



## About Goa Shipyard Limited Unlisted Shares

**(i)** In 1961, after the liberation of Goa, the potential of a small shipyard called "Estareiros Navies de Goa" to contribute to this national goal was recognised. The shipyard, later renamed Goa Shipyard Limited, was consciously designed, developed and expanded to become one of the major centres for defence vessel construction on the west coast of the country.

**(ii)** Goa Shipyard Limited, under the management of the Ministry of Defence Production Control, designs and builds sophisticated vessels for the Indian Navy, Coast Guard and other clients. It also builds commercial vessels such as offshore support vessels, marine and coastal survey vessels, fishing vessels, dredgers and tugboats.

**(iii)** Goa Shipyard Limited Develop the growing shipbuilding needs of the country's naval defence sector. Goa Shipyard is one of the few Indian shipyards with indigenous construction capabilities. GSL conducts indigenous research and development and develops unique product ranges that efficiently meet the specific requirements of defence and commercial customers in the areas of ship design, construction, repair and modernisation.

**(iv)** Our Customers

**(v)** Revenue Contribution

| Particulars (Cr)        | 2022-23 | 2021-22 | 2020-21 | 2019-20 | 2018-19 | 2017-18 |
|-------------------------|---------|---------|---------|---------|---------|---------|
| Ship Building           | 509     | 513     | 677     | 784     | 650     | 1118    |
| Ship Repair             | 159     | 38      | 43      | 29      | 45      | 68      |
| General Engineering     | 156     | 151     | 107     | 90      | 152     | 155     |
| Other Operating Revenue | 44      | 36      | 33      | 28      | 57      | 30      |
| Total                   | 869     | 740     | 860     | 931     | 905     | 1373    |

Goa Shipyard employs over 1,700 professionals and over 265 qualified engineers and marine architects

## SN Capital Review FY 2018-19

**a)** The company is engaged in shipbuilding and ship repair and it is difficult to make good sales. Revenue depends on whether projects are completed on time during the year and in which year the projects are completed. The fall in revenue from 1,462 Cr to 986 Cr is due to delays in the completion of projects for the Nigerian Landing Ship Tank, Mauritius Multipurpose Offshore Patrol Vessel, and Ministry of Home Affairs Offshore Patrol Vessel. However, all projects are nearing completion.

**b)** The company has good operating margins and profit margins.

**c)** The company has in the last three years: h. Free cash flow of around Rs 1,000 Cr was generated in 2017, 2018, and 2019.

## Review of Unlisted Shares of Goa Shipyards for FY 20-21

**a)** The Company achieved a total turnover of Rs 979 Cr in FY 2020-21 against Rs 1,072 Cr in the previous fiscal and Value of Production ("VoP") of Rs 827 Cr in FY 2020-21 against Rs 903 Cr in FY 2019.-20.

**b)** Profit before tax was Rs 172 Cr against Rs 265 Cr in the previous fiscal and Profit after tax was Rs 128 Cr against Rs 198 Cr in the previous fiscal.

**c)** Halting of construction activity in Q1 FY due to COVID-19 impacted revenue and profit margins.



- d)** As of March 31, 2021, the company has an ample order book of around Rs 14,120 Cr. Rs mainly consists of two OPVs for the Indian Coast Guard and two P1135.6 series frigates for the Indian Navy, ensuring growth in revenue and profits in the coming years. The recent Rs 559 crore contract for two PCVs has further strengthened the order book.
- e)** Currently available at Rs 285 per share in the private market. Hence, the market capitalization is around 3.2 billion.
- f)** With an average earnings per share of 12.33 over the last three years, Goa Shipyard's P/E ratio is currently at 23.
- g)** The Indian defense industry is witnessing significant and progressive changes with growth opportunities. The Government of India has set a defense production target of \$25 billion by 2025 (including \$5 billion from exports by 2025). To support defense modernization, defense investments have increased by 18.75% year-on-year in the 2021-22 budget.

### **Review of Goa Shipyard's Unlisted Shares for 2022-23**

- 1.** Goa Shipyard is engaged in the business of ship repair and building. Its competitor in the industry is Cochin Shipyard.
- 2.** The company recorded operating revenue of Rs 869 crore in FY23 as against operating revenue of Rs 740 crore in FY22.
- 3.** A major contract worth Rs 6,000 crore has been awarded for FY 2022-23 for the construction of seven next-generation offshore patrol vessels for the Indian Navy.
- 4.** The total order value as of March 31, 2023, is Rs 20,000 million and is expected to be executed in the next 8-9 years.
- 5.** For FY23, the company paid a dividend of Rs 5.40 per share.
- 6.** Two anti-pollution vessels and eight fast patrol vessels (FPVs) are currently being built for the Indian Coast Guard. Planning for both projects has been completed and construction of four FPVs has commenced.
- 7.** A 4,000-tonne capacity floating dry dock will also be built for the Sri Lankan Navy. Planning has already been completed and construction has commenced.
- 8.** Ship repair is also a profitable business for the company. This year, they earned around Rs 160 crore from ship repair.
- 9.** As part of the government's initiative to achieve an export target of Rs 400 crore by 2025, the company is exploring new customers outside India. They are actively participating in global tenders.
- 10.** The company is also developing an AI-based condition monitoring system that will help shipyards maintain their critical assets promptly and avoid breakdowns.
- 11.** Shipbuilding contributed 509 cr. INR, ship repairs 160 cr. INR and general engineering services 156 Cr. INR.
- 12.** PAT has increased from INR 100 Cr in FY22 to INR 150 Cr in FY23.
- 13.** In the private market, it is available at INR 375 per share, and with total shares issued of 11.64 Cr, the Mcap is INR 4365 Cr. The P/E is 28x while its peer Cochin Shipyard is trading for INR 14000 Cr and P/E is 42x. So it looks cheap compared to Cochin Shipyard. However, we don't know when the IPO will take place.



## Fundamentals

| Fundamentals          |                       |                     |        |
|-----------------------|-----------------------|---------------------|--------|
| Goa Shipyard          | 290 Per Equity Price  | Market Cap (in cr.) | 3306   |
| Unlisted Shares Price |                       | P/E Ratio           | 12.2   |
| Lot Size              | 200 Shares            | P/B Ratio           | 2.3    |
| 52 Week High          | -                     | Debt to Equity      | 0      |
| 52 Week Low           | -                     | ROE (%)             | 18.84  |
| Depository            | NSDL & CDSL           | Book Value          | 123.99 |
| PAN Number            | AAACG7569F            | Face Value          | 5      |
| ISIN Number           | INE178Z01013          |                     |        |
| CIN Number            | U63032GA1967GOI000077 |                     |        |
| RTA                   | N/A                   |                     |        |

## Financials (Figures in cr)

| P&L Statement               |       |       |       |       |
|-----------------------------|-------|-------|-------|-------|
| P&L Statement               | 2021  | 2022  | 2023  | 2024  |
| Revenue                     | 860   | 740   | 869   | 1753  |
| Cost Of Material consumed   | 462   | 364   | 397   | 1197  |
| Gross Margin                | 46.28 | 50.81 | 54.32 | 31.72 |
| Change in Inventory         | 0     | 0     | 0     | 0     |
| Employee Benefit Expenses   | 138   | 141   | 161   | 158   |
| Other Expenses              | 128   | 164   | 221   | 296   |
| EBITDA                      | 132   | 71    | 90    | 102   |
| OPM                         | 15.35 | 9.59  | 10.36 | 5.82  |
| Other Income                | 90    | 120   | 176   | 338   |
| Finance Cost                | 0.26  | 0.25  | 0.5   | 0.3   |
| D&A                         | 50    | 56    | 62    | 75    |
| EBIT                        | 82    | 15    | 28    | 27    |
| EBIT Margin                 | 9.53  | 2.03  | 3.22  | 1.54  |
| PBT                         | 172   | 135   | 204   | 364   |
| PBT Margin                  | 20    | 18.24 | 23.48 | 20.76 |
| TAX                         | 44    | 34    | 50    | 93    |
| PAT                         | 128   | 101   | 154   | 271   |
| NPM                         | 14.88 | 13.65 | 17.72 | 15.46 |
| EPS                         | 11    | 8.68  | 13.23 | 23.28 |
| Financial Ratios            | 2021  | 2022  | 2023  | 2024  |
| Operating Profit Margin     | 15.35 | 9.59  | 10.36 | 9.59  |
| Net Profit Margin           | 14.88 | 13.65 | 17.72 | 13.65 |
| Earning Par Share (Diluted) | 11    | 8.68  | 13.23 | 8.68  |



| <b>Balance Sheet</b>     |             |             |             |             |
|--------------------------|-------------|-------------|-------------|-------------|
| <b>Assets</b>            | <b>2021</b> | <b>2022</b> | <b>2023</b> | <b>2024</b> |
| Fixed Assets             | 748         | 754         | 972         | 1034        |
| CWIP                     | 788         | 333         | 110         | 5           |
| Investments              | 0           | 0           | 0           | 0           |
| Trade Receivables        | 202         | 190         | 169         | 111         |
| Inventory                | 57          | 48          | 114         | 369         |
| Other Assets             | 2894        | 3434        | 4766        | 5595        |
| <b>Total Assets</b>      | <b>4187</b> | <b>4759</b> | <b>6131</b> | <b>7114</b> |
| <b>Liabilities</b>       | <b>2021</b> | <b>2022</b> | <b>2023</b> | <b>2024</b> |
| Share Capital            | 58.2        | 58.2        | 58.2        | 58.2        |
| FV                       | 5           | 5           | 5           | 5           |
| Reserves                 | 1040        | 1091        | 1189        | 1380        |
| Borrowings               | 0           | 0           | 0           | 0           |
| Trade Payables           | 304         | 271         | 413         | 460         |
| Other Liabilities        | 2784.8      | 3338.8      | 4470.8      | 5215.8      |
| <b>Total Liabilities</b> | <b>4187</b> | <b>4759</b> | <b>6131</b> | <b>7114</b> |

| <b>Cash-Flow Statement</b>     |             |             |             |             |
|--------------------------------|-------------|-------------|-------------|-------------|
| <b>Cash- Flow Statement</b>    | <b>2021</b> | <b>2022</b> | <b>2023</b> | <b>2024</b> |
| PBT                            | 172         | 135         | 205         | 365         |
| OPBWC                          | 106         | 38          | 64          | 81          |
| Change in Receivables          | -83         | 12          | 21          | 58          |
| Change in Inventories          | 22          | 9           | -66         | -255        |
| Change in Payables             | 126         | -34         | 142         | 47          |
| Other Changes                  | 958         | 604         | 979         | 739         |
| Working Capital Change         | 1023        | 591         | 1076        | 589         |
| Cash Generated From Operations | 1129        | 629         | 1140        | 670         |
| Tax                            | -49         | -52         | -65         | -134        |
| Cash Flow From Operations      | 1080        | 577         | 1075        | 536         |
| Purchase of PPE                | -57         | -63         | -280        | -136        |
| Sale of PPE                    | 0.5         | 0.5         | 1           | 0.22        |
| Cash Flow From Investment      | -892        | -553        | -648        | -57         |
| Borrowing                      | 0           | 0           | 0           | 0           |
| Divided                        | -55         | -49         | -56         | -77         |
| Equity                         | 0           | 0           | 0           | 0           |
| Others From Financing          | -1          | -2          | -2          | -2          |
| Cash Flow from Financing       | -56         | -51         | -58         | -79         |
| Net Cash Generated             | 132         | -27         | 369         | 400         |
| Cash at the Start              | 19          | 151         | 124         | 493         |
| Cash at the End                | 151         | 124         | 493         | 893         |