Stock Update

Cochin Shipyard Ltd.

February 12, 2026

Cochin Shipyard Ltd.

Industry	LTP	Recommendation	Fair Value	Time Horizon
Shipbuilding & Allied Services	Rs 1501	Buy on dips in the band of Rs 1380-1400	Rs 1635	4 quarters

HDFC Scrip Code	COCSHI
BSE Code	540678
NSE Code	COCHINSHIP
Bloomberg	COCHIN IN
CMP Feb 12, 2026	1501
Equity Capital (Rs Cr)	131.5
Face Value (Rs)	5.0
Equity Share O/S (Cr)	26.3
Market Cap (Rs Cr)	39488.4
Book Value (Rs)	219.6
Avg. 52 Wk Volumes	1,207,816
52 Week High	2545.0
52 Week Low	1180.2

Share holding Pattern % (Dec, 2025)	
Promoters	67.9
Institutions	9.2
Non Institutions	22.9
Total	100

* Refer at the end for explanation on Risk Ratings

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Our Take:

Cochin Shipyard Ltd. (CSL) operates under the Ministry of Ports, Shipping and Waterways and the board control vests with the GoI. Over five decades of maritime legacy, CSL has emerged as a national leader in shipbuilding and ship repair, driven by engineering excellence and a strong commitment to innovation. Along with its subsidiaries, the company builds and repairs ships, such as indigenous aircraft carriers, bulk carriers, next-generation missile vessels, anti-submarine warfare shallow watercrafts, and platform supply vessels used by the Indian Navy. The company is strategically important to the government for strengthening India's naval and coast guard defence.

Robust order book with healthy order book visibility- CSL's order book as on Dec 31, 2025, stood at ~Rs 20,000 crore vs. Rs 21,150 crore as on June 30, 2025 and Rs 25,653 crore as of March 31, 2025. Book-to-bill stood at 4.2x of trailing four-quarter revenue as of Q3FY26. The new dry dock and international ship repair facility has been commissioned and is operational. With the additional capacity of the new dry dock and international ship repair facility, we expect CSL to be in a position to handle more volumes in the medium to long term. Government ministries have identified a requirement for over 400 vessels worth approximately Rs 2.2 lakh crore ($26.5 billion) over the next decade., CSL could be a beneficiary. However, these benefits are likely to accrue over the medium to long term

India's Strategic Opportunity in Global Shipbuilding - With international shipyards operating at full capacity through 2028, India stands poised to significantly expand its shipbuilding capabilities and establish itself as a key player in the global maritime supply chain. The government has demonstrated its commitment to this sector through comprehensive policy reforms and targeted incentives. Government is likely to announce new shipbuilding incentive program to align with the Maritime India Vision 2030, which sets forth an ambitious target: **elevating India from its current rank of 22nd in global shipbuilding to secure a position among the world's top 10 shipbuilding nations by 2030.** Besides, the global market for ship repair and maintenance service is expected to witness significant growth, reaching a market value of US$ 40bn by 2030 supported by developments in the markets in South East Asia and India. On the strategic front, CSL has approved the acquisition of 23% equity stake in Conoship International Holding B.V. (Netherlands), marking its entry into the European market. This initiative aligns with the government's objective of positioning India as a major global hub for commercial shipbuilding.

Designed and built locally, but leading globally- The Indian defence sector is going through a major transformational phase as the government looks committed to reducing imports and increasing indigenisation of various key defence platforms, systems and associated equipment required for these platforms. The defence shipbuilding segment continues to look promising on account of the ambitious acquisition plan of the Indian Navy and the Indian Coast Guard, which is quite encouraging for the Indian Shipbuilders and the entire eco-system.

Q3FY26 Result Update:

- CSL's numbers were above expectations, and revenue grew by 17.7% YoY to Rs 1,350 crore in Q3FY26, led by strong shipbuilding performance, with segment revenue rising 56% YoY, partly offset by a sharp 33% YoY decline in the Ship Repair segment.
- The company's EBITDA (excluding other income) stood at Rs 187 crore, EBITDA was down by 21.4% YoY, impacted by higher raw material costs, employee costs and other expenses. EBITDA margin was at 13.8% in Q3FY26 vs. 20.7% in Q3FY25. The margin contraction was largely due to subdued profitability in the Ship Repair segment.
- CSL's net profit also declined by 18.3% YoY to Rs 145 in Q3FY26, despite higher other income. Other income increased YoY, rising to Rs 71 crore in Q3FY26 from Rs 47 crore in Q3FY25. Net profit margin stood at 10.7% in Q3FY26 vs. 15.4% in Q3FY25.

Valuation & Recommendation:

CSL is a well-established player in shipbuilding and ship repairing, and has a long-standing track record of around four decades in the industry, majority ownership by the Government of India (GoI; 67.91% stake as on Dec 31, 2025), and strategic importance to the government in strengthening the country's defence capabilities. CSL capability is demonstrated by the GoI nomination to build India's first indigenous aircraft carrier – INS Vikrant. With a large share of revenue derived from defence entities in India, CSL is viewed as strategically important for executing and strengthening India's defence capabilities.

Growth momentum is expected to continue in the coming quarters. While the company can pass through higher costs, a sudden spike in the prices of raw materials, such as steel and energy, can impact its profitability. Given the large order book, the company's revenue visibility is high, translating into higher valuations. The government is likely to announce a new shipbuilding incentive program to align with the Maritime India Vision 2030. **We believe the fair value of the stock is Rs 1635 (33.5x FY28E EPS) over the next four quarters. Investors can buy on dips in the band of Rs 1380-1400 band (28.5x FY28E EPS). At the LTP of Rs 1501, the stock is trading at 30.8x FY28E EPS.**

Key Risks:

- CSL could face competition from private players and other PSU players. However, CSL continues to maintain its edge over emerging competitors through capacity, design, technology, processes, and cost advantages.
- Any delay in project execution and the repair of ship during the guarantee period could impact its profitability due to the cost overruns and liquidated damages, as per the contract. This could impact its profitability. However, this is offset by provisions made by the company for liquidated damages.
- Higher raw materials (Steel, Steel Alloys, Paint, Diesel and gas) prices could impact its profitability going forward.
- Any dilution by the GoI of its stake in the company by way of OFS could increase the free float and bring pressure on the stock price.
- The stage of physical progress, brought out items, and provisioning can make forecasting margins quarter after quarter a difficult task.

Financial Summary:

Particulars (Rs Cr)	Q3FY26	Q3FY25	YoY-%	Q2FY26	QoQ-%	FY24	FY25	FY26E	FY27E	FY28E
Total Operating Income	1350	1148	17.7	1119	2.6	3,830	4,820	5,785	6,979	8,200
EBITDA	187	237	-21.4	74	222.4	869	878	764	1,155	1,474
Depreciation	33	32	4.4	31	2.0	75	103	130	131	133
Other Income	71	47	52.1	127	-63.3	310	389	338	408	451
Interest Cost	28	11	158.5	20	-46.1	33	39	80	73	69
Tax	52	65	-19.7	42	53.1	288	298	234	350	439
APAT	145	177	-18.3	108	64.6	783	827	658	1,009	1,283
Diluted EPS (Rs)	12.6	15.5	-18.3	9.4	64.6	29.8	31.5	25.0	38.3	48.8
RoE-%						24.3	15.6	11.4	16.0	18.0
P/E (x)						50.4	47.7	60.0	39.1	30.8
EV/EBITDA (x)						41.6	42.1	48.2	31.7	24.6

(Source: Company, HDFC sec)

One-Year Price Chart

(Source: Company, HDFC sec)

HDFC Sec Prime Research Rating description
Green Rating stocks
This rating is given to stocks that represent large and established business having track record of decades and good reputation in the industry. They are industry leaders or have significant market share. They have multiple streams of cash flows and/or strong balance sheet to withstand downturn in economic cycle. These stocks offer moderate returns and at the same time are unlikely to suffer severe drawdown in their stock prices. These stocks can be kept as a part of long term portfolio holding, if so desired. This stocks offer low risk and lower reward and are suitable for beginners. They offer stability to the portfolio.

Yellow Rating stocks
This rating is given to stocks that have strong balance sheet and are from relatively stable industries which are likely to remain relevant for long time and unlikely to be affected much by economic or technological disruptions.
These stocks
have emerged stronger over time but are yet to reach the level of green rating stocks. They offer medium risk, medium return opportunities. Some of these have the potential to attain green rating over time.

Red Rating stocks
This rating is given to emerging companies which are riskier than their established peers. Their share price tends to be volatile though they offer high growth potential. They are susceptible to severe downturn in their industry or in overall economy. Management of these companies need to prove their mettle in handling cyclicality of their business. If they are successful in navigating challenges, the market rewards their shareholders with handsome gains; otherwise their stock prices can take a severe beating. Overall these stocks offer high risk high return opportunities.

Rating Criteria
Buy - > 15%+ return potential
Add - +5% to +15% return potential
Reduce - -10% to +5% return potential
Sell - >10% downside return potential

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