



Knowledge Marine & Engineering Works Limited

Earnings Conference Call

FY2022

May 31, 2022

Management:

Saurabh Daswani	Managing Director
Sujay Kewalramani	Chief Executive Officer
Kanak Kewalramani	Director And Chief Financial Officer

Moderator: Ladies and gentlemen, good day and welcome to the FY 2022 Earnings Conference Call of Knowledge Marine & Engineering Works Limited, hosted by HEM Securities. As a reminder, all participant lines will be in the listen-only mode and anyone who wishes to ask a question at any time may enter '*' and '1' on their touchtone phone. To remove yourself from the question queue please enter '*' and '2'. Should you need assistance during the conference call, please signal an operator by pressing '*' and then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Ms. Astha Jain from HEM Securities. Thank you and over to you, Madam!

Astha Jain: Thank you Rochelle. Good afternoon ladies and gentlemen, thank you for joining FY 2022 Earnings Conference Call of Knowledge Marine and Engineering Works Limited. Joining us on the call today from management team are, Saurabh Daswani - Managing Director; Mr. Sujay Kewalramani – CEO; Ms. Kanak Kewalramani – Director and CFO. We will commence the call with the opening thoughts from the management team, post which we will open the forum for Q&A session, then the management will be glad to respond to any queries that you may have. At this point I would like to add that some of the statement made or discussed on the conference call maybe forward-looking in nature. The actual results may vary from these forward looking statements. I would now like to hand over the call to Mr. Saurabh Daswani to commence by sharing his thoughts on the performance and strategic progress made by the company. Thank you and over to you Sir!

Saurabh Daswani: Thank you. Good afternoon ladies and gentlemen. It is my pleasure to welcome you all to our first ever earning conference call. I hope and wish that you and your family are doing well during these tough times of COVID-19 pandemic. I would like to thank all the stakeholders, clients, board members, our bankers, auditors, our vendors and the whole team of KMEW for the support provided during the last year which has enabled us to come out with flying colors.

Moving further, our financial statements, press release and presentation have already been live on exchange and our website. I hope you all had the opportunity to peruse the same. Before we get into the performance during the year, I would like to take this opportunity to give some background on the company for the benefit of all the participants. We, at Knowledge Marine and Engineering Works Limited are in the business of dredging and hiring of marine craft for various essential services to the major and minor ports across the coastline of India and neighbouring countries.

These essential services are including and not limited to Pilotage, Security of Patrolling as per ISPS compliance, mooring of vessels on the jetty and SPM operations and also repair and refit services. We are one of the most reliable dredging companies in India having presence in the east and as well as on the western coast. Our geographical presence expands all the way starting from Kandla Port in the Western India to Calcutta port in Eastern India.

Coming on the essence of this conference call that is FY 2021-2022, the company continues to maintain a strong order book of Rs.182 Crores with average tenure of more than three years, which gives

a clear visibility of growing revenue and profitability in years to come. Discussing about the execution of the projects, the company not only continued to successfully execute its ongoing work but also added up to executing three more projects in Vishakhapatnam, Kandla Port Wayanad Terminal and the overseas project at Sittwe Port of Myanmar.

On our fleet strengthening, we have continued to invest in new addition totalling into eight vessels as against four compared to last financial year. These additions have been as follows: First, River Pearl 5 a high speed petrol launch made of aluminium and deployed at Vishakhapatnam Port for a period of five years. River Pearl 6 and River Pearl 7 two sets of vessels which are mooring boat deployed at Kandla Port Wayanad terminal to hand the mooring operations of VLCCs arriving at the liquid cargo work and single point mooring system, and River Pearl 8 at 1,700 cubic meter Trailing Suction Hopper Dredger deployed at Sittwe port in Myanmar for carrying out the capital and maintenance dredging of the port and Kaladan River.

It gives me immense pleasure that continuing the growth trends, we have two more vessels under construction which will be ready and in operation by the end of third quarter. These will include River Pearl 9, a Speed Patrol Boat to be deployed at Vishakhapatnam Port Trust for carrying out patrolling operations under ISPS compliance and River Pearl 10 a service boat to be deployed again at Kandla Port Wayanad Terminal for the daily routine operations at the single point mooring in offshore.

We believe that the last financial year has been a landmark year; this year in which we have not only doubled our fleet but also have been able to secure the largest dredging project for the company since our incorporation. The said dredging project is also our first international contract wherein we got the opportunity to assist the Government of India to build a strategic port at Sittwe Myanmar. The project is a collaboration between India and Myanmar to strengthen the relations of the bilateral trade and more importantly to provide the connectivity to the North Eastern States of India.

Adding some light on the future plans and the growth perspective, I would like to convey that the Indian Port Infrastructure is expected to grow in long-term, thereby spurting support industries such as dredging and chartering of marine crafts for essential services. Also, the immense growth in the marine infrastructure facilities including ceiling dredges, metros and what not deployed for marine infrastructure unit has gone up by several folds.

With the serious focus on project timeline, our company considered the emerging opportunities arising out of the Government of India's new policy initiative for improving the port and marine infrastructure as promising. Our future outlook is bright and with full order booking and with numerous more projects on horizon, our medium to long-term growth story is supported by our strategic plan to diversify into new business segments like ship building, ship scarping and developing fishing harbors.

Talking into details, the company is in discussion with a reputed shipyard at Goa for setting up a full-fledged shipbuilding segment for not only the in-house requirement but also to cater the increasing demand of marine craft and marine infrastructure. The board is also discussing with other small dredging companies

to join hands for emerging opportunities for development of inland waterways and fishing harbors across the Coast of India. Such joint ventures will give an inorganic growth to the company and will place it in one of the very few companies giving an end-to-end solution in the field of dredging and marine craft.

Our prudent investment decisions during the last few years in new vessels and technology has not only achieved their project objective but has put us in a prominent place in this segment. This has helped us to spread our strength across the geographies and compete globally. The long-term vision and the path to a sustainable future are constantly at the forefront of our mind space.

I will now hand over the call to Ms. Kanak Kewalramani, CFO to take you through our spectacular financial performance during the last year. I once again take this opportunity to thank everyone and be a part of our growth journey and wish you a good health.

Kanak Kewalramani: Thank you Saurabh, for the introduction. Good afternoon everyone. I would like to thank to all stakeholders for their support, guidance and mentorship. Concentrating on our financial performance, our operational revenue rose to Rs.61.6 Crores which is 84% up in FY 2022 as compared to last year.

Similarly EBITDA saw an uptick of Rs.32.9 Crores with a margin of 53% in FY 2022. PAT stood at Rs.20.9 Crores with a margin of 34% in FY 2022. The total cash flow from operations was Rs.34.6 Crores with EBITDA to CFO conversion of 105%.

Coming to the debt structure of the group, I would like to inform that we structured our debt on the tenure of the contract, that is we repay our debt before the completion of tenure of any contract. This debt consolidation has resulted in lowering of cost of debt to 7.5% from excess of 15% earlier. Our ROE and ROCE stood strongly at 53% and 50% respectively.

Our net debt was Rs.3.8 Crores in FY 2022 compared to Rs.5.4 Crores in FY 2021 and net debt to EBITDA was 0.12x compared to 0.41x last year.

Now I would like to highlight the contracts awarded during FY 2022. Firstly, we acquired modified and deployed Trailing Suction Hopper Dredger, River Pearl 8 in Sittwe Port, Myanmar under Ministry of External Affairs, Government of India as our principal contractor.

Secondly, we have successfully won a contract of Rs. 2 Crores from Vizag Port for providing patrolling services under ISPS compliances for a period of three years which is further extendable by two more years. We have also awarded a contract by Deendayal Port Trust for providing marine service boat for Rs.10 Crores for a tenure of 5 years further extendable by two more years.

To conclude, the excellent FY 2022 results will serve as a new benchmark for us, motivating us to seek out new business opportunities and give a positive outlook and very optimistic view for good performance in FY 2023.

With this we close our opening remarks and will now hand over the call to Mr. Sujay Kewalramani, CEO of the Group and the moderator and open the call for an interactive Q&A session. Thank you very much.

Moderator: Thank you very much. Ladies and gentlemen we will now begin the question and answer session. The first question is from the line of Avinash Gorkshekar from Profitmart Securities. Please go ahead.

Avinash Gorkshekar: Good afternoon everybody and congratulations on a very good set of numbers to the entire management team. I just wanted to know what is the current order book as of now and what kind of completion ratio can we expect in the current year that is for FY 2022-23, if the management can put some color on that?

Sujay Kewalramani: Good evening. Order book as of today stands at Rs. 182 Crores and we will be executing for this particular year about Rs.125 to Rs.130 Crores.

Avinash Gorkshekar: And basically just one more question which I wanted to know is that, you have mentioned in your opening remarks that you all looking at bigger investments by setting up your own ship yard or trying to tie up with some other agency where you can possibly also manufacture ship building for others also. So if management can briefly tell us what is the kind of expansion which the company has in mind and hopefully can this be materialized over the next 12 to 18 months. Can you share some timeline when this is going to be possible from the company side?

Sujay Kewalramani: There are four different angles from which we are working right now. One is ship building, so we have been placing orders with a yard in Goa, Synergy Shipyard, Goa over the last 3-4 years to supply us and build its crafts for us which are for captive use. Now we feel that there is a larger market and we are trying to set up a JV company with Synergy Shipyard wherein we will be bringing orders in-house orders as well as external orders and we will be developing that company further. That will materialize within next three to six months. Second, we are a dredging company, we use hydraulic technology such as Trailing Suction Hopper Dredger and mechanical technology such as Grab Hopper Dredgers, we are not currently in the segment and we do not own Cutter Suction Dredgers. So we are inorganically trying to grow into that, by doing a joint venture with a company which owns four to five Cutter Suction Dredgers, that joint venture is going to be incorporated very soon, that will also happen within next six months and we will try to expand in the sector of Cutter Suction Dredgers and take up orders from inland water way, that is second. Third, we have been working for majorly port sector wherein we are catering to shipping vessels, now we are trying to expand wherein we will grow into fishing harbors as well. Government of Gujarat is having a large push for developing fishing harbors and we have made certain bids for that, so that is the third thing we are concentrating on, and the fourth one is that we are trying to do a joint venture wherein we can become cash buyers for scraping vessels and we will be doing a cycle from building to completing it to scraping it, so the whole of it, all four things will be compiled in that. These are the four different angles we are working on right now, the fourth one will materialize within a year.

Avinash Gorkshekar: Just one small question to add to this. Sir I wanted to understand in this entire plan, this four stage kind of plan, what is the kind of capital expenditure does the company envisage? How much Capex is the company likely to spend in a very approximate manner in the timeframe you are planning for all these activities?

Sujay Kewalramani: We have chosen the joint venture route in order to avoid the capex that is usually required to start these ventures. The shipyard already exists, so we will be using the facilities of the shipyard, it is a 50%/50% joint venture, wherein we will be bringing the orders for the shipyard, so the Capex will come in only post the order is there and so there is no initial capex required to set up a shipyard. Secondly for the Cutter Suction Dredgers, the company with which we are doing a joint venture, opening a subsidiary, is also having the Cutter Suction Dredgers so we may not spend any money on acquiring these Cutter Suction Dredgers we will be deploying those Cutter Suction Dredgers by getting orders from Government of India. Similarly with the ship scraping yard, yard already exists, we are doing a joint venture wherein we will add value by bringing in vessels for scrap. And fourth fishery harbors, the dredging tender wherein we already have a joint venture partner, Sahara Dredging, who already own the equipment, so we will be doing the work jointly, for which we have also done a work jointly for Myanmar right now. So, there is not a large Capex required for any of this.

Avinash Gorkshekar: So I think this entire activity and strategy, there is really properly strategically planned because if there is no Capex then we can definitely expect a better kind of asset turns. If your asset base is small and your revenue kicks in from the new orders then hopefully I think the management would probably like to get incremental revenue at a very low asset kind of construction cost, so is my thinking right.

Sujay Kewalramani: That has been our strength for the last seven years into existence now. We have tried to keep our capex low and we have tried to have higher margins, so what you are thinking and saying is correct.

Avinash Gorkshekar: And as far as the employee trends is concerned, will you require some more people to run out these ancillary businesses? Like will there be some Opex cost also which we come on your profit and loss one of these projects actually have bagged and actually the revenue starts building. So typically in a contract just to give a simple example if you get a Rs.100 contract what will be the employee cost roughly, like what could be that cost as a total cost of the contract.

Sujay Kewalramani: Employee cost usually does not exceed 5% for the whole contract value.

Avinash Gorkshekar: And I was just wanting to know that what could be the kind of margins your guys would be enjoying because already you people enjoy a very healthy profitability margins, so if you do not have any Capex cost and even the Opex cost is not very high. I think employee and fuel cost are the only two cost elements please correct me if I am wrong so in a very, very broader sense can we expect the same kind of margins to come from these incremental contracts going ahead.

Sujay Kewalramani: Sir the contract that we have on hand Myanmar contract was an exceptional contract. Going forward in the future we aim to have such contracts but margins may not remain the same there may be a dip of about 5%, that is what I believe. Also different segments are different margins the ship building segment has 20% margin, the dredging segment has 50% margin, so it will vary from business to business.

Avinash Gorkshekar: Sujay thank you very much if I have any further questions I will come back. Thank you.

Moderator: Thank you. Our next question is from the line of Shubham Jain an individual investor. Please go ahead.

Shubham Jain: Thank you Sir and congratulations for the fantastic number. Sir I just want to know about your revenue guidance for the year FY2023, can you just mention some figure for the same.

Sujay Kewalramani: Revenue for FY 2023 will be in excess of Rs. 100-125 Crores.

Shubham Jain: Is that for total of FY2023, right sir.

Sujay Kewalramani: Yes.

Shubham Jain: And my second question is about the sustainable EBITDA margin, so what would be you expect for the sustainable EBITDA margin round for FY 2023.

Sujay Kewalramani: We always aim to have an EBITDA margin of at least 40%.

Shubham Jain: Sir right now we are having a 53%, am I right for the year it is around 53%.

Sujay Kewalramani: That is true, we had an exceptional contract from Myanmar port authority, we did choose and bid for contract wherein the threshold is 40%.

Shubham Jain: Thank you so much sir that is it from my side.

Moderator: Thank you. Our next question is from the line of Rajesh Singla an individual investor. Please go ahead.

Rajesh Singla: Thank you Sir for taking my question. So for the next year you have been guiding for Rs. 100 to Rs. 120 Crores revenue and what kind of margin we can expect in FY2023.

Sujay Kewalramani: Our margins will be approximately where we stand today, they will not reduce because the Myanmar contract continues.

Rajesh Singla: And what is the possibility of getting Myanmar like contract in the future will it seems like you will be growing at a very strong phase in coming years so what is the probability of getting Myanmar like contracts in the future, it will keep our margin above 40% to 50%.

Sujay Kewalramani: Yes, the probability is high and we aim for such contracts only, but the thing is that we keep a threshold of 40% at EBITDA we do not go below that.

- Rajesh Singla:** Maybe last question from my side. So what kind of competitive environment do we have in this business, given such a healthy margins, so do you faced any major competition in this business or the competition is not that great that is why the margins are quite high. So what basically leads to such a high margins in this business.
- Sujay Kewalramani:** The job is not very easy, it requires a lot of skill. Also like you said the competition is not very high, the large players are Government of India Dredging Corporation of India and there are players from Europe such Van Oord, Boskalis, Dredging International, Jan de Nul; they choose to fix contract which are easily above Rs. 100 Crores, Rs. 150 Crores so there is very minimalistic competition for contract which are below 100 Crores.
- Rajesh Singla:** And are you targeting like Rs. 100 Crores kind of contract in the future to enter into that basket.
- Sujay Kewalramani:** We are currently having two Rs. 100 Crores contracts. One from Calcutta port and one from Ministry of External Affairs, now we are targeting contracts in excess of Rs. 150 Crores. Also we will go for contracts which are Rs. 100 Crores but we are trying to grow, so we are targeting contracts in excess of Rs. 150 Crores. Also because we have got the qualification for that.
- Rajesh Singla:** Thank you Sir best of luck to you.
- Moderator:** Thank you. Our next question is from the line of Dharmavenkatesan an individual investor. Please go ahead.
- Dharmavenkatesan:** Good afternoon Sir and thank you for the opportunity and congratulations on a great set of numbers. Sir, we have around 8 fleets which are already in workforce and we have 2 fleets which are under construction. So wanted to know what is our average life span of single fleet. Does it vary based on its work or I would like to know a rough number of what is an average age of a fleet.
- Sujay Kewalramani:** So the average age of a vessel is 15 to 20 years depending on how you maintain the vessel.
- Dharmavenkatesan:** And currently we have an order book of around Rs. 182 Crores. So how much order book are we in negotiations with and what is that hit rate generally for it any order which we are competing.
- Sujay Kewalramani:** We have made bids in excess of Rs. 250 Crores right now for the current and the next two years.
- Dharmavenkatesan:** What is our hit rate generally?
- Sujay Kewalramani:** The hit rate is in excess of 50%.
- Dharmavenkatesan:** What is our payback period of fleet which we generally build?
- Sujay Kewalramani:** Less than two years.

Dharmavenkatesan: And does the company have any plans to move from SME to main board or is it something the board will decide at a later point.

Sujay Kewalramani: The minimum requirement is two years, so surely on completion of two years we will take board approvals to move to the main board.

Dharmavenkatesan: And do we expect to get any kind of debt increases in the coming quarters, as you previously mentioned, we are mostly doing joint ventures, so that should be much increase in our debt portion right or there will be slight increase.

Sujay Kewalramani: There is no plan to increase any debt in the next quarter. Actually it will only decrease.

Dharmavenkatesan: Thank you very much for your answers. Thank you so much. I will come back in the queue.

Moderator: Thank you. Our next question is from the line of Rajesh Singla individual investor. Please go ahead.

Rajesh Singla: Thank you for taking my question again. This is regarding so next year we are looking at Rs. 100 to Rs. 120 Crores kind of revenue. So can you guide us a bit about the medium to longer-term, so what are our aspiration so can we reach say Rs. 500 Crores kind of revenue in next 4-5 years so any insight into that.

Sujay Kewalramani: That is the target, we started the smaller contracts of Rs.10 lakh we are very happy when we got our first contract for Rs.10 lakh in 2015 and when we made about Rs.90,000 from it so at that time we were having aspiration to reach and make this company a Rs. 1,000 Crores market cap company and we have been moving onto that path. So surely we are aiming and moving towards that, so Rs. 500 Crores is something that we should target by and we have targeted by Rs. 20- 25 Crores.

Rajesh Singla: Thank you very much.

Moderator: Thank you. We have a question from Avinash Gorkshekar from Profitmart Securities. Please go ahead.

Avinash Gorkshekar: Just one question which I wanted to ask again, just to enlighten my knowledge. Sujay can you give some color on the overall opportunity size of the market. Like you all are present in prominent ports as of now plus now you all are thinking of diversifying. From the port opportunity what could be the opportunity size for you over the next three to four years. So obviously you all must have studied the market and you must be knowing what is the market opportunity, so if you can give some color on that like where are we place today and what is the market size presently and what kind of opportunity is there for you to grow in this market.

Sujay Kewalramani: For our small craft vertical, market size with both sector is about 500 to 550 crafts that the ports require to operate. These 550 crafts offer various kind of services to the port, we presently have 6 crafts that we have offered out of 550. So the market size is very high that is only on the Indian east and west coast ports. Now world is the market we can expand into that, secondly in dredging I will turn it in terms of rupees, the

maintenance dredging market is in excess of Rs. 1,200 Crores per annum and capital dredging market is in excess of Rs. 2,000 Crores per annum, this is just a port sector. Then going into the rivers, inland water ways, other naval contracts, PSUs that is another about Rs. 1,200 Crores. So the market size is close to about Rs. 5,000 Crores per annum out of which we have only grown into about Rs. 100 Crores per annum right now. So we are nowhere there, we are very small. When it comes to ship building, again the market size per annum will be in excess of Rs. 5,000 Crores in India, world is the market, we are building ships work less than Rs.10 Crores per annum, we are very small. When it comes to ship scraping again, a very huge market, we are just starting into it fishing harbours, we are just starting into it the market size is in excess of Rs. 1,000 Crores, so we are just beginners at this, so we cannot be compared to a large players or anything like that in the market, so market size is very huge we still have to grow a lot.

Avinash Gorkshekar: Sujay just one thing I wanted to understand from your answer that you mentioned something called capital dredging. If you can please explain me because I am not a technical person, if you can tell me what exactly does that mean?. Is it some different kind of concept in dredging capital dredging when you mentioned?

Sujay Kewalramani: When we dredge for the first time, when there is virgin soil, let's say we are constructing Greenfield port for the first time, the first time you do excavation is called capital dredging. Once you have achieved a certain depth, let us say you achieve a certain depth of 10 meters, you were required to dredge to 10 meters to create that port, five years from that period or two years from that period the port wants to grow and bring in bigger vessels and wants to deepen it from 10 meters to 12 meters, again then when you deepen it from 10 meters to 12 meters that will be called capital dredging. Now once this port is established every year due to natural phenomenon of tide and currents, silt will come and get deposited so the 10 meters will get reduced to 9 or 8 meters and every year annual maintenance dredging silt that has got accumulated gets removed so whatever dredging is done annually to maintain that depth of 10 meters is called maintenance dredging and the first time that you did dredging to achieve a 10 meters is called capital dredging.

Avinash Gorkshekar: Thank you Sujay.

Moderator: Thank you. Our next question is from Prashant Sisodiya an individual investor. Please go ahead.

Prashant Sisodiya: Thank you for the opportunity. My question to the management team is, apart from Dredging Corporation of India who are the company's key competitors?

Sujay Kewalramani: In the small sector there are players such as Sahara Dredging, Rock & Reef, Samudra Dredging, they pickup contracts worth Rs.5 to Rs. 50 Crores. In the last segment, segment above Rs. 100 Crores this Dredging Corporation of India, Renault, Dredging International, Jan de Nul and Boskalis, now we have seen lately Adani also participating in these dredging contracts.

Prashant Sisodiya: So like among our competitor what is our key strength in like above Rs. 100 Crores.

Sujay Kewalramani: Our key strength is to keep our Capex low, we have the strength, we started as a company which can do repair works to any vessels. Initially in 2013 one of our companies that we established, we have a core strength, a team of above 40 people which can repair any kind of vessel. So we keep the Capex low, for this Myanmar contract of Rs. 117 Crores that we got, our initial Capex was Rs. 5.5 Crores for a vessel that we bought in scrap from Government of India. We spent about Rs. 15 Crores to develop the vessel, so the same vessel if our competitors go and buy from the market, they will get in excess of Rs. 100 Crores when they get a new build. So we have that strength of picking up an older vessel, repairing it and then getting it to work. so our Capex is very low so the competition does not stand a chance.

Prashant Sisodiya: So my other question is, what is our market share in this business among our competitors. Are we all hearing approx 10 market share or we have any competitive advantage over there.

Sujay Kewalramani: Dredging Corporation of India has a higher market share because they get a lot of work on nomination basis from Government of India. Our market share in maintenance dredging is less than 10% right now and in capital dredging it is less than 2%.

Prashant Sisodiya: Thank you.

Moderator: Thank you. We have a question from individual investor, Rajesh Singla. Please go ahead.

Rajesh Singla: Thank you again for the question. Can you please let us know, throw some more light into the margin trajectory, so if you look at the Dredging Corporation, their margins are not that sustainable or they are like quite very, very volatile, so how are we different to them in terms of the business or the market size or in terms of the way we are placed in the market or the capital spending so anything which you can share. Why we are like why we are able to generate better margin than Dredging Corporation of India which is like very volatile margins.

Sujay Kewalramani: Government of India takes a lot of time to take decision, first of all time is money for any shipping or dredging company. So their vessels going into repair or dry dock or conversion or upgrade facility usually take a minimum period of six months, wherein we do that repair within three to four weeks so rest of the time our vessels are deployed and earning and making money for us, wherein that is a downtime for them.

They have a usual period of downtime every month of more than five days, five to six days, we find time during the day and night, we have a different staff, different set of crew which do our regular preventive maintenance, breakdown maintenance, so we have lesser down time as compared to them. Our employees, we have about 10 employees carrying out all the operations, they have more than 80 employees carrying out the same operations, so their overheads are much higher than us, so these are the reasons for which their margins are low.

Rajesh Singla: Thank you Sir. Thank you very much.

Moderator: Thank you very much. Ladies and gentlemen that was the last question I now hand the conference over to Ms. Astha Jain for closing comments.

Astha Jain: Thank you Sir. On behalf of HEM Securities Limited I acknowledge and Knowledge Marine & Engineering Works Limited team for responding all the queries in detail way. I would also like to thank all the participants' for joining this call. I would now like to hand over the call to the moderator.

Moderator: Thank you very much. Ladies and gentlemen on behalf of HEM Securities that concludes this conference call. Thank you for joining us. You may now disconnect your lines.

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Note: This transcript has been edited to improve readability

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