

# COCHIN SHIPYARD MOATS



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# Brief Introduction

Cochin Shipyard is a largest company in the ship building and repairing industry in India. The Indian government holds the majority holding in the company making it a secure investment prospect.



# Profitability Analysis

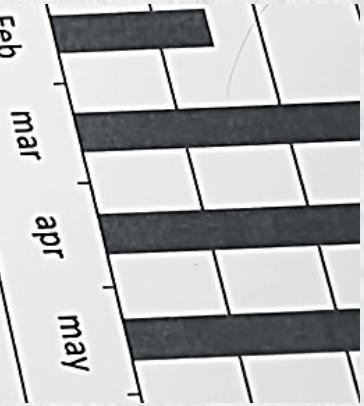
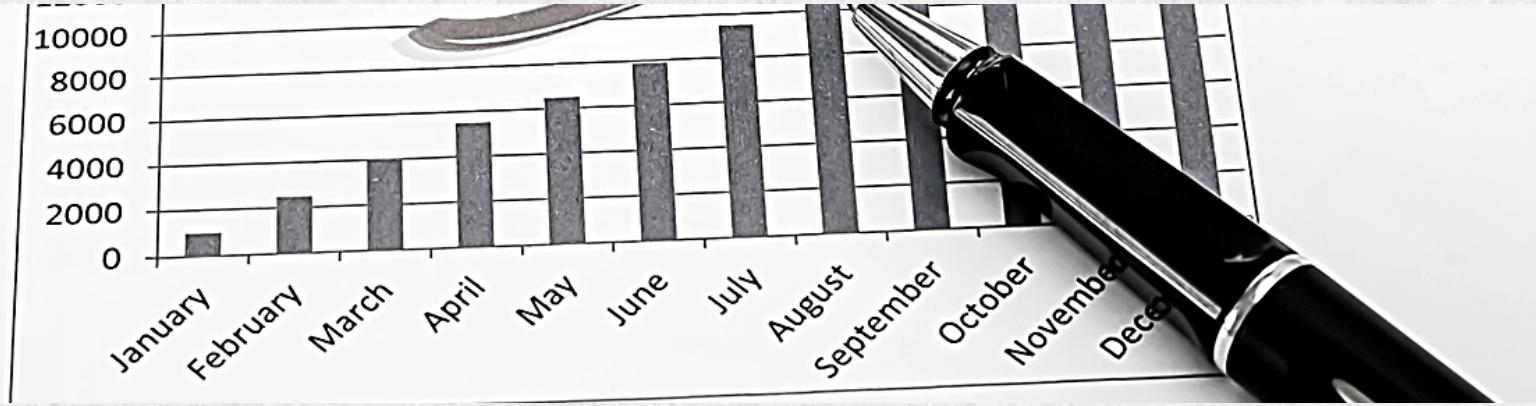
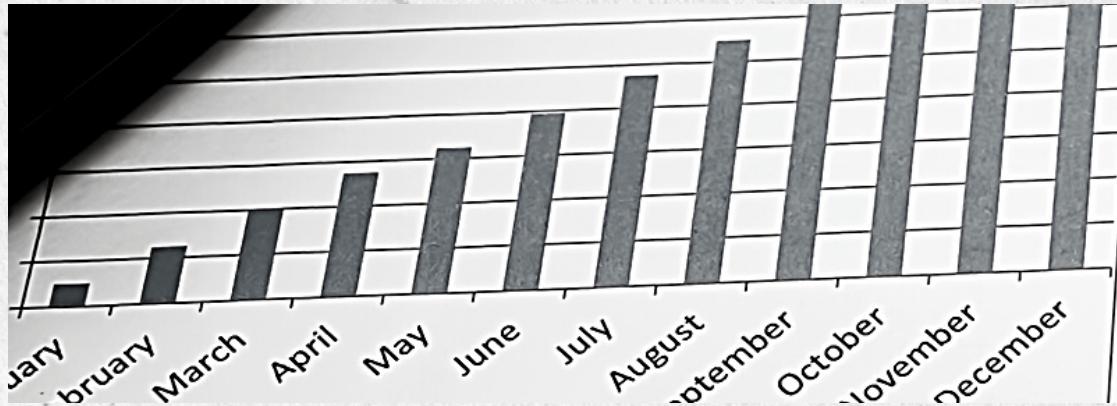
Overall profitability of the company has decreased for the FY23

- Higher input costs (raw materials, etc)
- Transition to European Short Sea Market, delays in execution
- Recovery from COVID, buyers hesitant to place new orders. Moreover some orders didn't convert to revenue for the company
- Geo-Political issues hindered supply chains



This might lead us to believe that Cochin Shipyard is going downhill after its sudden boost in the past years, however, Let us look at other factors that make us like and trust this company....

# Non-cyclical business



- Distinct from the ship building and repairing industry, Cochin Shipyard has a non-cyclical business

Less dependance on commercial orders (about 30%)

Majority of its revenue comes from the orders of the Indian Coast Guard and Indian Navy. As Indian government has over 70% stake in the company, it gets preferential treatment for business too.

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# Revenue and earnings increasing

The Indian Government is substantially increasing its capex spending for the Indian Navy and Indian Coastal Guard.

This capex directly converts into order book for Cochin Shipyard,, which in turn converts into revenue and earnings.

Moreover, the ship repairing is another high profitability vertical for Cochin Shipyard. Moreover it has moats like:

- Being non cyclical
- Ship Building orders in turn generate ship repairing orders for the company in the future.

Several competitors in this industry have gone out of business in the past years, leaving very few competitors in the market. Thus the intention of competition is decreasing

Moreover, since Cochin Shipyard is a government owned company, it gets preference over others for order of Indian Navy and Indian Coast Guard. So even if there was more competition, Cochin Shipyard need not worry much.

## Fewer Competition



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# THANK YOU FOR READING!

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This was just a brief dive into the moats of this company