Management Discussion

Kanak Kewalramani - Whole-time Director and Chief Financial Officer, Knowledge Marine & Engineering Works Limited

Thank you. Good afternoon, everyone. I extend a warm welcome to all our shareholders, investors, analysts, and other participants joining us today for the H1 FY '27 earnings conference call of Knowledge Marine & Engineering Works Limited. Thank you for taking out the time to join us, and for your continued interest and confidence in our company. The first half of FY '27, together with the significant developments that have followed, highlight a new chapter in KMEW's journey of sustained growth and value creation.

Over the past several years, we have steadily built our presence across dredging, charter and hire, and shipbuilding segments. What began as a relatively small marine service enterprise has today evolved into an integrated maritime solution company with a growing fleet, expanding technical capabilities, and a strong portfolio of long-term contracts. Today, we are witnessing a decisive shift in the scale of opportunities we are pursuing and the responsibilities we are capable of undertaking.

Our focus remains on building a larger, stronger, and more diversified maritime business supported by disciplined capital allocation, operational excellence, and sustainable long-term growth. Before discussing the key developments across our business segments, I would like to briefly touch upon, on our financial performance. During H1 FY '27, our revenue from operation stood at INR186.21 crores, registering a growth of 89% compared to the corresponding period last year. Our EBITDA stood at INR101.71 crores, translating into an EBITDA margin of 55% as compared to an EBITDA of INR39.91 crores which shows the growth of 155%.

Coming to the profit after tax, our profit after tax stood at INR84.27 crores with a PAT margin of 45% as compared to INR22.97 crores last year, which shows the growth of 267%. Our financial performance reflects the execution of our ongoing projects and the contribution from our diversified business segments. More importantly, the developments during and subsequent to the period have significantly strengthened our growth outlook. We have secured landmark contracts, expanded our asset base, and strengthened our capital position, creating a foundation for the next phase of our growth.

Now coming to the business developments, I would like to begin with the Dredging segment where we have achieved two significant milestones. Post successful execution of the technically challenging rock dredging project at Jawaharlal Nehru Port Authority and Pondicherry dredging work, the significant milestones in KMEW's history has been securing the INR256.92 crores maintenance dredging contract from New Mangalore Port Authority. This is the largest dredging contract secured by KMEW to date and represents a defining moment in our journey towards becoming a full-spectrum dredging and marine infrastructure company.

I would like to highlight two aspects that make this contract particularly significant. The first is the substantial increase in our scale of operations. Historically, KMEW has undertaken relatively smaller volume dredging assignments, often involving specialized work within designated areas of a port. The new Mangalore contract represents a significant progression towards sustained large volume maintenance dredging operations, with a total dredging volume of 15.9 million cubic meters across three annual maintenance cycles. This contract meaningfully expands our scale of execution and revenue opportunity.

The second is our transition towards a full-spectrum dredging business model. To support this

expansion, we acquired River Pearl 48, a trailing suction hopper dredger, the largest dredging vessel in our fleet. This acquisition represents a nearly fourfold increase in our hopper capacity and significantly enhances our ability to undertake large-volume maintenance dredging projects. Our existing fleet of smaller and specialized dredgers will continue to serve shallow water and inland waterways and technically challenging dredging requirements.

At the same time, the addition of larger hopper dredgers will allow us to compete for significantly larger port maintenance and capital dredging opportunities. The dual market approach enabled us to address opportunities across the entire dredging spectrum. The large volume maintenance dredging market in India has historically been dominated by established international dredging companies. Our entry into this segment through the new Mangalore contract is therefore a significant strategic breakthrough. For us this contract is not merely about securing higher revenue. But it is about expanding the size of the market we can address and strengthening our position as a credible competitor for large-scale dredging projects. This expansion is expected to strengthen our eligibility for larger tenders and enhance our ability to execute increasingly complex projects.

Moving to our Charter and Hire segment, we continue to make meaningful progress in expanding our portfolio of long-term marine service contracts. A key achievement has been securing our third Green Tug contract from Mumbai Port Authority with a contract value of INR236 crores over a tenure of 15 years. This follows our earlier Green Tug contracts from VOC Port and Vishakhapatnam Port. Together, these three contracts have an aggregate value of approximately INR928 crores. And represents an important addition to our long-term revenue portfolio. The Government of India's Green Tug Transition Program represents a substantial opportunity for the maritime sector, with an identified requirement of approximately 98 green tugs across major Indian ports. We aim to establish KMEW as India's leading Green Tug contractor by consistently participating in upcoming tenders and steadily expanding our portfolio.

From a financial perspective, this segment is particularly important because of the long-term natures of its contracts. With charter tenures extending up to 15 years, these projects provide strong revenue visibility and help create a stable foundation for the company's future cash flows, subject to timely vessel delivery and contract execution. We also intend to continue bidding for conventional port ancillary crafts tenders to strengthen our presence across multiple categories of marine services. Another important aspect of our strategy is the integration between our charter and hire and shipbuilding businesses. By constructing our green tugs at our own shipyard, we expect to achieve greater control over construction cost, quality, and delivery schedules. As our Green Tug portfolio expands, standardization in vessel design and construction processes should also enable improved procurement efficiency and capital expenditure management.

We believe this integration will be an important competitive advantage as we scale our operations. Coming to Shipbuilding, we continue to make progress towards establishing Knowledge Shipyard Limited as a significant contributor to our future growth. One of the important achievements has been securing a contract from the Inland Waterways Authority of India for the construction of 10 electric hybrid passenger ferries with an order value of INR62 crores. This contract aligns with the Government of India's Harit Nauka initiative aimed at promoting environmentally sustainable inland water transport.

With increasing policy support for electric, hybrid and alternative fuel vessels, we see a meaningful opportunity emerging for domestic shipbuilders. Our new shipyard at Saphale will play a central role in capturing these opportunities. We are targeting completion of Phase 1 development by February

'27, which is expected to unlock construction capacity. This capacity will support our captive requirement for green tugs and other marine vessels while also enabling us to pursue external commercial shipbuilding contracts.

Our strategy is to initially build upon the demand generated by our own chartering business while progressively expanding our commercial order book. We are also exploring export opportunities that can help diversify our customer base and establish a presence in the international markets. We believe the integration of shipbuilding with our existing marine operations will create long-term operational and financial synergies while opening an additional avenue for revenue growth. Coming to the capital base, another significant development has been the successful equity fundraising of INR150 crores through a preferential issue supported by institutional investors such as 360 ONE PIPE Fund , Bank of India Mutual Fund, and FourLion Capital .

Subsequently, we also engaged with a secondary market sale of INR100 crores with SBI Fund Management. This has been an important step in strengthening our financial foundation and supporting our long-term expansion plans. Our business operates in a capital-intensive industry where growth requires careful alignment between contract opportunities, asset acquisition, and financing. At KMEW, our approach is built around the three interconnected pillars that are three Cs: Contracts, Capital, and Crafts. Securing contracts provides the visibility and commercial justification for investment.

Capital enables us to acquire and develop the assets required to execute those contracts. And the addition of larger and more capable crafts or vessels allow us to qualify for increasingly valuable opportunities. Our recent developments are a clear demonstration of these approaches. We believe this approach will allow us to scale responsibly while creating long-term value for our shareholders. Coming to our order book, our balanced order book stands at approximately INR1,732.55 crores comprising of dredging order book of INR467.75 crores, charter and hire order of INR1,100 crores, and shipbuilding order book of INR164 crores, excluding the captive business of INR275 crores in the shipbuilding.

This provides meaningful revenue visibility across our three business segments. Our order book is supported by a combination of dredging projects, long-term chartering contracts, and shipbuilding orders. In addition, we have a substantial pipeline of prospective opportunities exceeding INR3,500 crores across our business segments. While conversion of these opportunities will depend on tender outcomes and other factors, the size of pipeline reflects the growing market opportunity available to KMEW. India's maritime sector is entering an important phase of expansion, supported by government initiatives aimed at modernizing ports, increasing cargo handling capacity, developing inland waterways, promoting indigenous shipbuilding, and transitioning towards cleaner marine operations.

KMEW is strategically positioned to participate in these developments through its diversified capabilities. In dredging, our focus will be on expanding our fleet and pursuing larger maintenance and capital dredging contracts. In charter and hire, we will continue building our portfolio of long-term contracts, particularly in the growing Green Tug segment. And in shipbuilding, our immediate priority will be to operationalize the Saphale facility, execute our existing orders, and expand our commercial shipbuilding capabilities.

Together, these initiatives are intended to create a larger, more diversified, and financially resilient business. Before concluding, I would like to emphasize that the development of the past few months represents much more than individual contract wins or asset additions. They reflect the

transformation that KMEW has been working towards over the years. The successful execution of the JNPA rock dredging project demonstrates our technical capabilities. The new Mangalore maintenance dredging contract represents a significant leap in our scale and responsibility, and our Green Tug portfolio is strengthening our presence in long-term marine services.

And the development of our Saphale shipyard is creating a foundation for our expansion into commercial and sustainable shipbuilding. Together, these achievements position KMEW for a new phase of growth with larger opportunities, greater responsibilities, and a substantially expanded addressable market. At the same time, we remain conscious that growth must be accompanied by financial discipline, operational efficiency, and responsible capital allocation. Our objective is not simply to grow larger but to build a stronger and more sustainable organization capable of delivering consistent long-term value.

We are immensely proud of what the KMEW team has achieved and even more excited about the opportunities that lie ahead. Every milestone brings with it greater responsibility, and we remain committed to delivering on the trust placed in us by our stakeholders.

I would like to thank our shareholders, lenders, clients, business partners, management team, and employees for their continued support and confidence. We believe we have laid a solid foundation, and the next phase of KMEW's journey will be about converting that foundation into greater scale, stronger execution capabilities, and sustainable growth.

Thank you once again for joining us today.

Operator
Thank you, ma'am. Shall we start the Q&A session?

Kanak Kewalramani - Whole-time Director and Chief Financial Officer, Knowledge Marine & Engineering Works Limited
Yes.

Questions & Answers

Operator
Thank you. We will now begin the question- and- answer session. [Operator Instructions] The first question is from the line of Shubham from 3A Financial Services. Please go ahead.

Shubham Kadhi - Analyst, 3A Financial Services
Hello sir. First of all, congratulations on a good set of numbers. I had a couple of questions. First one would be regarding the tax rate. This quarter we saw tax rate of around 24%, 25%. This was mainly because of the realization of shipbuilding contracts, I can see. So what would be your full-year tax rate guidance for FY '27?

Kanak Kewalramani - Whole-time Director and Chief Financial Officer, Knowledge Marine & Engineering Works Limited
So we have taken the effective rate calculation this quarter, which is coming to 23% because of the interest income that we have reported in quarter two. And the shipbuilding profits that we have booked this quarter. The tax rate depends on the shipbuilding revenue and the interest income that we are achieving quarter on quarter. If the guidance would be the tax rate will -- effective tax rate will come to between 15% approximately during the entire year.

Shubham Kadhi - Analyst, 3A Financial Services
Okay, 15%. And in your results in the segmental result part, we are seeing a loss in the unallocable income, a loss of around negative INR10 crores. What exactly is this, and why are we seeing this?

Kanak Kewalramani - Whole-time Director and Chief Financial Officer, Knowledge Marine & Engineering Works Limited
No, this is not a loss. These are the expenses that cannot be allocable either of the segment, that is dredging or shipbuilding. So that is why that needs to be booked under an unallocable expenses. And we segment the dredging expense in a dredging segment and shipbuilding expense in the shipbuilding expense. And whatever we are not able to allocate between these two segments are booked under unallocable section.

Shubham Kadhi - Analyst, 3A Financial Services
Okay, got it. And one last question would be, what sort of market size do you expect with our entry in the large-scale dredging segment? What sort of incremental market size do we cater to?

Sujay Kewalramani - Chief Executive Officer, Knowledge Marine & Engineering Works Limited
So presently with the one vessel that we have purchased, we can look to dredge between 8 to 10 million cubics per annum in the maintenance dredging segment. The maintenance dredging segment volume-wise for major ports and minor ports put together is close to 150 million cubic meters per annum.

Shubham Kadhi - Analyst, 3A Financial Services
Okay, and if you can quantify it, if possible.

Sujay Kewalramani - Chief Executive Officer, Knowledge Marine & Engineering Works Limited
I'm sorry,

Shubham Kadhi - Analyst, 3A Financial Services
If you can quantify it in terms of rupees.

Sujay Kewalramani - Chief Executive Officer, Knowledge Marine & Engineering Works Limited
So, the rate per cubic meter varies from port to port, but the revenue generation with this particular vessel should be north of INR150 crores per annum.

Shubham Kadhi - Analyst, 3A Financial Services
Okay, sir. that's all from my end. I wish you the very best and a happy Diwali.

Sujay Kewalramani - Chief Executive Officer, Knowledge Marine & Engineering Works Limited
Thank you, thank you so much, Shubham.

Operator
Thank you. Next question is from Noor from MN Ventures [Phonetic]. Please go ahead.

Noor - Analyst, MN Ventures
Hello, am I audible?

Sujay Kewalramani - Chief Executive Officer, Knowledge Marine & Engineering Works Limited
Yes.

Operator
Yes, you're audible.

Noor - Analyst, MN Ventures
Congratulations, sir, first of all, on a great set of numbers. My first question is about, is the management, comfortable with the current equity structure, and does the management look to raise further debt for the expansion? And the other question is around the shipbuilding part. So when will the revenue from that project that is going on under construction of the shipbuilding -- so when the revenue will contribute and how much will the revenue contribute to the total -- as compared to the total revenue?

Sujay Kewalramani - Chief Executive Officer, Knowledge Marine & Engineering Works Limited
So thank you. The -- for the first part, the equity structure right now in the near future we don't see any change in the same. As far as debt is concerned, we are on a continual basis making bids and shall be acquiring further larger assets. And as and when required, we will be raising debt for the same, and along with the internal cash flow that we have, internal accruals that we have. With regard to the shipbuilding business, we -- in this present quarter have generated revenue close to, INR40-odd crores from shipbuilding. And the asset that, the shipyard that we have purchased and which we are constructing right now, the numbers from the yard have already started flowing in, and we are looking to have a substantial increase in revenue from the Shipbuilding segment as compared to the last year, with a multiple of between 3 times to 4 times in the current year.

Noor - Analyst, MN Ventures
Okay, thank you, sir. That was from my side. Congratulations and best of luck, sir.

Sujay Kewalramani - Chief Executive Officer, Knowledge Marine & Engineering Works Limited
Thank you.

Operator
Thank you. Next question is from Sarang from Vimana Capital. Please go ahead.

Sarang Joglekar - Analyst, Vimana Capital
Hello, can you hear me?

Operator
Yes, we can hear you.

Sujay Kewalramani - Chief Executive Officer, Knowledge Marine & Engineering Works Limited
Yeah, Sarang. Please go ahead.

Sarang Joglekar - Analyst, Vimana Capital
Yeah, hi. So congratulations on a wonderful first half. I have a couple of questions. First was on the working capital. I think there's an outflow of INR55 crore on account of other current assets. So what is that in this half?

Kanak Kewalramani - Whole-time Director and Chief Financial Officer, Knowledge Marine & Engineering Works Limited
So, these are the advances that have been given to the vendors in the Shipbuilding segment. And, because the expenses to that are booked once the bill of entries are passed and the materials are

received properly.

Sarang Joglekar - Analyst, Vimana Capital
Understood. Got it. And you said that INR150 crore is the revenue potential from the new RP 48, but if the current contracts that you will be deploying for new Mangalore, I think that's 150 days, so about INR90 crores a year. So the rest of it, do you already have a contract or you're bidding for it? And so how does that work?

Sujay Kewalramani - Chief Executive Officer, Knowledge Marine & Engineering Works Limited
So we've already bid for several contracts in other major ports and for the defense naval establishments along the west coast of India. we are expecting the outcome of the same in the current month itself. So once the vessel completes the new Mangalore job, it will move towards, one of these other projects. So we are very confident that we shall be able to meet the targeted revenue of INR150 crores, per annum with the current vessel.

Sarang Joglekar - Analyst, Vimana Capital
Understood. So there will be no problem in moving the vessel after every contract ends, because you'll have to move it twice or thrice a year. So just, there will be no operational issues with that?

Sujay Kewalramani - Chief Executive Officer, Knowledge Marine & Engineering Works Limited
No, these are, over a period of 365 days, these movements contribute to less than 15 days. It's very short duration, yeah, between project to project. And it's a large vessel, self-propelled, with 13 knots speed. It can move around the coast at any point of time. It is not dependent on a particular condition during the monsoons to move around. So the movements are not as challenging as compared to smaller vessels.

Sarang Joglekar - Analyst, Vimana Capital
Understood. And what is about the second dredger? I think you had planned two dredger acquisitions. So what is the progress on the second one?

Sujay Kewalramani - Chief Executive Officer, Knowledge Marine & Engineering Works Limited
So we follow our fundamentals. We have the vessel tied up in the sense, it is waiting for a potential contract. Once the contract is finalized, then we would do the capex and bring it in.

Sarang Joglekar - Analyst, Vimana Capital
I missed. I got it. Thank you. I will come back in the queue.

Operator
Thank you. Next question is from Nipun Sharma from VLS Finance . Please go ahead.

Nipun Sharma - Analyst, VLS Finance Ltd
Good afternoon. Am I audible?

Sujay Kewalramani - Chief Executive Officer, Knowledge Marine & Engineering Works Limited
Yes.

Nipun Sharma - Analyst, VLS Finance Ltd
Okay, so my first question is regarding the effective tax rate. As we have answered the previous participant, the effective tax rate is expected to be 15% for financial year '27. So is it sustainable for

the upcoming two years as well, considering the shipbuilding business is going to scale up after the Saphale shipyard?

Sujay Kewalramani - Chief Executive Officer, Knowledge Marine & Engineering Works Limited
So, yes, I would say you should look at the corporate tax on the shipbuilding revenue, and there would be almost negligible tax on the revenue coming from the chartering and the dredging business. Going towards the future, we would project the shipbuilding revenue to contribute towards 40% of the overall revenue, and the balance 60% would come from dredging and the chartering revenue. So a tax structure on the 40% revenue generated from the Shipbuilding segment. The profits generated from that would attract a corporate tax structure of 25%.

Nipun Sharma - Analyst, VLS Finance Ltd
Yes sir, understood. But overall the effective tax rate will be around 15% to 20%, is that the assumption for the upcoming year?

Sujay Kewalramani - Chief Executive Officer, Knowledge Marine & Engineering Works Limited
On the higher side, I believe. I mean, it would be closer to 15% and less than 15%.

Nipun Sharma - Analyst, VLS Finance Ltd
Okay, okay, okay. And sir could you provide any guidance on the FY '27 and FY '28 revenue and profitability? Because if I can recall correctly, it was being assumed that the revenue growth will be around 60% for FY '27, which was earlier 30%. So is there any change in guidance or any updation?

Sujay Kewalramani - Chief Executive Officer, Knowledge Marine & Engineering Works Limited
So the earlier -- the initial guidance given was between 30% to 40%. It was revised upward to 60%. And with the current order inflow and the expected inflow, we can look to revise it upwards to 80%.

Nipun Sharma - Analyst, VLS Finance Ltd
80% for FY '27?

Sujay Kewalramani - Chief Executive Officer, Knowledge Marine & Engineering Works Limited
Correct.

Nipun Sharma - Analyst, VLS Finance Ltd
And regarding the profitability and EBITDA and PBT,

Sujay Kewalramani - Chief Executive Officer, Knowledge Marine & Engineering Works Limited
So you have seen expansion in all the three reportable numbers in terms of revenue, EBITDA, and PAT. With the volume business, we had projected that all three would expand, and we are steadily expanding in all three. So initially we used to project EBITDA margins between 35% to 40%, and for the first half we have seen a substantial rise in EBITDA margins, which is close to 50%, 55% right now. We will see over the course of the next two to three years, but we can safely assume that it will be higher than the past projections of 40% because of the scalable volumes that we are going through right now.

Nipun Sharma - Analyst, VLS Finance Ltd
Okay, okay, sir. Okay, that's good to hear, sir. And, sir, for 40% as you said, the shipbuilding revenue, the contribution will be 40%, so that will be for which financial year as per you?

Sujay Kewalramani - Chief Executive Officer, Knowledge Marine & Engineering Works Limited
It will be for the year '2 7/'28 and '28/'29.

Nipun Sharma - Analyst, VLS Finance Ltd
Okay, '28 and '29. Okay, okay. And sir one last question is, so, today as well as for the future, should it be assumed that the revenue from Myanmar and Bahrain would be not that significant as it would be from India?

Sujay Kewalramani - Chief Executive Officer, Knowledge Marine & Engineering Works Limited
So revenue from Myanmar and Bahrain in the current year is almost nil. Bahrain work, we are not looking to resume unless we are confident of the safety and security of our manpower and materials at Bahrain.

Nipun Sharma - Analyst, VLS Finance Ltd
Okay.

Sujay Kewalramani - Chief Executive Officer, Knowledge Marine & Engineering Works Limited
Once the insurance covers the same and we find a stable situation, then look to resume the operations there. For Myanmar, presently all our assets are very well engaged in India and there is huge potential in all the three businesses that we are doing. So we are not looking to immediately move any vessel to Myanmar, given the contract that we have in it.

Nipun Sharma - Analyst, VLS Finance Ltd
Okay, good to hear. And regarding the Saphale shipyard, as per the estimation that they will be commissioning post Q4 FY '27, so is it going as per plan?

Sujay Kewalramani - Chief Executive Officer, Knowledge Marine & Engineering Works Limited
So yes. Complete commissioning will happen post Q4, but at the current stage, the construction and the infrastructure development of the yard is ongoing along with the construction of vessel in a parallel manner.

Nipun Sharma - Analyst, VLS Finance Ltd
Okay, okay, good to hear. And that's it from my side, and best of luck for your future endeavors, and happy Diwali.

Sujay Kewalramani - Chief Executive Officer, Knowledge Marine & Engineering Works Limited
Thank you. Happy Diwali [Indecipherable]

Operator
Thank you. Next question is from the line of Subramanya, an individual investor. Please go ahead. Subramanya, your line is unmuted. Yeah, you're audible.

Subramanya - Individual Investor
Yeah, so congratulations on a great set of numbers. I had one small question. what's the progress on -- rather, what are the opportunities relating to exports, and have you initiated any conversations with the potential clients?

Sujay Kewalramani - Chief Executive Officer, Knowledge Marine & Engineering Works Limited
So I understand you're talking about the shipbuilding business, is that correct?

Subramanya - Individual Investor
Yes, sir.

Sujay Kewalramani - Chief Executive Officer, Knowledge Marine & Engineering Works Limited
So currently we are in discussion with three different clients on export orders. And we find that the clients have been assessing the yard and finding the suitability of the yard. Once the commercial negotiations close in the near future, we will be able to understand the size and scale for the export order.

Subramanya - Individual Investor
All right, sir, yeah, that is very helpful. Thank you so much and wish you a very happy Diwali.

Sujay Kewalramani - Chief Executive Officer, Knowledge Marine & Engineering Works Limited
Thank you. Happy Diwali to you too.

Operator
Thank you. Next question is from Noor from MN Ventures. Please go ahead.

Noor - Analyst, MN Ventures
Thank you for the opportunity once again, sir. Sir, the first question that I want to ask is, sir, what is the current capacity utilization right now which is going on? And does the management see any type of competition in this industry?

Sujay Kewalramani - Chief Executive Officer, Knowledge Marine & Engineering Works Limited
So we have three different segments. You're talking about the capital utilization of all the assets in different segments, or is this question particular -- to a particular...

Noor - Analyst, MN Ventures
All the segments, what is the capacity utilization?

Sujay Kewalramani - Chief Executive Officer, Knowledge Marine & Engineering Works Limited
So for the chartering business, all the vessels deployed with the ports are on long-term basis. They are at 100% utilization. The dredging vessels during the second quarter usually, are waiting for the monsoons to complete, and right after or post-monsoons in the month of October till the month of May, they are fully utilized in various parts of India. And the Shipbuilding segment will see an increase in capacity utilization once the yard is fully ready post Q4. So all our vessels deployed all around the coast and in two different rivers, NW1 and NW16, are currently utilized in the month of October, are at 100% utilization.

Noor - Analyst, MN Ventures
Okay, sir. And, sir, is there any competition that the company face in the sector?

Sujay Kewalramani - Chief Executive Officer, Knowledge Marine & Engineering Works Limited
So all three segments have a variety of players that exist, and we go through this competition in each and every bid that we place. We have our special USPs that place us better than the competition. That's how we've been able to secure these orders, and we have an edge in execution. And that's how we've been maintaining our margins.

Noor - Analyst, MN Ventures
Okay, thank you, sir.

Operator
Thank you. [Operator Instructions] Next question is from the line of Jenish Karia from Union AMC . Please go ahead.

Jenish Karia - Analyst, Union AMC
Yes, thank you for the opportunity. Sir, first just to clarify on the guidance, we have been guiding for a top-line growth of 80% in FY '27 and 40% for FY '28 and FY '29, that is correct?

Sujay Kewalramani - Chief Executive Officer, Knowledge Marine & Engineering Works Limited
For the year after, 40% which we are considering, we had brought it up to 60% in the last guidance.

Jenish Karia - Analyst, Union AMC
Understood. So, you see any potential risk, maybe in terms of delays in, for the Shipyard business or delay in the Dredging segment which can possibly defer our revenue guidance for '28 or '29? Any risk that you see?

Sujay Kewalramani - Chief Executive Officer, Knowledge Marine & Engineering Works Limited
So all of our projects are time-based and time-sensitive. These are all maintenance dredging recurring contracts. This works in Dredging business have to be executed on time in order to achieve the desired draft for the port to carry on safe navigation. When it comes to Dredging business, there is no substantial risk in terms of delay in commencement because we already usually have our vessel lined up as we are going through the process of award of work. And once the award of work is placed, the vessel is immediately mobilized to commence the work.

The same can be seen from the new Mangalore work that we recently got awarded, and we have acquired the vessel, and we would be commencing the work before 15th of November as required by Government of India, new Mangalore Port. So I don't see any substantial risk in terms of delay in dredging contracts. In terms of shipbuilding, presently all the contracts that are ongoing are as per schedule and none of them are facing any delay penalties or any complications in any of the contracts. because of the strength in execution team, I believe going forward, we plan well and Shipbuilding business also should not have any substantial risk in terms of any delay in any of the projects.

Jenish Karia - Analyst, Union AMC
Understand it, sir. And so just based on your guidance, we are aiming for INR450 crore worth of revenue this year and around INR650 crore, INR700 crores next year. Any positive surprises you envisage in terms of shipyards or dredging contracts for the next year?

Sujay Kewalramani - Chief Executive Officer, Knowledge Marine & Engineering Works Limited
So we always project with the orders that we hand -- that we have in hand, and these are dynamic situations. We are always exploring good opportunities which meet our fundamentals when we make our bids, and in the past as well we have seen that the order book keeps on expanding, and as the order book keeps on expanding, we will get back to you with any future upward revisions as and when we see them.

Jenish Karia - Analyst, Union AMC
Understood. Just I think you have addressed the margins question, but no possible risk to the margins that we are currently commanding, right?

Sujay Kewalramani - Chief Executive Officer, Knowledge Marine & Engineering Works Limited
So with the contracts that we have in hand, I don't think, because we have planned for those, the execution is up to the mark, so we don't see any challenge in any or any contraction in any of the months.

Jenish Karia - Analyst, Union AMC
Perfect, sir. Thank you for answering all the questions and all the best for the future. Happy Diwali.

Sujay Kewalramani - Chief Executive Officer, Knowledge Marine & Engineering Works Limited
Happy Diwali. Thank you.

Operator
Thank you. Next question is from Shubham from 3A Financial Services. Please go ahead.

Shubham Kadhi - Analyst, 3A Financial Services
Thank you for the opportunity again. Sir just a suggestion from my side, if you could announce the results and release the PPT a few hours or at least one day prior to the con call, it would be great for us investors so that we also get time to analyze and study the PPT properly.

Sujay Kewalramani - Chief Executive Officer, Knowledge Marine & Engineering Works Limited
Point well taken, and we will look for it in the future.

Shubham Kadhi - Analyst, 3A Financial Services
Thank you, sir.

Operator
Thank you. Next question is from Tanishka Agarwal from Niveshaay Investment . Please go ahead.

Tanishka Agarwal - Analyst, Niveshaay Investment
Hello, am I audible?

Sujay Kewalramani - Chief Executive Officer, Knowledge Marine & Engineering Works Limited
Yeah, if you can speak a little louder, it would be better.

Tanishka Agarwal - Analyst, Niveshaay Investment
Thanks for the opportunity. So my first question is regarding the INR1,000 crore capex we are planning. So what is the timeline for the same and what peak annual revenue can we expect from this capex?

Sujay Kewalramani - Chief Executive Officer, Knowledge Marine & Engineering Works Limited
So the timeline we had projected was over a period of two years. As you would see that we have already started using up the funds towards purchase of a large TSHD [Phonetic]. We are using the funds for construction of three green tugs, one conventional tug, and the various other plans that are ongoing. So this INR1,000 crores of capex will be executed over a period of two years from which we have already gone through a phase of six to seven months. the kind of revenue that the capex would generate -- in the past we've had asset turnover ratio of 1:1 or 1:1.5. It will remain in that

range.

Tanishka Agarwal - Analyst, Niveshaay Investment
And my second question is regarding if you could throw some light on the opportunity size in all the three segments Dredging, Chartering, and Shipbuilding.

Sujay Kewalramani - Chief Executive Officer, Knowledge Marine & Engineering Works Limited
So, if you would like to know an opportunity size in all three segments, that is only along the coast of India or the opportunity size around the globe?

Tanishka Agarwal - Analyst, Niveshaay Investment
Around the globe and India both.

Sujay Kewalramani - Chief Executive Officer, Knowledge Marine & Engineering Works Limited
So the chartering business for various vessels -- total almost 600-odd crafts operate in and around the Indian ports. Presently, they are going through the privatization of all these vessels. As and when these vessels get decommissioned, new vessels would take their place. We have 21 dredgers. Besides the 21 dredgers, the other vessels in the fleet, close to 30 vessels, are presently operating under the chartering business. These are all on long-term contract and they continue to expand. We continue to expand in the chartering business as well.

When it comes to dredging along the Indian coast, the major ports and the minor ports do a maintenance dredging of close to INR2,000-odd crores on an annual basis, and capital dredging, if averaged out, would fall within the range of INR3,000-odd crores on an annual basis. There are large-scale contracts such as Vadhavan Port, Tuticorin Port, which are of the size of more than $1.5 billion, $2.5 billion , but these are one-off capital dredging requirements. There are various other segments which fall under the inland waterway, and the dam dredging business.

The size of these businesses is expanding over the years. Currently, NW1, NW16, and a few other rivers contribute to almost INR2,000 of dredging revenue or dredging, business on a year-on-year basis. As the -- as and when more and more national waterways are made operational, this business is looking to grow and expand. For the dam dredging business, it is yet to take off, and that has a large potential as compared to the port maintenance and capital dredging business or inland waterway, capital and maintenance dredging business.

In terms of the world, the global market, there are four or five large players. All put together, between them, they do about $20 billion worth of revenue year on year from the Dredging segment. As compared to the Shipbuilding segment, we are concentrating solely on the small craft, and the vessels that operate near coastal and inland waterways. We are looking to understand the business in terms of the potential, value, but as we understand, this business is going to grow, wherein more than 1,000-odd crafts before 2047 have to be converted green.

And with operational -- operation of various other waterways, the number will increase from 1,000 vessels to more than 1,500-odd vessels. So as the market expands, the size of the business would grow. So that's where the Shipbuilding segment for which we are in. For the global part of the size of vessels that we are building today, see I don't have the exact number for you, but we can get back to you on the scale or size of that business around the globe.

Tanishka Agarwal - Analyst, Niveshaay Investment
Okay, okay, thank you.

Operator
Thank you. Next question is from Vinod Kumar, an individual investor. Please go ahead.

Vinod Kumar - Analyst, Individual Investor
Yeah, good afternoon, sir, and congratulations for a good set of numbers in Q2. I just had a couple of questions. If you can just update the shareholders, regarding your current order book size and the expected order book size by the end of the current financial year and financial '28 and to financial '29? Thank you.

Sujay Kewalramani - Chief Executive Officer, Knowledge Marine & Engineering Works Limited
So the current order book, confirmed order book that we have is INR1,700 crores. we have bids in pipeline, between INR2,500 crores to INR3,000 crores. It's a dynamic situation that keeps changing on a daily basis. We believe in the next year going forward, the order book on a continual basis should be in excess of INR2,000 crores going forward.

Vinod Kumar - Analyst, Individual Investor
Thank you, sir. Thank you so much, and I wish you a very happy and prosperous Diwali to you and all your shareholders.

Sujay Kewalramani - Chief Executive Officer, Knowledge Marine & Engineering Works Limited
Thank you. Thank you so much, sir.

Operator
Thank you. Next question is from Sarang from Vimana Capital. Please go ahead.

Sarang Joglekar - Analyst, Vimana Capital
Yeah, thanks for the opportunity again. I just had a question on the working capital. As the shipbuilding revenue scales up, how does it impact the receivables and how are the billing -- how is the billing done in that segment?

Sujay Kewalramani - Chief Executive Officer, Knowledge Marine & Engineering Works Limited
So presently the Shipbuilding segment has staged payments. So, with various stages of completion, various milestones that are certified by class or the flag authorities, the payments are tied. It's not a single shot payment, so there may be anywhere between 5 to 10 stages while the vessel is getting constructed. Initially, we do have an option of drawing down 10% of the contract value by providing, advance, bank guarantees or insurance response [Phonetic]. So there is not a lot of working capital requirement in the Shipbuilding segment at the current stage.

Sarang Joglekar - Analyst, Vimana Capital
Got it. Sir, it will be similar to what it was, say, for FY '26?

Sujay Kewalramani - Chief Executive Officer, Knowledge Marine & Engineering Works Limited
Correct.

Sarang Joglekar - Analyst, Vimana Capital
Understood. Thank you.

Operator
Thank you. Next question is from the line of Jenish Karia from Union AMC. Please go ahead.

Jenish Karia - Analyst, Union AMC
Yes, thank you for the follow-up, sir. I just had two more questions. Firstly is on the margins. If I recollected correctly, 35% to 40% was our stated margin guidance. First half we have done around 55% and second quarter around 40% margin. Even if I look at the segmental margin, shipbuilding and repairs was somewhere around 35%, 38% margins and on EBIT level, and dredging was around 50%. So what would be the margin guidance for this year?

Sujay Kewalramani - Chief Executive Officer, Knowledge Marine & Engineering Works Limited
So like I have said in the past, with the volume business coming in, the margins will expand. We are trying to find out where our confidence will lie. We have been very confident about 35% to 40% in the past. To give you a number range, it should be more than 45% going forward as and when it gets stable. But you will see a current expansion even up to 50%, 55% level as we move towards stabilization.

Jenish Karia - Analyst, Union AMC
Okay, understood. And just on the shipbuilding and Shipbuilding segment, as we scale and the deliveries, come closer, will we have any provisions which we might need to record and take a hit on P&L which might come in?

Kanak Kewalramani - Whole-time Director and Chief Financial Officer, Knowledge Marine & Engineering Works Limited
No, that will not be the case, that we need to book the provisions for that, because the revenue is generated on the stage milestone completion. So once that stage is completed, we generate the revenue, and the stage is only completed when the expenses towards that stage is done. So, provisions entry will not be required for that.

Jenish Karia - Analyst, Union AMC
Understood, ma'am. Thank you so much for patiently answering all my questions. Thank you.

Sujay Kewalramani - Chief Executive Officer, Knowledge Marine & Engineering Works Limited
So, before we close the call, I would like to make some statements. The second quarter is usually a soft quarter for the Dredging business. This is due to the monsoons. The clients wait for the monsoons to get over, and then the maintenance dredging contracts come into play starting October. So the execution is done in the third and the fourth quarter. Thus, the third and the fourth quarter shall see a phenomenal jump in revenue from the Dredging business. Shipbuilding has seen a steady growth. Current quarter saw a growth of 3 times compared to Q2 last year. Revenue from shipbuilding shall also see and witness substantial rise in the third and the fourth quarter. So, I would like to state that the company is doing really well and the contract executions are happening on a timely manner. The execution team has been committed on delivering the numbers, and we shall come forward with what guidance we have been giving in the past and present.

Operator
Thank you.

Sujay Kewalramani - Chief Executive Officer, Knowledge Marine & Engineering Works Limited
Thank you. I wish happy Diwali to all of our shareholders and a prosperous New Year.

Kanak Kewalramani - Whole-time Director and Chief Financial Officer, Knowledge Marine & Engineering Works Limited

Thank you everyone. Wishing all of you a very happy and prosperous Diwali and a New Year. We can now conclude the call.

Operator

[Operator Closing Remarks]