SECY/GRSE/BD-69/AM/01/25-26 26 Aug 2025

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
Mumbai – 400 001
Scrip Code: 542011

Dear Sir / Madam,

Sub: Transcript of Investors/Analyst Conference Call for Q1 & FY 26 of GRSE – Reg 30

1. Further to our Intimation Letter No. SECY/GRSE/BD-69/AM/01/25-26 dated 12 Aug 2025, we wish to inform that Conference Call was held on Tuesday, 19th Aug, 2025 at 03.30 p.m. to discuss the Unaudited Financial Results of the Company for the Quarter ended 30th June, 2025.

2. In this regard and pursuant to Regulation 30 read with Para A of Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Transcript of the Investors/Analyst Conference Call for Q1 & FY 26 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: 2025.08.26 14:46:32 +05'30'

Sandeep Mahapatra
Company Secretary and Compliance Officer
ICSI Membership No. ACS 10992

Garden Reach Shipbuilders & Engineers Limited
Q1 FY 2026 Earnings Conference Call
Tuesday, 19th August, 2025 @ 03:30 PM

Management:

1. **Cmde P.R. Hari, IN (Retd)** - Chairman & Managing Director
2. **Shri Sandeep Mahapatra** - Company Secretary & Compliance Officer

Garden Reach Shipbuilders & Engineers Limited
Q1 FY 2026 Earnings Conference Call
August 19th, 2025

Moderator: Ladies and gentlemen, good afternoon, and welcome to the conference call of Garden Reach Shipbuilders & Engineers Limited, arranged by Concept Investor Relations, to discuss its Q1 FY '26 results.

We have with us today, Commodore P.R. Hari, IN (Retd.), Chairman and Managing Director; and Shri Sandeep Mahapatra, Company Secretary and Compliance Officer.

Please note this conference will be recorded. I would now like to hand over the floor to Commodore P.R. Hari, Chairman and Managing Director. Thank you, and over to you, sir.

P. R. Hari: Thank you, Ryan. A very good afternoon to each one of you. And I welcome you all to the conference call of GRSE Ltd to discuss Q1 FY '26 results. And with me here is Shri Sandeep Mahapatra, the company's Secretary and the Compliance Officer. I also take this opportunity to wish each one of you and your families a very Happy 79th Independence Day that we celebrated four days back.

As we normally do during these earnings conference calls, I shall first touch upon the financial performance focusing on the Q1 results, and then highlight the salient aspects of the physical performance, the order book details, progress of the ongoing projects, orders on the anvil, our expansion plans and future outlook.

Since the last interaction we had, the interim period has been very hectic and we have met multiple project milestones. I am happy to inform you that the shipyard has delivered the third survey vessel large, is the third ship in a series of four ships being built for the Indian Navy, and this ship was delivered on 14th of August this year. We also delivered the first antisubmarine shallow water craft to the Indian Navy again.

Just to place on record, 16 Anti-Submarine Shallow Water Crafts constructing by two government shipyards (GRSE and another PSU shipyard), eight each. We had the honor of delivering the first of these 16 vessels. The contract for both these projects was signed on the same day.

Most happy to inform you that GRSE has delivered the first P-17 Alpha ship to the Indian Navy on 31st of July, this year. And it is a matter of great pride that this ship, the largest weapon platform built by GRSE has been delivered ahead of schedule.

We have also completed two refits in the ship repair segment during this period. The normal refit of Sagardhwani and the normal refit of Kalpeni. Both these are Indian naval ships, and incidentally, both these ships have been constructed by GRSE way back. Currently, we are executing the refit of another GRSE built export platform, Mauritian Coast Guard Ship - Barracuda, the ship is presently with us for her normal refit.

I am also happy to inform you that GRSE has successfully completed the pre-acceptance trials of the first indigenous 30-mm naval surface gun, again, onboard on one of the ships built by GRSE. Just to place on record again that this is the first of its kind achievement wherein a 30-mm gun has been indigenized. We also signed a contract for construction of two coastal research vessels for the Geological Survey of India. And as I mentioned last time, GRSE has been declared the L1 bidder in the prestigious high-value, next-generation corvette project. The contract negotiations are currently in progress, and we expect the contract to be concluded during this financial year.

Now coming to the current order book.

Our order book as on 30th June 2025 stands at ₹21,700 crores, and this consists of 10 projects comprising of 40 marine platforms. These include four projects for the Indian Navy, the P-17 Alpha. We are still left with two ships, the survey vessel large project. One more ship left, the Anti-Submarine Shallow Water Crafts project, seven ships out of the eight left. And the Next-Generation Offshore Patrol Vessel project comprising of four ships. So total 14 naval ships from these four projects.

We are also constructing four specialized research vessels from three projects, an Ocean Research Vessel for the Ministry of Sciences, the NCPOR Goa; an Acoustic Research Ship for the DRDO, the NPOL Kochi; and two coastal research vessels that I just mentioned for the Geological Survey of India. So, all in all, we are constructing four specialized research vessels. And incidentally, we are the only Indian shipyard currently constructing specialized research vessels.

In addition, we are also executing a project for the Government of West Bengal, 13 Hybrid Green Ferries. These are advanced ferries vessles. This is a World Bank-funded project currently being executed for the Government of West Bengal. We are also undertaking a project for the Government of Bangladesh, an Advanced 1,000 meters Cube Suction Hopper Dredger. This project is in progress. And in addition, as stated during my last interaction, we are constructing eight Multipurpose Vessels for our European, that's a German client. So, all in all, 10 projects, 40 platforms. This is in addition to the orders that we have for portable steel bridges, the deck machinery and also the ship repair division.

I shall now update you on the progress of the ongoing projects.

As I mentioned, currently, we are executing construction of two P-17 Alpha ships. The second in the series has almost touched 80% of physical progress of construction. And the third ship has received around 56% progress. The ship which has achieved around 80% progress is expected to be delivered by April 2026 and the last ship by August 2026.

Coming to the Survey Vessel (Large) project. The last ship, the ship number four has achieved around 82% physical progress of construction, and this shift is expected to be delivered by the end of this calendar year.

Coming to the Anti-Submarine Shallow Water Craft project. We have got seven ships left. The second ship in the series has already achieved around 97% of construction. It has completed all her contractor trials, including the final mission trial, and this ship is expected to be delivered to the Indian Navy by the end of this month. We also intend delivery of two more ships of this project during the current financial year. And by the end of next calendar year, that is by end of 2026, we will be completing this project by delivering the balance ships.

The Next-Generation Offshore Petrol Vessel project. It's a four-ship project. The first two ships are almost touching 60% physical progress of construction. And the next two ships around 48% physical progress of construction. The progress of this project is satisfactory, and we intend completing this project on time. The project is expected to be completed as per schedule by calendar year 2028, that is Financial Year 2029.

Coming to the other projects, we have already started construction of the Ocean Research Vessel, the Hybrid Ferries and the Bangladesh Dredger. And all these three projects are moving along fine. And coming to the other two ships, the Acoustics Research Ship and the Coastal Research Vessel, the pre-production activities are currently in progress. This in nutshell gives you an overview of the progress of the projects currently in hand.

Now I should touch upon the projects on the anvil.

As I had mentioned, the contract negotiations for the next-generation corvette project is currently in progress with the Ministry of Defense and Navy. And this is going to be a high-value order. The order value is expected to be to the tune of around ₹25,000 crores. And I expect this contract to be concluded during the current financial year.

I am also happy to inform you that GRSE is currently executing an order for eight Multipurpose Vessels for the German client. And we intent concluding a contract for another four Multipurpose Vessels. The contract is expected to be signed by mid-September; within a month we should be signing this contract.

We have also submitted bid for two projects, one of the Indian Navy, five Next-Generation Survey Vessels. And one for the Indian Coast Guard, 18 Next-Generation Fast Patrol Vessels. We expect the bid declaration to be somewhere around the end of this calendar year.

Now coming to the RFPs which are likely to be floated by the Navy and the Coast Guard. One RFP by the way is already current, that is for the multipurpose vessels. The two ships project akin to the current project being executed by one of the private shipyards in India, the order value is likely to be around ₹1,200 crores.

Navy is also likely to come out with an RFP for 31 follow-on Next-Generation Water Jets FACs. I expect the RFP to come out towards end of this financial year. In addition, the Indian Coast Guard is expected to come out with an RFP for six Next-Generation Offshore Patrol Vessels and 22 Intercepted Crafts. In addition, Navy is likely to come out with an RFP for 120 Fast Interceptor Crafts. All these RFPs are likely to come out from now to over a period of next 18 months.

One important RFP of Indian Navy that we are eagerly looking forward where Hon'ble Raksha Mantri and Defense Acquisition Council has already accorded the AoN, is the prestigious P-17 Bravo project. This is the follow-on of the current projects that we are executing, the P-17 Alpha. And this again is a seven-ship project. Approximate order value could be to the tune of around ₹70,000 crores. Here, the L1 shipyard could get four ships, and the L2 shipyard three ships. With our experience of having built the P-17 Alpha frigates, we would be bidding appropriately with an aim to win this bid. The RFP is likely to be floated by the Navy by the end of this calendar year. So, I think this gives you an overview of the orders immediately in the offing and what is likely to come up over a period of next 18 months.

Coming to our shipbuilding capacity and our expansion plans.

Just to give you the perspective, about three years back our shipbuilding capacity was for concurrent construction of 20 platforms. In 2024, through revamping and revitalizing some of our facilities, we have increased the shipbuilding capacity to 24 ships. And now we have a capacity to build 28 platforms, 8 large and 20 medium and small platforms. And with the kind of modernization that we are currently progressing, by 2026, we intend increasing this capacity to 32 ships. This is within the geographical limitations of what we have currently in Kolkata.

As part of our expansion plan, we intend acquiring one more dry dock in Kolkata from the Syama Prasad Mookerjee Port. The final discussions are in progress. And this will further augment our capacity for ship repair. In addition, we are planning to set up a Greenfield Shipbuilding Facility. Within West Bengal, the land finalization is in progress, it is approximately 30-plus acres of land. And we intend to commencing production here, which means we will be starting the preparatory activities within a couple of months, and we intend commencing production here within a year.

But we feel. this also is not adequate. Considering the orders on the anvil, the order visibility in terms of commercial shipbuilding and the opportunities there on, so we intend setting up a greenfield shipyard either on the West or East Coast of India. And we have already identified suitable areas; the discussions and deliberations are currently in progress. And within a year, we will conclude the negotiations and acquire this facility. During our next interaction or the next interaction, I will be able to provide you better clarity on that.

So, all in all, the shipyard is doing well. Our order book is healthy. We have a clear execution plan. The projects are moving on fine. With our focus on new technology adoption, yard modernization and expansion, new technology adoption with specific focus on green and autonomous vessels, I feel the shipyard is on the right track.

And with this, I come to the end of my opening remarks and open the floor for questions and answers. I request to avoid repetitive questions, keeping in mind the time constraints. Thank you. Now the floor is open for questions and answers.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question comes from the line of Dipen Vakil from Phillip Capital. Please go ahead.

Dipen Vakil: Hi, Thank you for this opportunity, sir. Sir, my first question is, I wanted to understand a little bit more on your revenue recognition as to how does your revenue recognition occur. Because you mentioned that you have recently delivered one of our P-17 A and another one is almost 80% complete, so does those milestones also represent the kind of amount that you would have received from government? Or even after deliveries there is some amount which is still pending to be received from government? So, can you throw some light on the revenue liquidation for your deliveries and milestones?

P. R. Hari: Thank you. Yes, the projects that we are executing are now at a stage of maturity, production maturity where revenue accrual is either peaking or would be peaking in the coming months and years.

Coming specifically to the P-17 Alpha project. See, all the government projects which we are executing for the Navy or the Coast Guard, they have defined stage payments. Just to give you an example, a big project like this which spans over a duration of five years plus, there are 15 stage payments. With the 14th stage coming when the ship is delivered, and the 15th stage is after the guarantee period is over. So as far as the receivables are concerned, when we say we are delivering a ship, we would already have received almost 95% of the total project cost.

Coming to the revenue. The revenue recognition happens as we are pumping in the labor, the material, the yard effort and so on. As far as revenue recognition is concerned, in this particular project, the entire revenue recognition happens at the time of delivery. So, with the first P-17 Alpha, we have realized the full revenue. And as far as the second P-17 Alpha is concerned, the ship is currently at 80% physical progress. And since the delivery of this ship is planned during April 2026, I appreciate that by March end we should be able to accrue almost 90%, 92% of the revenue. I think that answers your question.

Dipen Vakil: Absolutely. Thank you so much for this clarification. Sir, my second question is on the lines of the new product development that GRSE is doing. So, earlier we had mentioned that you were also looking at some autonomous underwater vehicle, so any progress on that? And what can be the opportunities in this area considering that autonomous is turning out to be a new game changer vehicle, especially in land as well as underwater?

P. R. Hari: Thank you. Our focus has been on new product development. One, as I mentioned, I have been passing earlier, on two segments; actually, three segments, I forgot to mention a segment earlier. First one is development of autonomous platforms, both in the surface and sub-surface domain. I will cover this right now since you asked me this specific question.

We have developed an Unmanned Underwater Platform. And this platform has already undergone its prototype trials satisfactorily at Leh in Kashmir. We have incorporated certain modifications in the prototype and the product is now ready for final trials.

Coming to the unmanned surface business. We had developed this product in 2023. In 2024, we have already executed order for one of the DRDO organizations, the NSDL, Visakhapatnam. And based on the inputs that we have received, we have incorporated additional features in this unmanned surface vessel. And on both unmanned surface vessel and the underwater platform, the opportunities are phenomenon with both the Navy and the Coast Guard and some of the research organizations coming up with the requirements.

Still, I would like to place this clearly that development of such platforms, as a nation, it is still at nascent stage. I expect more maturity to come in this entire segment in the coming two to three years. The opportunities and potential definitely see a huge pride. We are fully geared up for that and our advantage is that as a big company, we have invested, taken partners who are capable and have developed products. Now it's a question of fine-tuning to meet the customer requirements. As I said in the next, okay, two to three years we expect the potential to really boom.

Second area where we are developing a new technology product is the green vessels. As you perhaps aware that we have already built the largest green platform for India, that is 150-passenger platform and the fastest so far built in India. And this vessel is currently plying the waters of Hoogly River. Based on the success of this product, we have received an order for 13 hybrid ferries. So currently, in India, there are only two big shipyards, GRSE and Cochin Shipyard building these kinds of platforms as of now.

The third area in terms of new product development that we are focusing is on the Bailey Bridge segment, where we have proprietary rights of at least two or three varieties of bridges, which are being regularly supplied to the Indian Army and the Border Roads Organization and the NHIDCL. So new product development has so far given us a good foothold in the respective segments of what I had mentioned. Thank you.

Dipen Vakil: Thank you so much for this detailed response. I will get back in the queue for my follow-up question. Thank you so much and all the best.

Moderator: Thank you. We take the next question from the line of Krishna Doshi from Ashika Institutional Equities. Please go ahead.

Krishna Doshi: Thank you so much for the opportunity. Congratulations on a good set of numbers, sir. Sir my first question happens to be for P-17 Alpha project. Now the project will be coming to an end by August 2026. I just wanted to know how do we see the margins and the revenue panning out for the year FY '27 and FY '28? Do we see some sort of an impact on the top line? Or how is it going ahead?

P. R. Hari: Thank you, Krishna. And at the outset, thank you for your wishes on our Q1 performance. Yes, the Q1 was good and it has given us the right kind of momentum to see the year through. Yes, the P-17 Alpha project is on moving very much on schedule and we intend completing the project by mid-2026, that is August 2026. And since this project is a big-ticket item, we expect both the top line and the bottom line to maintain the tempo that we have sustained over the last three years.

What I am trying to convey is that FY '25 has been very good for us. We crossed ₹5,000 crore barrier with respect to our top line. And as far as the profit after tax is concerned, we have also crossed ₹500 crore mark, which means these are two first for us. With the P-17 Alpha project being the biggest revenue earner and, of course, it's the high-value project, I expect similar growth in FY '26 as well as FY '27 in terms of both top line and bottom line. Thank you.

Krishna Doshi: Thank you so much sir for the answer. The next question that I wanted to ask is with respect to the next-generation corvette order, like we have set this very optimistic time line of signing the contract by December. So, I just wanted to understand that how does it go post that? Because the first ship, as you mentioned earlier in the con call, it usually takes like some time. So how is it going to go like going forward, like when are we going to possibly deliver the first ship?

P. R. Hari: Thank you. Very interestingly, as we speak, contract negotiations are in progress. Actually, during this con call itself I was getting distressed as to some input I have to give there. What I am trying to say, the project negotiations are going in full swing. And most optimistically, this is exactly what I mentioned during the last con call that most optimistically the contract could get signed by end of the calendar year, that is by December. And on a conservative fashion, because the process involved that takes a bit of time, by the financial year end.

Now, once the contract is signed, the preproduction activities start. What I mean by preproduction activities is finalization of the design, finalizing the equipment that needs to be procured, and the procurement action. These activities will take place during the initial phase of the project execution. The actual production after the design is finalized would commence after a certain period of time as per the contract.

Now for the first ship delivery, as I understand, the first ship delivery would be by 2031. And the last ship delivery, because rather we would be constructing five ships be 2034 versus the eight ships project deliveries are staggered. Which means as a company, this particular big-ticket order gives us visibility up to 2034, with the first delivery starting from 2031. And as far as revenue recognition is concerned, we expect this project to give us revenue from FY '28 onwards. Thank you.

Krishna Doshi: Thank you, sir. I will get back in the question queue.

Moderator: Thank you. The next question comes from the line of Amit Dixit from Goldman Sachs. Please go ahead.

Amit Dixit: Hi, Good afternoon, everyone. Thanks for the opportunity. So, a couple of questions sir. The first one is on the level of indigenization that we have achieved on P-17 Alpha. So, now we are reaching practically the end of the project, so what is the level of indigenization on it currently? And similarly, in NGC, if we get these contracts, then what would be the indigenization level that we are looking for? Similarly, P-17 Bravo, as and when it is decided, what is the level of indigenization we are going to look over there?

P. R. Hari: Thank you, Amit. So, your question is focusing on indigenization. Now I would just like to give you a little perspective, so that, we clearly understand the shipbuilding indigenization pattern. In shipbuilding, in a conventional war ship, we can divide the ship into a few compartments, that is a float, move, fight and survive. Float as in the hull form, the hull of the ship and the essential equipment and systems required to float the ship. Move effectively becomes the propulsion package, the power generation package and so on. Fight would be the weapon and sensors. And the survival would be the firefighting equipment and so on.

Now coming to the float element, we have 100% indigenisation as a nation and as a shipyard we have 100% indigenized components including specialized steel and so on.

Coming to the move part. Here, the indigenization as of now is limited to everything other than the propulsion system, which means the propulsion package, the main engines, the diesel engines, the gas turbines and so on, still have a large amount of import content.

Now coming to the next part, that is the weapon and sensors. I would say with many Indian companies in both public and private focusing on weapon indigenization, again, we have achieved around 65% indigenization. And coming to the last, survive, is almost 100% indigenization.

Now, in a ship the total cost of equipment, that is materials, comes to around 65% with the balance coming from the labor and the associated requirements, design, labor and so on. Now if you take the overall ship, you asked a specific question of P-17 Alpha, the indigenization content all put together is plus 80%, it is between 80% and 85%. And in case of the Next-Generation Corvette and the P-17 Alpha, with more equipment getting indigenized over this period of time, we expect the indigenization percentage to be between 85% and 90%.

What would remain a very few weapons and equipment. And just to again place on record for the P-17 Bravo, we expect a main project for the main propulsion engines to be successful by the time this project takes shape. So even the propulsion could be indigenous. That's why, I said the overall indigenization percentage of both these projects, the Next-Generation Corvettes as well as the P-17 Bravo could be to the tune of 85% to 90%. Does that answer your question, Amit?

Amit Dixit: Yes, sir. Thank you so much. It does. The second question essentially is on the Greenfield Shipyard that we are looking at, very interesting. So, is it that we are looking at Deep-Water Draft and also that we can further develop our capability to, let us say, destroyers, submarines, something like that? Or is it going to be in line with our current product range?

P. R. Hari: A very interesting question, actually a pointed question, nice question. See, yes, we are looking for a Greenfield Shipyard, primarily because what we have today in Kolkata is just enough. We are actually stretching our teams, just enough to manage the existing orders and a few orders that are on the anvil. And we also want to set up a shipyard which does not have any draft issue and depth limitation. So naturally, it would be along the sea and the facility would cater for platforms up to destroyers and large commercial ships.

Submarines requires facility as well as capability. But as a shipyard, at this juncture, we do not intend going into submarine building. Because I think I have mentioned once before, we may have the facility, but to create the kind of expertise required to build submarines will take 20 to 30 years. So, we do not want to venture into something that we are not specialized in, whereas we are specialists in war ships, surface ship building. So, the facility that we would be creating would be adequate to meet all surface ship building requirements. Thank you.

Amit Dixit: Great sir! Thank you so much. All the best.

Moderator: Thank you. We take the next question from the line of Harshit Kapadia from Elara Capital. Please go ahead.

Harshit Kapadia: Hi. Thanks for giving me the opportunity. Congratulations for good results. Sir, I have two questions. One, could you give us the order book breakup, if you have not shared at the start of the call, I just missed the initial remarks for the order book. That's the first question.

P. R. Hari: Thank you, Harshit. And at the outset, thank you for your compliments on the Q1 results. As I mentioned, it has given us the right kind of momentum to move ahead in the current financial year.

Now coming to the order book distribution. Our current order book stands at ₹21,700 crores, and that is comprised of 10 Marine Platforms. I am at this moment, not talking about the orders which we are getting from ship repairs, the portable steel bridges and the deck machinery. So, the 10 projects comprised of four projects of the Indian Navy consisting of 14 platforms and six more projects, three Specialized Research Vessel projects consisting of four platforms, two Coastal Research Vessels, an Acoustic Research Ship and an Ocean Research Vessel, 13 Hybrid Ferries, Electric and Diesel Ferries for the Government of West Bengal, a Multipurpose Vessel Project, 8 Ship Project for a German client, and 1,000-meter cube dredger for the government of Bangladesh. So, all in all 10 projects.

Now, if you want to further breakup. In our order book I had mentioned it is about ₹21,700 crore. Our core strength lies in shipbuilding and around 98% of our order book is comprised of shipbuilding orders. Interestingly, earlier out of this 98% of shipbuilding order, 100% from defense shipbuilding. But as of now, 86% is coming from defense shipbuilding and balance nondefense shipbuilding, which we have branched out about two to three years back is now contributing the shipbuilding order book composition of around 14%. Of this, research vessels around 9% and the export is around 5%. The other business vertical, ship repair, yes, the orders of course they keep coming, it's a dynamic situation. Right now, about 1% is from ship repair, the bridges and the diesel engine plant about 0.5% and so on. So, I think this gives you an overall glimpse of the order book. I presume this is what you wanted. Thank you.

Harshit Kapadia: Yes, sir, this was really helpful, sir. And the second question which I wanted to check with you. In the Q4 results you had highlighted that around ₹430 crore worth of provision you would be adding to profit with Rs. 100 crores of that being added in FY '25. Now, is the balance out of ₹330 crores, it was mentioned that it would be disbursed over next two to three years, the balance amount. So, has Q1 seen any, I would not say what provision write-back of any particular amount? Or largely, it would be done in H2 or Q4 is where we will see the reversal happening of the balance amount?

P. R. Hari: No, we have not factored it in the Q1. As you rightly said, that we will be considering it in the H2, perhaps the first half of H2.

Harshit Kapadia: Okay. And any tentative amount that you would suggest, sir, out of ₹330 crores how much would be done in FY '26? How much is anticipated in FY '27?

P. R. Hari: Almost 50-50.

Harshit Kapadia: Fair enough, sir. That's it from my side. Thank you very much sir. All the best.

Moderator: Thank you. The next question comes from the line of Sanjeev Zarbade from Antique Stockbroking. Please go ahead.

Sanjeev Zarbade: Yes. Sir, my first question was regarding the subcontracting costs that have increased in the first quarter. So, I wanted to understand, what is our strategy going ahead in the medium term regarding the subcontracting portion? Do we intend to continue with like 15% to 20% of our sales as going into subcontracting? Or is it more of a short-term measure that we have undertaken?

P. R. Hari: Thank you, Sanjeev. Yes, the subcontracting quantum has moved up almost by ₹104 crore from ₹131 crore to ₹235 crore. This is a natural phenomenon because right now, our ships are at a stage where maximum revenue accrual takes place. And so, the physical effort required to get these ships moving in terms of production is humongous at this stage of production. Second is now ship repairs also is moving in a direction where the projects which we are executing are reaching the end phase. So, the subcontracting concept and the percentage will remain the values which you have mentioned, around 15%, it will continue. It's not a spike. It will continue.

Sanjeev Zarbade: Okay. And also, sir, in the recent AON's that were granted for ₹67,000 crores out of which some portion was for Navy also. And in the Navy, they intend to acquire some autonomous vessels also. So, are we in contention for this kind of vessels like procurement of compact autonomous surface craft is what they intend. So, are we in this kind of platform right now or maybe going ahead?

P. R. Hari: Okay. In the ₹67,000 crores, which was recently announced, and an earlier DSC approval, from the Navy's perspective, two major projects were highlighted and for which they got an AON. One, of course, is what you mentioned on the Autonomous Vessel projects, autonomous vessel projects both in the surface as well as the subsurface domain. Navy wants certain underwater platform, they call it XLA, Extra-Large Autonomous underwater vehicles. GRSE is very much a part of this initiative or this requirement, and we will be bidding for that.

But more than that, these are all small to medium value projects. To put things again in the right perspective, I had answered an earlier question. In terms of autonomous platforms for defense purpose, while the requirement very much exists the process is time consuming, still in a nascent stage. Next two to three years, you will see a rapid growth in this segment. GRSE is very much a part of this initiative.

Now again, since you mentioned this DSC approval for projects worth so on and so and so. Another project where Navy has gotten obtained an AUM is for the mine countermeasure vessel project. This is an attractive project. It's a 12-war ship project. The AON value itself is around ₹32,000 crore split between the two shipyards, the L1 shipyard taking eight and L2 four. So that I think answers your question directly on the autonomous platforms, yes, we are very much a part of this and we intend taking a good chunk of the pie.

Sanjeev Zarbade: Okay. Sir, just last question from my side. Normally what we see in the other two shipyards that announced their numbers, there is a sizable portion of provision that happens during the quarterly numbers and even in the full year numbers. However, provisions as an expense is not a sizable amount in our numbers. So, is there any difference in accounting for may be provisions or if you could throw some light on that?

P. R. Hari: No, we follow the standard accounting procedures, and we have been consistently following this. So, in case any other shipyard has provided, then that must be for a specific reason. So, I cannot comment on what the other shipyards have done. We have been consistent in our provisioning process.

Sanjeev Zarbade: Okay, sir. Thank you and all the best.

Moderator: Thank you. We take the next question from the line of Sunil Shah from SRE PMS. Please go ahead.

Sunil Shah: Thanks for the opportunity. Sir, congratulations on delivering the P-17 Alpha, the first one, great service to the nation. So, thank you very much for all of it for the entire GRSE team. Thanks for that. Sir, my first question is about the capacity. We have really ramped up from 20 ships to 24 to 28 and 32 maybe in a year's time from now. And there are three locations that we are looking at, the first being the 30-acre land in West Bengal that will help us to increase further capacity. So, I won't get the exact number of concurrent ship constructions that we can do eventually.

So, first from the land, second from the greenfield shipyard that we propose for the East or the West Coast eventually in time. And the third one is the Pipavav shipyard, where we have had some kind of an arrangement or MOU with them. So, how much at one point in time over the next, say, two and a half to three years, concurrently, we will be able to construct the ships, the number or something on that side, sir?

P. R. Hari: Yes. Thank you, Niraj. At the outset, P-17 Alpha was a project which we had taken on with complete passion. Because for us this project is totally different and special, because while we have constructed frigates earlier also, they were much smaller frigates. This was the first platform that has got gas turbine propulsion to be built by GRSE and the biggest and most complex defense platform. So, it is indeed a matter of great pride for us that we could deliver this ahead of schedule. So, that ahead of schedule means a lot to us because for first-time attempt to deliver with quality and in ahead of schedule is something which all of us should be proud of. And thank you for your compliments.

Coming to the shipbuilding capacity, what we had done so far. As you rightly said, we have increased the capacity from 20 to 24 to 28 and now targeting 32 by the next year. This has not come easy. We have done regular capital infusion. At the same time, optimal infusion to revamp some of our facilities, convert some of our facilities. But then we realized that what we have, let us take 30 next year, still would not be adequate to meet the potential that is available, or tap the potential that is available in the market, especially with the European clients now looking at India as a shipbuilding destination. That's why we thought and decided to move in for acquiring more land and facilities, create facilities.

Now before I come to the Pipavav question that you asked, what our target is, within the next four years, that means by 2029, we intend ramping up our shipbuilding capacity to 40. So, from 30 to 40 is what we are targeting. And there, the 30-acre land that we have identified would surface for around six ships, let us say. And the greenfield facility would not be fully ready by then. But for partial readiness, we should be able to construct around four ships. So, all put together, we are targeting around 40 ships in the next five years.

Coming to our affair or the association with Pipavav, it's an MOU for construction, collaboration towards construction of larger platforms. Currently, the capacity that we have is for construction of vessels up to 200-plus meters. And some of the offers available in the market, we realized there for platforms well beyond this particular size. So, we thought that we should have a collaboration with the yard has got that kind of facility. And discussions are in progress, and we are very confident that in the coming years, we could translate this MOU into a couple of orders. Thank you.

Sunil Shah: Thank you, sir. Thank you very much for the answers. Thanks.

Moderator: Ladies and gentlemen, as there are no further questions, I would now hand the conference over to Commodore P.R. Hari for closing comments.

P. R. Hari: Thank you, Ryan, thank you Gaurav from Concept IR and thank you all for participating in this conference call and showing interest in our company, as always. And considering that we have not had too many questions this time, and I presume my analysts and investor friends are happy with what we have done. And I conclude the session now. Jai Hind. Thank you.

Moderator: Thank you. On behalf of Garden Reach Shipbuilders & Engineers Limited, that concludes this conference. Thank you for joining us. And you may now disconnect your lines. If you have any further questions, please send an email to Gaurav.g@conceptpr.com