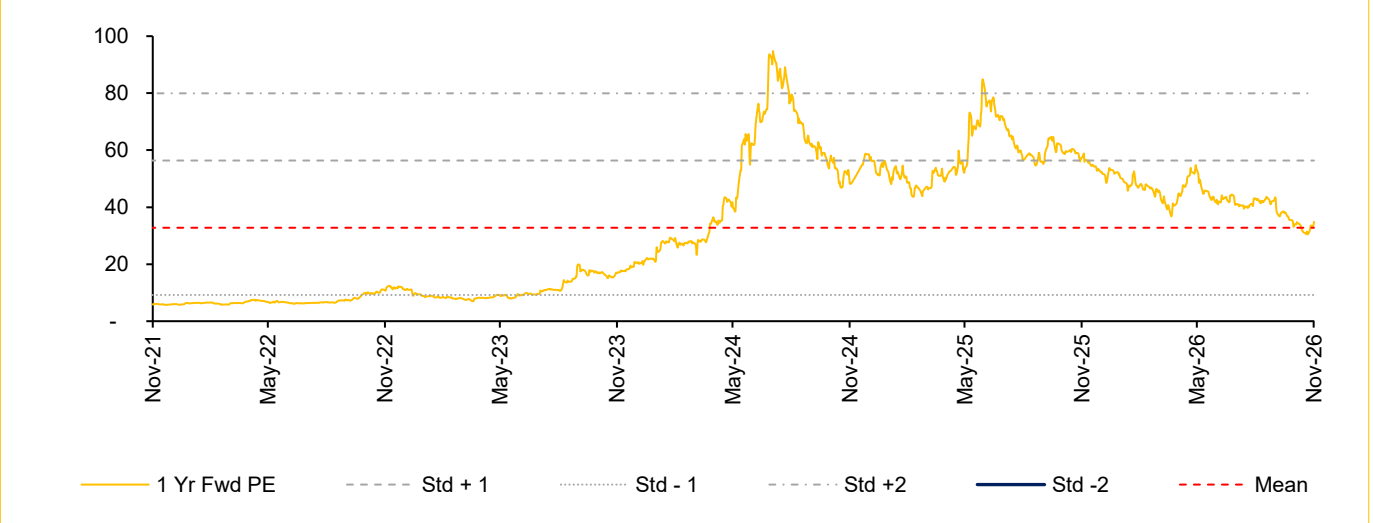
Source: COCHIN, Choice Institutional Equities

Employee cost trend



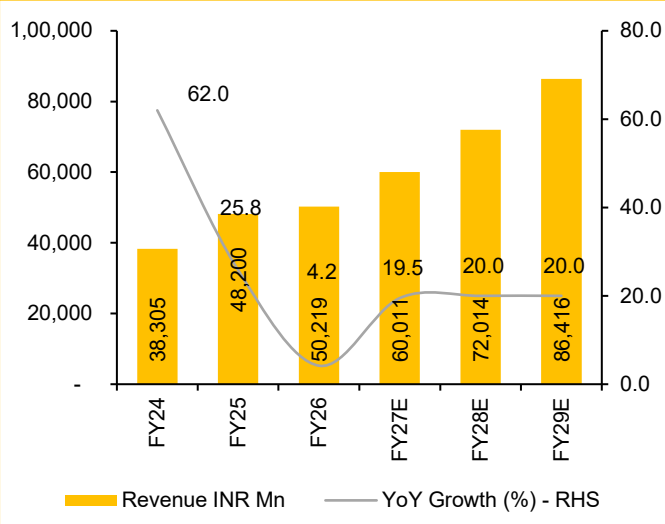
Source: COCHIN, Choice Institutional Equities

1-yr forward PE band



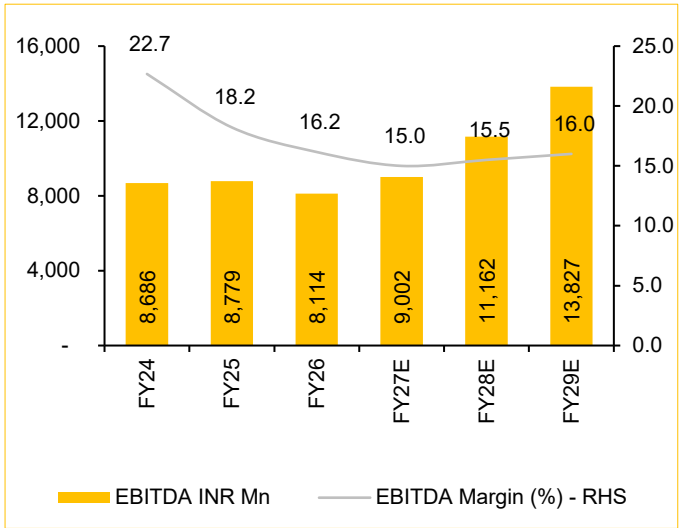
Source: COCHIN, Choice Institutional Equities

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



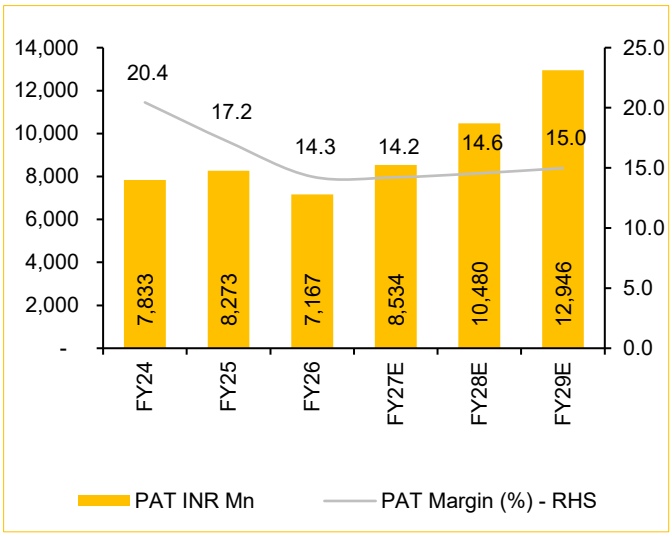
Source: COCHIN, Choice Institutional Equities

EBITDA margin likely to remain in 15–16% range



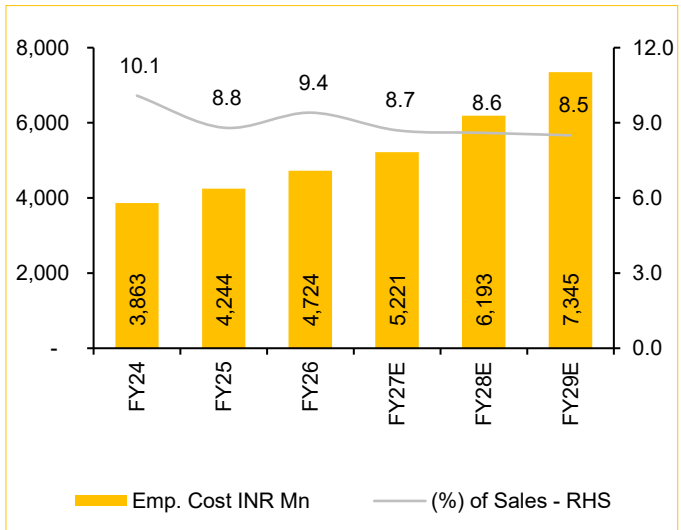
Source: COCHIN, Choice Institutional Equities

PAT projected to expand at 26.5% CAGR over FY26–29E



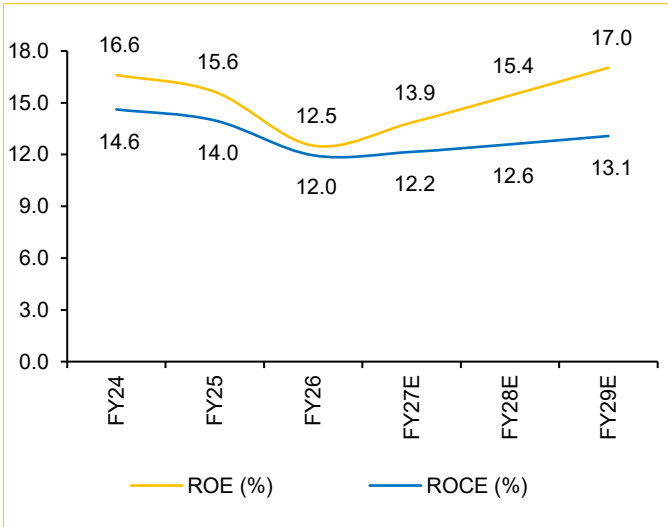
Source: COCHIN, Choice Institutional Equities

Employee cost trend



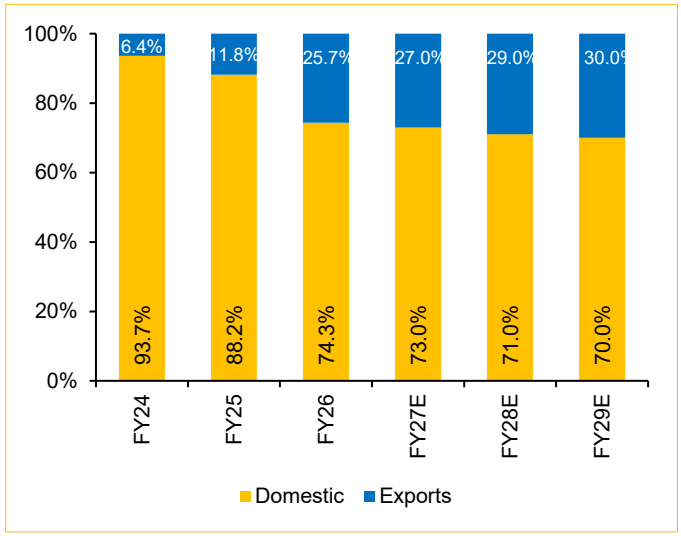
Source: COCHIN, Choice Institutional Equities

ROE and ROCE trend



Source: COCHIN, Choice Institutional Equities

Export contribution to revenue anticipated to increase



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	31,326	37,663	45,282
Other Expenses	18,134	20,075	22,324	26,501	31,456
EBITDA	**8,779**	**8,114**	**9,002**	**11,162**	**13,827**
Other Income	3,891	4,098	4,921	5,689	6,654
Depreciation	1,032	1,298	1,344	1,395	1,446
EBIT	11,637	10,914	12,578	15,456	19,034
Interest Expense	386	924	1,046	1,293	1,539
PBT	8,273	7,167	8,534	10,480	12,946
Reported PAT	**31.5**	**27.2**	**32.4**	**39.8**	**49.2**
EPS	48,200	50,219	60,011	72,014	86,416

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)	10.9	24.0	23.9
PAT (%)	5.6	(13.4)	19.1	22.8	23.5
Return Ratios (%)					
Gross Margin	55.8	56.1	52.2	52.3	52.4
EBITDA Margin	18.2	16.2	15.0	15.5	16.0
PAT Margin	17.2	14.3	14.2	14.6	15.0
ROE	15.6	12.5	13.9	15.4	17.0
ROCE	14.0	12.0	12.2	12.6	13.1
Leverage Ratios (x)					
D/E	0.1	0.3	0.4	0.4	0.5
Current Ratio	1.3	1.3	1.4	1.4	1.5
Turnover Ratio					
Fixed Assets Turnover (x)	1.4	1.4	1.6	1.8	2.1
Inventory Days	325	379	340	330	320
Debtors Days	17	31	45	40	35
Payable Days	85	159	100	95	100
Valuation Metrics					
Outstanding Shares (Mn)	263.1	263.1	263.1	263.1	263.1
Price (INR)	1290	1290	1290	1290	1290
Market Cap (INR Bn)	339.4	339.4	339.4	339.4	339.4
PE (x)	41.0	47.4	39.8	32.4	26.2
EV (INR Bn)	313.9	332.0	338.2	339.6	339.8
EV/EBITDA (x)	35.8	40.9	37.6	30.4	24.6
BV/Share	212.1	223.2	245.0	271.7	306.1
Price/BV (x)	6.1	5.8	5.3	4.7	4.2

Source: COCHIN, Choice Institutional Equities

Balance Sheet (INR Mn)

Particulars	FY25	FY26	FY27E	FY28E	FY29E
Net Worth	55,793	58,728	64,445	71,467	80,529
Total Debt	690	10,989	18,489	19,489	20,489
Other Non-current Liabilities	5,199	6,537	8,404	15,125	22,470
Trade Payables	4,941	9,624	7,859	8,941	11,270
Other Current Liabilities	67,370	59,429	69,433	82,240	97,391
Total Liabilities	**1,33,992**	**1,45,307**	**1,68,630**	**1,97,261**	**2,32,149**
Fixed Assets	35,627	37,505	38,628	40,473	42,687
Other Non-current Assets	1,550	1,586	3,418	5,470	8,221
Inventories	18,961	22,884	26,721	31,057	36,063
Trade Receivables	2,248	4,232	7,399	7,892	8,286
Cash & Bank Balance	31,126	24,059	26,109	30,614	36,226
Other Current Assets	44,480	55,041	66,356	81,755	1,00,666
Total Assets	**1,33,992**	**1,45,307**	**1,68,630**	**1,97,261**	**2,32,149**

Cash Flows (INR Mn)	FY25	FY26	FY27E	FY28E	FY29E
Cash Flows from Operations	(2,842)	(12,341)	(155)	2,748	4,348
Cash Flows from Investing	5,376	3,271	(4,300)	(5,293)	(6,411)
Cash Flows From Financing	(2,431)	6,957	5,505	2,969	2,922

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%	91.7%	91.6%	91.9%
EBIT Margin	24.1%	21.7%	21.0%	21.5%	22.0%
Asset Turnover	0.4	0.3	0.4	0.4	0.4
Equity Multiplier	2.5	2.5	2.7	2.9	3.1
ROE	**15.6%**	**12.5%**	**13.9%**	**15.4%**	**17.0%**

Source: COCHIN, Choice Institutional Equities

Historical Price Chart: Cochin Shipyard (COCHIN)



Date	Rating	Target Price
June 08, 2026	ADD	1,550
Aug 15, 2026	ADD	1,565
Nov 11, 2026	BUY	1,565

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CHOICE RATING DISTRIBUTION & METHODOLOGY	
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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