"Knowledge Marine & Engineering Works Limited

Q1 FY27 Earnings Conference Call"

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MODERATOR: **MR. SUDEEP ANAND – SYSTEMATIX GROUP**

Moderator: Ladies and gentlemen, good day, and welcome to Knowledge Marine & Engineering Works Limited Q1 and FY27 Earnings Conference Call hosted by Systematix Group. This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectations of the company as on date of this call. These statements are not a guarantee of future performance and involve risks and uncertainties that are difficult to predict.

As a reminder, all participants will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Sudeep Anand from Systematix Group. Thank you, and over to you Sudeep.

Sudeep Anand: Thank you, Danish, and good evening, everyone, and thank you for joining us today for the Q1 FY27 earnings call of Knowledge Marine & Engineering Works Limited. On behalf of Systematix, I would like to thank the management for giving us the opportunity to host this call. We are pleased to have with us today Mr. Sujay Kewalramani, CEO; and Mrs. Kanak Kewalramani, Director and CFO.

First and foremost, I would like to extend our hearty congratulations to the entire Knowledge Marine team for delivering an excellent set of results. With that, I will now hand over the call to the management for their opening remarks, following which we will proceed with the Q&A session. Thank you, and over to you, Kanak Ma'am.

Kanak Kewalramani: Good afternoon, ladies and gentlemen. Thank you for joining us today for the quarter 1 FY27 Earnings Call of Knowledge Marine & Engineering Works Limited.

I'm pleased to report that KMEW has started FY27 on a very strong note.

More importantly, we believe that the performance of this quarter demonstrates the operating leverage that can be created when specialized assets, technical capability and disciplined project execution intersect.

For Quarter 1 FY27, our revenue from operations stood at INR115.41 crores, representing growth of 138% year-on-year basis. EBITDA stood at INR73.41 crores, increasing 258% year-on-year with an EBITDA margin of approx. 64%. Profit after tax stands at INR62.75 crores, representing growth of 466% year-on-year basis with a PAT margin of approximately 54%.

Further, our business is project driven. Revenue recognition and profitability can therefore vary between quarters depending upon the nature of the projects under execution, asset deployment, project mix and the technical complexity of the work performed.

The main hero of our revenue this quarter was our dredging segment. The strong performance during the quarter was primarily achieved due to the execution of the two key projects, the capital rock dredging project at JNPA and the maintenance dredging project at Pondicherry port. The technically complex nature of the JNPA assignment in particular, together with efficient asset deployment and execution across these projects contributed meaningfully to the revenue and profitability achieved during the quarter.

Coming to the **operational performance,**

Let me now give an insight on the operations of the company.

Dredging remains the core segment of KMEW and continues to be one of our strongest competitive capabilities. Over the years, we have developed a diversified dredging fleet rather than relying on a single category of equipment.

Today, our dredging capabilities span trailing suction hopper dredgers, cutter suction dredgers, self-propelled grab dredgers, backhoe dredgers and hopper barges. During the recent execution cycle, 2 projects are particularly important from a capability perspective.

The first is the capital dredging assignment at Jawaharlal Nehru Port Authority executed using our self-propelled backhoe dredger, River Pearl 47. The project has been completely executed. The significance of this project extends beyond its contract value. It strengthens our credentials in complex dredging environment and demonstrates our ability to mobilize specialized equipment and technical expertise for difficult marine conditions.

We also completed the maintenance dredging assignment at Pondicherry Port, where River Pearl 18, our trailing suction hopper dredger was deployed. The project was successfully executed despite the challenging environment and operational conditions at the site.

Our second vertical, **charter and hire**, continues to provide an important recurring revenue component to the business. Our portfolio today includes tug boats, mooring boats, pilot boats, speed patrol boats, survey vessels and other support vessels.

A significant proportion of these assets operate under multiyear contracts with leading Indian ports and maritime authorities. This creates a different earnings profile from project-based dredging and gives the group greater visibility across cycles. An increasingly important part of this vertical is our entry into green marine assets.

The third pillar of KMEW's growth strategy is **shipbuilding**. We believe this segment can become an increasingly meaningful contributor over the coming years as the development of our new shipyard at Saphale progresses from Phase 1 to Phase 3, which will enable us to build approximately 18 vessels per annum.

We intend to focus on segments where we already possess operational knowledge and technical expertise, specialized marine craft, dredgers, workboat, Green Tug, hybrid vessels and other coastal vessels. During the quarter, we also secured a significant shipbuilding contract from the Inland Waterways Authority of India for the design, construction supply of 10 hybrid electric passenger ferries, each with a capacity of 20 passengers, along with associated maintenance and support commitments.

The contract is valued at INR62.40 crores and has an execution tenure of approximately 10 months. Importantly, these ferries will be constructed at our new Saphale shipyard, marking an important step in the scale-up of our shipbuilding platform and the utilization of the new facility.

This project is also closely aligned with the Government of India's Harit Nauka mission, which seeks to accelerate the transition of inland waterway transportation towards cleaner, low emission and green vessel technologies. Our broader ongoing project portfolio includes 10 accommodation boats, 10 work boats, 4 Cutter Suction Dredgers vessels, 2 60-ton Bollard Pull Green Tugs and 10 hybrid electric passenger ferries.

Historically, KMEW has been an owner and operator of marine assets. By strengthening our shipbuilding capabilities, we are progressively creating an integrated maritime platform where we can design, build, own, operate and maintain and charter specialized marine vessels.

Coming to order book and revenue visibility. Our detailed order book schedule reflects a balance order book of more than INR1,300 crores, comprising approximately INR240 crores towards dredging, INR850 crores towards charter and hire and INR240 crores in shipbuilding.

This is spread across 8 dredging contracts, 15 charter and hire contracts and 4 shipbuilding contracts. This excludes the intercompany order book of INR200 crores, which Knowledge Marine has placed to Knowledge Shipyard for construction of Green Tugs and patrol boats. This diversified mix provides strong visibility and reinforces our confidence in the company's growth trajectory while reducing dependence on any single project or business vertical.

At the same time, we remain selective in bidding as well. We evaluate opportunities based on technical complexity, availability of the appropriate asset, contract conditions, execution risk, expected returns and the ability to generate sustainable cash flows with EBITDA margins of 35% to 40%. This discipline has been an important part of KMEW's development and will remain so as the company grows.

Looking beyond the existing order book, our current bid pipeline is approximately INR3,500-plus crores, dredging stands at INR1,200-plus crores, charter and hire stands at INR1,100-plus crores and shipbuilding stands at INR1,400-plus crores.

Coming to capital allocation and fleet expansion. Another important area of focus is capital allocation. Going forward, we are evaluating additions across larger trailing suction hopper dredgers, cutter suction dredgers, backhoe dredgers, water injection dredgers and other specialized marine assets. As our fleet expands, it should progressively allow us to address a wider opportunity set and participate in higher value projects.

During the period, we also strengthened our capital base through INR150 crores preferential issue, which saw participation from marquee institutional investors, including 360 ONE PIPE Fund, FLC Investco LLC and Bank of India Mutual Fund.

In addition, a INR100 crores block deal in secondary market was undertaken with SBI Funds Management. We view this institutional participation as a strong endorsement of KMEW's growth strategy, execution track record and long-term opportunity in the maritime sector. The enhanced capital base provides us with greater flexibility to support our next phase of growth, including fleet expansion, shipbuilding, capacity development and participation in larger value opportunities while maintaining a disciplined approach to capital allocation.

Coming to future growth drivers. Looking ahead, we see 2 key growth drivers that can meaningfully expand KMEW's operating scale. The first is dredging. We expect our dredging volumes to scale progressively as we expand the size and capability of our fleet. Our strategy is to complement our existing diversified fleet with larger capacity dredgers, which will allow us to undertake significantly higher volumes and participate in larger value and more technically demanding contracts.

The second growth driver is shipbuilding. We expect this business to scale significantly from quarter 4 of FY27, supported by new order inflows and the commissioning of Phase 1 of our Saphale shipyard.

As the yard becomes operational and our order book expands, we expect to progressively increase vessel construction actively across specialized marine crafts, dredgers, workboats, Green Tugs, hybrid electric vessels and other coastal and inland waterway vessels. Together, the expansion of our dredging capacity and the scaling of our shipbuilding platform are expected to broaden KMEW's addressable market, strengthen our ability to pursue large opportunities and propel the company towards limitless growth.

Before I conclude, I would like to acknowledge our employees, vessel crews, engineers and project teams. Marine projects operate in demanding environment and the results we report today are ultimately the outcome of their expertise, commitment and execution on the ground.

I would also like to thank our clients, port authorities, government agencies, business partners, lenders and shareholders for their continued confidence in Knowledge Marine. We have entered FY27 from a position of strength. We have a substantial order book, a growing opportunity pipeline and expanding fleet, increasing shipbuilding capabilities and exposure to some of the most important structural developments taking place in India's maritime sector.

Our responsibility now is to convert these opportunities into execution, execution into sustainable value and sustainable value into limitless growth. That remains our focus all day. Thank you once again for joining us today. We will now be happy to take your questions. Thank you so much.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question comes from the line of Sandeep Agarwal with Naredi Investment.

Sandeep Agarwal: My question is regarding, what is our financial year '27 growth guidance, including the INR60 crores turnover shift from last quarter?

Sujay Kewalramani: Sujay here. So, the guidance initially given was 30% to 40% year-on-year. We believe the order book is streaming up well, and there is a potential in northwards of 60% for the current year now.

Sandeep Agarwal: Okay. And sir, what is the current status regarding the INR16 crores due to DCI Mangrol project?

Sujay Kewalramani: So, we have received all the funds now.

Moderator: Our next question comes from the line of Pankaj with Axis Capital.

Pankaj: Firstly, lots of congratulations for results for Q1. I know there was a spillover from last quarter also, which actually helped us building this momentum, but this is great. Lots of congratulations to the management team for the same.

My quick question is that we just heard there is an order book of around INR1,300-odd crores, which I'm going to understand the dredging portion out of that is almost like INR240-odd crores. In my understanding, dredging enjoys the best of the margins. So, I just wanted to better understand, one, how much of INR1,300-odd crores execution is expected to happen in 2027? And secondly, what is the likely impact we are expecting on the margin front?

Sujay Kewalramani: So thank you, Mr. Pankaj. Out of INR240 crores, we are presently expecting to execute INR200 crores for this particular year itself. I would like to add to it that from the current bid pipeline, we are very confident that this is the second quarter ongoing, which is the monsoon season and all the tenders are finalized during this second quarter.

In the month of September, early October, post monsoon, all the maintenance dredging and capital dredging work will begin on the West Coast as well as the East Coast. We are expecting that, out of the bids in pipeline several bids that we have made will get converted into real business, which will add to the potential revenue that we will generate revenue from the dredging business this year. Could you please repeat the second question that you had?

Pankaj: Thank you for answering question number one. My second question was, what is the likely impact of the lesser quantum of dredging in this year's revenue, which seems like is going to be the case? The impact on the margin, sir?

Sujay Kewalramani: The dredging revenue by the time the year-end will not be less, but will be higher than what we have achieved last year. Secondly, the margins, if you see, will expand and not contract demonstrated the first quarter results. It will not be the same as 63% operating margin. It is not the guidance, we've always guided between 35% to 40%. But with volumes in terms of dredging, the operating margin numbers are going to expand.

Moderator: Next question comes from the line of Dhananjai Bagrodia with Alchemy.

Dhananjai Bagrodia; Firstly, congratulations on a fantastic set of results. Again, just wanted to understand mainly on the core dredging business, while the leaders margins keeps on decreasing, ours keeps on increasing. Any thoughts on that? What's happening? Because we don't have much information about the leader. I just wanted to understand.

Sujay Kewalramani: So could you name the leader?

Dhananjai Bagrodia: I mean Dredging Corporation of India Limited

Sujay Kewalramani: So, our business is not exactly the same.

Dhananjai Bagrodia: I know they do capital dredging. I'm just saying, I wonder why their margins are reducing and why ours is increasing? Any thoughts on that?

Sujay Kewalramani: We believe this year and the last financial quarter of the last year, DCI's numbers have improved and DCI is also showing a turnaround. There is an all-around push for maritime sector and DCI has equipment, which is much older than our equipment and requires refurbishment. We are in a position to better sweat our equipment in terms of efficiency and that is why the numbers are better. Our margins are better.

Dhananjai Bagrodia: Okay. And sir, just one more thing regarding the capital allocation, are the promoters looking to dilute any stake which they would be comfortable or they want to continue now with being at the same level? Or to dilute more?

Sujay Kewalramani: So presently, we are very comfortable where we are with a percentage of 50% above and we have raised whatever the capital that was required. We are fully capitalized to achieve our turnover of a top line of INR1,000 crores, which is in the near future. And after which we believe that our cash flows will easily support future growth.

Dhananjai Bagrodia: Okay. So one more question sir, this INR1,000 crores (turnover) in which year are we expecting that?

Sujay Kewalramani: So we have projected in the year '29.

Dhananjai Bagrodia: Okay, fine. Understood. Great, sir. And you said the total capex would be for INR how much? I missed that, sorry.

Sujay Kewalramani: Say again, we missed you there.

Dhananjai Bagrodia: What is the total capex you expecting from FY29?

Sujay Kewalramani: So currently, we are undergoing a capex of close to INR1,000 crores, which will be between now and within the next 1.5 years.

Moderator: Next question comes from the line of Shubham with 3A Financial Services.

Shubham: First of all, congratulation on a great set of numbers. I had just a couple of questions. First of all, this quarter, if I take Q4 and Q1 together, you would still see PAT margins of 40%. So, is it like a onetime thing? Or we aim to achieve these sort of margins throughout the year? And my second question was that with the new capex you are going to buy new dredgers. So, what would be the total TAM expansion that you can see? And what sort of orders would be bidding more now?

Sujay Kewalramani: If I understood your question right, the first question was you asked whether the PAT margin is 40%. Is it correct?

Shubham: Of Q4 and Q1 together, if we add those 2 together.

Sujay Kewalramani: So, our EBITDA margins, we have been guiding at 35% to 40%. Our PAT margin has been usually between 25% to 30%. So of course, I mean, if we add the numbers for the last quarter of the last financial year and the first quarter, the average EBITDA margin stands at 57% and the PAT margin stands at 48%. That's what my understanding is.

Shubham: Yes, sir.

Sujay Kewalramani: So I don't believe that 48% is the correct guidance going forward. But we would have significant expansion in our EBITDA margins because of the volume business in dredging that is expected in the current year and the next year.

Shubham: Okay, sure. And my second question was regarding the TAM expansion.

Sujay Kewalramani: The capex that we are incurring is not just on dredgers. It is throughout the 3 business sectors that we have, the chartering business, the dredging business and the shipbuilding business.

With the capex that we are planning to incur in the dredging business, we believe that we will be able to address the larger maintenance dredging market in current year is to the tune of at least INR100 crores to INR120 crores in addition to our ongoing business. And commencing next year, that would surpass more than INR250 crores from the maintenance dredging side.

In the capital dredging business, we should be able to add about 70 crores for the current year and about INR150 crores in the next year. So, this would be the business that we would do with the capex that we would do in the dredging.

Shubham: Okay. Sir, if you can classify the breakup of the INR1,000 crores of capex in dredging, ancillary services and shipbuilding?

Sujay Kewalramani: So approximately INR250 crores is going into the construction of Green Tugs and green vessels, close to INR450 crores will be in the dredging business and the balance will be in the creation of the shipyard and the shipbuilding business.

Shubham: Okay, sir. And if you could specify or give an approximation of the hit rate that has been for us historically for the bid pipeline?

Sujay Kewalramani: So in the past, we've always had in the last 11 years, a hit rate in excess of 50%. That's been the history.

Shubham: Okay. And do we expect such a hit rate to continue?

Sujay Kewalramani: Well, we always aspire, but we can't really expect. So we will know very soon. So once all the bids that are there in the pipeline start showing results.

Moderator: Our next question comes from the line of Yash Master with Finnacle Family Office.

Yash Master: Congratulations on the good set of numbers. Sir, my first question was on the line with previous participant. Can you talk a little bit more about your order book pipeline in dredging segment because our order book has decreased from INR750 crores to around INR240 crores this quarter?

Now as you said, this year, you will execute around INR200 crores more from dredging. So how much order inflow do you expect from dredging segment? And what kind of projects are you bidding for and aiming for?

Sujay Kewalramani: So, we presently have a bid pipeline of INR1,200 crores in the dredging business. These bids have already been made and are at various stages of evaluation. These bids are going to be spread over a period of next 3 years. And we believe will come in the upcoming 30 to 45 days, the results for these bids start showing up, they will add to the current turnover of the company in the dredging business.

Yash Master: Okay. Got it. And can you explain what is the nature of subcontracting expense in your P&L? Because if I look at the cost, it was more than 40% in FY23 and FY24 and it significantly dropped in FY25. We don't have the FY26 number, if you can give that also. But what are the kind of projects that we are subcontracting or what are the kind of work that we are subcontracting?

Kanak Kewalramani: Yash I would like to answer for that. Subcontracting charges in the year '23, '24 were higher because the contracts were being executed under a joint venture. We were the lead partner. The billing was being done through us to the client and the second partner was billing it to us. So that is why the subcontracting charges were high

Since, we are doing all the contracts now individually, there is no joint venture partner. So, the subcontracting charges will be lesser. In year FY26, you will see a subcontracting charges of not more than 5% to 6% of our turnover. From '26 onwards, the shipbuilding contracts that are being subcontracted to our shipyard company, that will only be the subcontracting expenses.

Apart from that, small boats like survey boats or the tug boats that are required that are ancillary crafts for executing the dredging contract are the subcontracting expenses. You will see hardly apart from the shipbuilding contract, there will be only 5% to 6% will be going into the subcontracting expense.

Yash Master: Okay. Got it. And currently, your dredging and shipbuilding mix is 80-20, right? So what do you expect this mix to be, let's say, 2 to 3 years down the line? And also, if you can touch upon the margin profile of both the segments individually?

Sujay Kewalramani: Currently, the mix is 80-odd percent with the dredging business, Chartering is between 3% to 5% and shipbuilding is at 9%.

2 to 3 years from now, we believe that dredging will contribute between 45% to 50% of the revenue mix. Shipbuilding will be between 40% to 45%, and the chartering business will be at 5%. The margins across the three segments, the operational margins across the three segments will always be between 35% to 40%. And as the dredging business grows in volume, we believe the dredging margins will expand.

Yash Master: Okay. So because I ask you this question because shipbuilding margins are typically 15% to 18%, right? So if our mix is increasing from, let's say, currently 10% to 50% in 2 years, it should be a drag on our margins, right?

Sujay Kewalramani: You are considering shipbuilding margins pre-subsidy or post subsidy is the question. Pre-subsidy, yes, they are between 15% to 20%. Post subsidy, they will easily go beyond 35%.

Moderator: Our next question comes from the line of Ansh Shah with Mangal Keshav Financial LLP.

Ansh Shah: Firstly, congratulations on the fantastic results for the quarter 1. My first question is regarding the shipbuilding segment. The both the shipbuilding things you are going to do, are all going to use it for the captive use or third-party commercial clients? And which of the segments from these have a higher margin? Could you throw some light on this?

Sujay Kewalramani: So, hi Ansh. I got the first question that whether we would be building the vessels for purely captive use or for third parties. So presently, if we talk in numbers, we are building 3 tugs and 2 boats. So that's 5 vessels for captive use. And for third party right now, we are building close to 42 vessels together. So, our order book stands close to INR240 crores as of today. Could you please repeat the second question?

Ansh Shah: The second question was regarding which of these methods would have more cost benefits or would have generated greater margin for the company?

Sujay Kewalramani: I believe both is a necessity because the operating company wants to control the capex and there is synergy available in the yard if it's owned by the subsidiary company. So that helps us to keep the capex under control and helps us increase the margins in the operating company as well as helps us to utilize the building space and capacity in the yard when we do that for a third party. So, both are equally important, I believe.

Moderator: Next question comes from the line of Pawan Kumar with Shade Capital Private Limited.

Pawan Kumar: Sir, my first question is, can you throw some light on what sort of competition we face in all these segments? And what is our competitive advantage? Because I think we are enjoying this pretty good margin for a pretty long time. That is my first question.

Sujay Kewalramani: So Mr. Pawan, for all the 3 segments that we have, we don't usually face very high competition. Dredging, it's very little to no competition, and we've been easily improving our efficiency by sweating our assets better. So thus far, we believe that competition has not played a huge role in lowering our margins.

Pawan Kumar: And sir, do you foresee like new players are coming into this, like as you're explaining that I think there is a lot of activity happening in this sector?

Sujay Kewalramani: There is a lot of room available for new players to come in. We are very picky and choosy about the business that we bid for. We always want to maintain our margins, and we always go for that particular business wherein we meet the entry barriers, and we are able to secure our margins. But there is enough business for everybody and more and more space for other competition to come in.

Pawan Kumar: Okay. And sir, the second question is where we are right now in terms of shipbuilding capacity, the new shipbuilding capacity?

Sujay Kewalramani: So currently, the yard is still undergoing the construction phase. Before the end of the current financial year, we believe we will start launching vessels from the yard. And once in full capacity, the yard will be able to deliver 14 vessels under Phase I. And by the time it completes all the phases, it will reach to 18 vessels.

Pawan Kumar: Can we expect the Phase I to be operational this year?

Sujay Kewalramani: I'm sorry?

Pawan Kumar: Are we expecting the Phase I to be operational this year?

Sujay Kewalramani: Yes, by the end of this current financial year.

Pawan Kumar: And sir, are we taking orders for the capacity here or we'll be taking later?

Sujay Kewalramani: No. Presently, we are already creating a bid pipeline, which is to be delivered over the upcoming 2 financial years from the yard. So yes, we are already taking orders for the current shipyard that we are building.

Pawan Kumar: And sir, last one --

Moderator: Thank you Pawan. Sorry but you may please rejoin the queue for more questions. Our next question comes from the line of Amitabh Vatsya with Sadhan Ventures LLP.

Amitabh Vatsya: One quick question with respect to the INR1,000 crores top line, which we are targeting in FY29, how the revenue breakup would look like typically?

Sujay Kewalramani: Mr. Amitabh, we believe between the 3 segments that we have, dredging would be between 45% to 50%. Shipbuilding would be between 40% to 45% and the chartering business would contribute to the rest.

Amitabh Vatsya: Okay. So, it would reflect the order book bifurcation which you have answered in previous question in the top line also in coming 3 years, it would be reflected in the top line as well.

Sujay Kewalramani: The order book usually in dredging and shipbuilding business will be translated over a period of 2 to maximum 3 years, whereas for the chartering business, the contracts are long-term, 10, 15 years contract. That's why the order book that we build in the chartering business would be translated over a longer duration as compared to the dredging and the shipbuilding business.

Amitabh Vatsya: Okay. And if you can throw some light on the shipbuilding order type, like which entities are going to be your counterpart for payment? And in terms of working capital intensity, how different it would be from the erstwhile business, which we have been doing?

Sujay Kewalramani: So presently, the current order book is from Inland Waterways Authority of India. We want to further build order book in terms of green ferries from various different authorities, which will also contribute towards the water metro system. So this could be state government bodies, maritime boards and various inland waterway authorities of different states in the center.

The working capital, we would be able to support from the stage payments that we get from the shipbuilding contracts. So we don't need to take any further loans to support the business.

Amitabh Vatsya: So you are referring to the shipbuilding financial assistance program, which NBFC was being formed for this? So are they going to put in working capital for these initiatives?

Sujay Kewalramani: So no, we don't require any kind of assistance for execution of these contracts. These contracts have stage payments for every 10%, 20%, 30%, 50% of the execution, and we get paid by the clients for achieving these various stages.

So our cash flow that we generate from these sales payments supports the working structure that we have, and we don't need to take loans or any kind of support for execution of these works. The shipbuilding subsidy will come in once these vessels are delivered, which is anywhere between 15% to 20%, depending on the type of vessel that we are constructing and will come into play once the vessels get delivered.

We have an advantage if we take any type of a loan for construction of the vessel for the operating company, which is Green Tug, then those loans have a possibility of interest subvention up to 3% under the scheme that you have mentioned.

Moderator: Next question comes from the line of Pankaj with Axis Capital.

Pankaj: I have 2 quick questions. One is we are actually working on splitting the shares. So beyond increasing the liquidity, any other thought we have for this splitting? That's question one.

Question two is government has launched an initiative of Samudra Manthan. So just I'm trying to understand, is there an opportunity for a company like us because of that? If yes, then are we ready to tap that opportunity?

Sujay Kewalramani: So the first is just for the liquidity, I believe the Board has taken that call. Secondly, in terms of Samudra Manthan, where the government is looking to extract minerals from deep waters, we are preparing ourselves for that kind of execution going forward, wherein we are buying larger dredgers now with the capacity of more than 5,000 and 7,000 cubic meters, which can be used for such scheme.

Pankaj: Okay. Great. And when is this initiative likely to kick in, sir, the Samudra Manthan?

Sujay Kewalramani: So I believe we are still at a very nascent stage, and those are long-term plans. So it will take at least 2 more years, 2 to 3 more years, wherein we would see any meaningful deployment of the vessels under such a scheme.

Moderator: Next question comes from the line of Darshit Shah with Nirvana Capital.

Darshit Shah: Sir, I have a question on the opportunity size for our company, both in the dredging and the shipbuilding business, which we have entered recently. So what kind of opportunity size are we looking at in the next 3 to 5 years, if you can highlight given that we are aiming to do INR1,000 crores in FY29. So what's the outlook beyond that? And what kind of visibility do we have in terms of government programs and how we can scale it up beyond that, if you can throw some light?

Sujay Kewalramani: So currently, we believe that the INR1,000 crores top line that we have been projecting for '29, we have already made significant steps in terms of the bid pipeline, the capex and the capital that is required.

Beyond which we believe we would meet all the entry barriers to consider KMEW for larger projects, wherein the single order in terms of dredging would be in excess of INR500 crores that we can bid for the shipbuilding, we would be in a position to achieve a turnover of more than INR1,000 crores solely from the shipyard order book that we are building, beyond which we shall also be making bids for the defence projects for construction of various defence crafts up to the length of 120 meters from the yard. So we are preparing ourselves for both these scenarios beyond '29.

Darshit Shah: And sir, to look at even export opportunities? Or do we think that there are enough opportunities domestically in India itself that at least in the next 2 to 3, 4 years, we don't kind of need to see beyond India?

Sujay Kewalramani: So presently, we are exploring these opportunities. As long as the finance team is able to get the comfort with the payment terms made available from the export orders as compared to the domestic orders, we believe once they have a match, then we would take up export orders.

Darshit Shah: Got it. So just a follow-up on that. So is even exports a decent opportunity from India in the business that we are in compared to what we are doing currently?

Sujay Kewalramani: So yes, there are possibilities of export orders, which we are kind of exploring from the European market, wherein vessels to the DWT capacity of 3,000-odd tonnes, which the owners are looking to build through the designers in India.

We are still trying to find the best financial terms and contracts that both the parties can reach to. So these kind of inquiries are there once the yard is fully ready, and we'll keep exploring these kind of opportunities and shall wait for the comfort level between the parties to move forward on such orders.

Moderator: Our next question comes from the line of ChirindaMohanty, an individual investor.

Chirinda Mohanty: So, congratulations on very good numbers. So, my first question is regarding the sustainability of the dredging business because I do believe, correct me if I'm wrong, I do believe that this business has no technological moat, like now the ports are getting privatized and all those private companies can infuse thousands or INR2,000 crores and get their own dredgers to do some kind of maintenance dredging. So how do management see this kind of scenario?

Sujay Kewalramani: Thank you, first of all. We are of a different opinion. Dredging business is a perpetual business. Not all the government ports in the short term or in the long term have been planned for complete privatization. We have been working for majorly the government entities over the last 11 years. And navigation will always remain the part or the responsibility of Government of India.

Government of India has Dredging Corporation of India as the entity, which has been carrying out dredging for them over the last 50 years. And they have been actively asking private companies to come and participate in the dredging business by inviting various domestic competitive bidding tenders up to the cost of INR250 crores and international competitive bidding more than INR250 crores. So the current scenario in the near term or the long term of at least the coming decade, we do not believe that the scenario that you are projecting would come into play.

Chirinda Mohanty: Okay. So that's fair enough. So one thing, if you could let me know the IRR that you kind of expecting from that tug business, the Green Tug business, the IRR that you are expecting?

Sujay Kewalramani: So we have EBITDA margin of 75% in the Green Tug business. And those are all long-term contracts of 15 years.

Chirinda Mohanty: Yes. So when the contract is like long term, you are getting recurring cash flow. So EBITDA margin, I don't understand how I can see it. But if you can give the IRR number, that would have been great. Is it possible?

Sujay Kewalramani: You can reach out to the IR team or the company Secretary, we can share that information with you.

Chirinda Mohanty: Okay. So, regarding that Green Tug, as last question. Is there any take-or-pay guarantee like if some propose tomorrow, those companies who have booked the Green Tug for 15 years, 16 years, they are not taking the contract or going forward with the contract, if there is anything like that ?

Sujay Kewalramani: The Green Tug contracts are with Government of India, the 2 major ports, Port of Visakhapatnam and V.O. Chidambaranar Port. They have a perpetual requirement for the tug. So as long as whether they use the tug or they don't use the tug, there is a fixed charter under the contract that we will continue to get for a period of 15 years.

Moderator: Ladies and gentlemen, that was the last question for today. I now hand the conference over to the management for the closing remarks. Thank you, and over to you, team.

Sujay Kewalramani: So, we are really grateful for our shareholders and all the stakeholders in the business, the team that we have built shore and offshore who has helped us reach where we are today, and we look forward for the continued support of all the stakeholders. And we are really thankful to the government of India for helping the maritime sector and companies like Knowledge Marine grow exponentially. We believe in the vision of Billion and Beyond and hope to achieve that very soon.

Moderator: Thank you so much Sir. Ladies and gentlemen, on behalf of Knowledge Marine & Engineering Works Limited, that concludes today's call. Thank you for joining us, and you may now disconnect your lines. Thank you.