"The Shipping Corporation of India Limited Q4FY '26 Earnings Conference Call"

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Moderator: Ladies and gentlemen, good day and welcome to the Shipping Corporation of India Limited Q4 FY '26 Earnings Conference Call, hosted by Antique Stock Broking Limited. As a reminder, all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need any assistance, please signal for an operator by pressing star and then zero on your touchtone telephones. Please note that this conference call is being recorded.

I now hand the conference over to Mr. Varatharajan Sivasankaran from Antique Stock Broking Limited. Thank you and over to you, sir.

Varatharajan S.: Thank you, Farrah. Very good evening to everyone. It is my pleasure to welcome all the participants on the call and the top management of SCI. We have with us the senior management team of SCI, represented by Capt. B.K. Tyagi, Chairman and Managing Director; Mr. Vikram Dingley, Director, Technical and Offshore Services, Rear Admiral Jaswinder Singh, Director, Liner and Passenger Services; Capt. Som Raj, Director, Personnel and Administration; Mr. Nitin Khamesra, Director, Finance; and Capt. Chandran Durai Daniel Director, Bulk Carriers and Tankers.

I would like to hand over the floor to Capt. B.K. Tyagi for initial remarks. The floor is yours, sir.

Capt. B.K. Tyagi: Thank you, Varatharajan. A very warm welcome to all our investors, analysts, and stakeholders who have joined us today for The Shipping Corporation of India's Earnings Call to discuss our financial performance for FY '25-'26.

Let me begin by thanking you for your continued trust and partnership as we navigate a dynamic global shipping environment and continue to strengthen SCI's leadership in India's maritime sector. I am pleased to share that we have delivered a momentous performance this year, despite global market volatility and mixed freight trends across segments.

Our standalone net profit stood at INR1,326 crores, while the consolidated net profit was INR1,353 crores. Last financial year, we had posted a standalone profit of INR814croresand a consolidated profit of INR844 crores. The operating revenue came in at INR5,778 crores vis-à-vis INR5,592 crores in the last FY.

EBITDA for the financial year '26 is INR2,633 crores. We continue to maintain a strong balance sheet with a net worth of INR8,489 crores, cash and liquid investment of INR2,676 crores, and long-term debt of INR2,409 crores. This translates to a debt-equity ratio of 0.29 and a DSCR of 4.61, demonstrating our sound financial position and liquidity. The Board has also declared a total dividend of 75%, that is INR7.5 per share, reflecting our commitment to delivering consistent value to our shareholders.

Coming to operations, our owned fleet now stands at 58vessels, and we manage an additional 40 vessels across various categories for government organizations with an average age of 15.5 years. This financial year, we were proud to induct two very large gas carriers, Sahyadri and Shivalik, built by HHI. Each has a capacity of around 82,000 cubic meters, and their induction significantly strengthens our position in the LNG transport segment.

We have also entered into a contract with MDL, that is the Mazagon Dock Limited, for building a 3,000 DWT methanol dual-fuel diesel-electric PSV. This is a pilot project under the National Green Hydrogen Mission of the Government of India.

We are proud to mention that SCI was the first Indian ship owner to clear its gas carrier from the Strait of Hormuz to serve the LPG requirement of the nation. Ladies and gentlemen, you must have heard the name of the LPG Shivalik and Nanda Devi on the TV for good reasons.

Let me briefly touch upon our key business segments now. Tanker segments, crude tanker market. The tanker market during FY '25-'26 quarter 4 has seen very high volatility due to the conflict in the Middle East Gulf. After the low of end-December 2025, the tanker market rapidly picked up in January '26 and February '26, and VLCC earnings on key routes such as TD2 and TD3 were in the range of $80,000 to $150,000 per day. After the beginning of the conflict, the rates rose to very high levels, while there were hardly any westward transit through the Strait of Hormuz.

A few fixtures at substantially high freight levels from Red Sea ports were reported. Presently, the Strait of Hormuz transits are disrupted for more than two months now. Since the beginning of the war in MEG, global seaborne crude oil shipments have fallen drastically compared to prior last year. While the tanker market is elevated, it is seen that many owners are competing for the available cargo from the Gulf of Oman or the Red Sea ports.

Last Friday, TD3 was at 460. That itself speaks of a very, very different level. The Aframax market benefited from the broader bullish sentiments in crude tankers, but the rally was not uniform across all trading areas and was regionally concentrated. In January '26, Aframax earnings were relatively modest. February '26 saw a gradual strengthening in Aframax rates, with earnings increasing to approximately US$47,000to US$56,000 per day for TD14 and TD8 respectively.

In March 2026, the Aframax segment displayed divergent performance across routes. TD3 experienced a sharp spike, with time charter earnings rising to around US$138,000 per day. However, other routes such as TD14 remained relatively stable with earnings around US$42,000 per day. Clean Petroleum Product: The disruption to supply chains due to the closure of the Strait of Hormuz and ongoing attacks on refineries in the region have created a shortage of refined products. LR2 and LR1 segments also demonstrated steady improvement through the quarter with a more balanced growth profile.

In terms of Bulk Carriers, the dry bulk market showed a notable recovery led by firmer freight indices. Last Friday, BDI was at nearly 3,000 level, and this shows a stable demand for coal and grain exports. Earnings in Panamax and Supramax category rose nearly 30% to 35% quarter-on-quarter.

Liner and Coastal Shipping, Our coastal liner business remains a key growth driver with freight rates up by 10% year-on-year and utilization levels as high as 99%, reflecting strong domestic demand and high operational reliability. While the global EXIM container trade continues to face pricing pressure, we maintained 95% utilization and uninterrupted services by proactively rerouting vessels via the Cape of Good Hope to ensure reliability amid Red Sea disruptions.

Offshore and Technical Services, the offshore segment continues to gain momentum with ONGC, Oil India, and private operators expanding exploration and production activity. SCI's DP2 class vessels remain well-positioned to gain benefit from this rising demand.

In terms of Strategic Development, Ladies and gentlemen, a key strategic decision of the company involves the signing of MOU. This happened on 19th September 2025. This MOU was signed with Oil PSUs and Sagarmala Financial Corporation Limited. Further, one more MOU was signed on 3rd February 2026. This was to form Bharat Container Shipping Line, and the MOU was signed with CONCOR and other major ports. The overall objective of Bharat Container Shipping Line is to have the Indian container fleet. Currently, the Indian container fleet is as good as negligible.

These proposed initiatives support the vision of Atmanirbhar Bharat, strengthen India's shipping capacity, and reinforce SCI's role as a critical partner in enhancing national energy security and self-sufficiency for transportation of Indian cargoes, via the Indian Containers. I now hand over to Shri Nitin Khamesra, Director, Finance of SCI, to provide a brief overview of the financial performance of the company during 2025 and 2026. Thank you, ladies and gentlemen. Over to Nitin.

Nitin Khamesra: Thank you, CMD sir. Good evening everyone and a warm welcome for today's SCI's earnings con-call for financial year '25,'26. It gives me immense pride to speak on the performance of the pillar of India's maritime infrastructure, that is Shipping Corporation of India Limited. As the largest Indian shipping company with a Navratna status, SCI is more than just a commercial venture; it is a national carrier and has consistently maintained India's supply line through challenging times.

Today, I am pleased to share that SCI is sailing on a path of exceptional performance, setting new records in financial and operational excellence. I am pleased to share that FY '25, FY '26 has been an exceptional year for SCI, with the company delivering its highest-ever consolidated PBT of INR1,423 Crore, representing a growth of nearly about 67% over the previous year.

Consolidated total income increased by INR426 Crore during the year, reflecting a growth of nearly 7% year-on-year basis. The strong performance was delivered, driven primarily by the robust earning in the tanker segment, supported by the favourable global shipping dynamics and disciplined operational execution. During the FY '25, FY '26, revenue from the tanker segment increased to INR3,942 Crore from INR3,609 Crore in the previous year.

Segmental profitability witnessed a substantial improvement, increasing from INR680 Crore in FY '25 to INR1,190 Crore in FY '26, representing a growth of nearly 75%. The strong tanker performance was supported by a highly favourable freight market environment during the year. Another important development during the year was the induction of two VLGC carriers, that is Sahyadri and Shivalik. These vessels have been deployed on the Persian Gulf-India route and have further strengthened SCI's presence in the gas transport segment while diversifying the earning portfolio of the tanker business.

The bulk carrier segment recorded an improvement in revenue, which increased to INR789 Crore in FY '26 from INR711 Crore in FY '25, reflecting a growth of around 11%. The segment also reported a reduction in losses during the year. The improvement in revenue was mainly driven by the higher number of voyage charters and improved deployment. In the liner segment, revenue from operation stood at INR784 Crore in FY '26 as against INR1,036 Crore in FY '25.

While segment profit declined to INR75 Crore from INR166 Crore in the previous year, the decline in both revenue and profitability was primarily on account of moderation in the freight rates and lower cargo volume during the year. From the financial perspective, SCI continues to maintain a strong and healthy balance sheet. Operating cash flow during the year has grown by 58%, enabling the company to further strengthen its liquidity position while continuing to pursue its growth and fleet expansion plans.

Our capital allocation policy and strategy remains focused on three key priorities, that is reinvestment in the business, maintaining financial strength, and delivering value to the stakeholders. During the year, the company added two VLGCs to its fleet and recently also placed an order of a dual-fuel PSV vessel. In addition, SCI currently has some vessel acquisition tenders in the market, which we intend to conclude expeditiously as a part of our long-term fleet renewal and expansion strategy.

In line with the improved financial performance, the board has recommended a dividend of INR7.5 per share for FY '25, FY '26. The company also delivered a healthy return on equity of more than 16% during the year. I would also like to highlight that SCI continues to maintain a very comfortable debt-equity position, which provides us with significant financial flexibility and sufficient headroom to support our future expansion and capital expenditure plans.

Overall, financial year '25,'26 has been a landmark year for SCI, reflecting the strength of our diversified business model, prudent financial management, and dedication of our employees and stakeholders. To conclude, I would like to reassure that The Shipping Corporation of India is not just riding the wave of the current market; it is shaping them. With a strong commitment to safety, a robust financial strategy, and a proactive growth, SCI is and will continue to be the flagship of Indian maritime prosperity.

Thank you once again for joining us today. We would now open the floor for the Q&A.

Moderator: Thank you very much. Thank you, sir. Ladies and gentlemen, we will now begin with the question-and-answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Digant Haria from Greenedge Wealth. Please go ahead.

Digant Haria: Yes, hi. Thank you for the opportunity and congratulations for the performance. And also, you know, in the presentation, you have put a lot of details, so thank you for that. I have two questions. First question is, you know, on our tanker segment, that you know, we have around

31 vessels. And you know, in your presentation and in your speech, you wrote that, you know, the rates have gone up quite significantly in March. But you know, when we look at your revenue and your profit before tax in the tanker segment, you know, on a Q-o-Q basis, there has been very little growth, so to say.

So just wanted to know if all of these 31 tankers that we have, you know, do they operate on spot rates or, you know, are the rates predetermined? Do we get any benefit when the rates go up or down, you know, or we lose something? So if you can just explain that part, that would be great.

Capt. B.K. Tyagi: Okay, thank you very much for your question. See, SCI, we have got a majority fleet is the tanker vessels. And some of these vessels are on time charter with the Indian industry. In the month of March, after the war, some of the vessels got stuck inside the Persian Gulf. They could not transit the Strait of Hormuz.

The difference what we could have got if this Strait of Hormuz was operational, then this number would have been much, much better than this. And what we have explained is the overall scenario for the year '25,'26. Towards Quarter 4, the numbers have gone up and the market was firm. And after the break of war, definitely those numbers, March was as good as idle for the most of the shipping which were operating in the Strait of Hormuz.

So this number what we have given you is basically Q4 sense. The numbers have gone up for the tanker fleet, and this whatever the results you see, the major contribution is from the tanker segment.

Digant Haria: Right, sir. Right, sir. So now, are there any ships stuck or, you know, we are on track, like all our 31 tankers, they operate now regularly?

Capt. B.K. Tyagi: See, I'll give you an update. Three tankers of SCI, two LPG, one crude carrier is already out of the Strait of Hormuz. As we speak now, three crude carriers are still inside and one LNG, which is a part of ILT Company as a joint venture. So total four vessels of SCI are still inside. Government of India is trying, coordinating with various agencies, and efforts are on to get these four vessels also out of the Strait of Hormuz.

Digant Haria: All right, all right, sir. So thank you for that. Second question is on our joint venture, you know, with the oil marketing companies. So there, you know, we have ordered, you know, quite a few number of ships. So with this entire disturbance in the market, you know, have we finalized the rates at which those ships will be procured or, you know, will those rates also go up because generally when the market is so tight, the rates to purchase those, you know, the Aframax and, you know, the orders that we have given, they may also vary. So just wanted, you know, your views on that, that, you know, have we been able to freeze our rates of buying those?

Capt. B.K. Tyagi: See, so far only one vessel, that is a platform supply vessel, that we have finalized. The order is placed with the MDL. Remaining, they are in the tender stage at various stages. So far, we have not finalized any tender. And your observations are absolutely right. Today, the tanker market is basically very, very abnormal, and so the price of assets would be also in the same range. So we will take definitely note of all these things when we finalize the numbers and when we give the contract to any shipyard.

Digant Haria: Right, right, sir. So we will not rush because I think we had tenders for four Aframax and, you know, some six container vessels and, you know, four MR tankers. Right? So we may wait, right, if the prices become too irrational because if we buy at this peak of the cycle, you know, then maybe our future revenues can, you know, actually suffer. So that was my, you know, point of asking that question.

Capt. B.K. Tyagi: Very well noted and definitely the Board, when we take the decision, will definitely take this point into account.

Digant Haria: Right, right, sir. And last question would be in April, we are like 40 days into this quarter also. So are the rates still as firm and like, our ships are earning all the profits out of whatever rates are there?

Capt. B.K. Tyagi: See, you can monitor the market, how the tanker indices are behaving. That is the only indication which I have given in my speech also. But the rest performance of the SCI in terms of the April and all, at this stage, it will be inappropriate to comment.

Digant Haria: Right, sir. Thank you, thank you very much and all the best, sir.

Capt. B.K. Tyagi: Thank you, thank you.

Moderator: Thank you. The next question is from the line of Chetan Gindodia from Mahindra Manulife Mutual Fund. Please go ahead.

Chetan Gindodia: Yes, hi, sir. Sir, thank you for the opportunity. I wanted to understand regarding the JV with the oil companies. Has there been any more details if you can share now that we have finalized with some bit of ordering and some tendering process also being started as you said?

So how the financial model will sort of work on what proportion of the vessels will be at spot or fixed rates and what sort of ROE or IRRs we can generate from this or any revenue, EBITDA, or any sort of financial metrics that you can share regarding over three to five years what we can generate from this? Yes, that's it.

Capt. B.K. Tyagi: Yes, see, this oil and gas proposed JV with OMCs, this is at this stage is under consideration of our Ministry. Parallelly, we have floated some tenders which are meant for SCI tonnage, and maybe some of these vessels will be for the proposed JVC also. So at this stage, that is the update. As far as what will be the IRR, what will be the revenue and all.

This we will see once we have those tenders going further and once we have got the approval in place and how the financial parts will be received during those tendering. Then we will have a better information and at appropriate time, we will definitely share with all the stakeholders through the stock exchange.

Chetan Gindodia: Got it. Thank you, sir. And lastly, this Q4 as you said, because some of our vessels got stuck in the Strait of Hormuz, we couldn't realize the full potential at the current rates. So fair to say that over the next coming one to two quarters, the numbers could improve substantially for us as the rates continue to stay elevated and there is free movement of our vessels?

Capt. B.K. Tyagi: See, the vessels which are stuck inside the Strait of Hormuz, SCI vessels and any other shipowners, they are basically at this stage whatever the market, they are not able to tap that market. But the vessels which are outside the Strait of Hormuz, whatever few fixtures are there, few cargoes are there, definitely they will have a lot of basically potential in terms of the freight.

But let's see, this is a very dynamic, very volatile situation. And we will have a clarity because every day some negotiations are happening between Iran, between USA and other parties also. So we have to wait and watch and then see how this situation, how fast this war settles, and then we can evaluate overall how good and bad the impact will be there. But currently, the tanker market is definitely very, very high, but the cargoes are very few.

Chetan Gindodia: Understood. Thank you, thanks a lot, sir, and all the best.

Capt. B.K. Tyagi: Thanks.

Moderator: Thank you. The next question is from the line of Hitesh Doshi from Nirzar Securities. Please go ahead. There appears to be no response from the participant. We'll take the next question from the line of Chetan Phalke from Tirthan Capital. Please go ahead.

Chetan Phalke: Yes, thank you for the opportunity, sir. Sir, in last concall, you mentioned that we would prefer to go ahead with vessel acquisitions at and have an IRR of 10% to 11% at least, and otherwise we would not go ahead. And also, there is some transparent formula which will be worked out wherein it will be linked to certain underlying global indices and there will be some plus or minus formula.

So if you can just, help us understand around these two pointers, sir? I mean, how will we navigate through the shipping cycle volatility by using these two things and still achieve our expected IRR? Or have things changed after the recent volatility that we are seeing?

Capt. B.K. Tyagi: See, this current war and this current uncertainty, volatility is a temporary phase. This will not last long, we are very confident as a SCI. Further, any project, any vessels when we purchase, second-hand assets or the new assets, as a vessel, we evaluate as a project each and every vessel separately, independently. And if IRR is making commercial sense, then only our board approves this. That is our procedure. One.

Second, when we will out-charter this vessel to maybe OMC or outside market, then if it is a OMC, definitely it will be linked to the some market indexes, so that there is a basically at arms-length earnings and the expenses for both the sides. And that will be quite fair for the prevailing market. So it will capture what is the prevailing market sentiments, and whatever the prevailing market rates basically. So these are the two points which you have asked. Hope I have clarified this.

Chetan Phalke: Yes, sir. But any minimum IRR threshold that we have in mind considering the full cycle in mind or let's say over the longer run?

Capt. B.K. Tyagi: As earlier also I mentioned, we look for at least a 10% to 12% range of IRR.

Chetan Phalke: Okay, okay. And sir, if you can just help us understand that plus or minus formula that you are mentioning. Is there any precedent, I mean, in let's say in other countries like Japan, Korea, was the same formula followed? How is it being worked out?

How it will be different in Indian context? I mean, if you can just give us some more color with that respect. I mean, so from what I understand, there will be -- it will be linked to global index plus there will be some plus-minus formula and plus over and above, the Shipping Corporation will have some management fees. Am I right?

Capt. B.K. Tyagi: See, as far as these global indices, as you said it's a global, it is not restricted to India. Entire world shipping use these indices. One. Second, these formulas what we have in mind, these kind of formulas are being used by various international shipowners, charterers. Even India also, when we have the COA with the OMCs, similar kind of formulas are used.

They use the prevailing market condition and some plus-minus factor. Some of the factors may be the bunker adjustment factor and maybe some floor, some ceiling also may be there just to rule out any abnormal variations in freight. So this is a normal practice in shipping and we have used as a SCI, and this is what we are thinking also to keep it transparent from the JV perspective also and from the charter perspective also.

Chetan Phalke: Okay, okay. And just in case if the shipping cycle turns the other way, what downside protection does this kind of arrangement give us or how is it embedded into this arrangement?

Capt. B.K. Tyagi: See, normally in this kind of formula, we have got a two ceilings, floor and the top also, so that just in case it goes beyond some certain level, then basic operating costs are covered. And top side also, it goes in an abnormal manner, then charterer also is not penalized unnecessarily. So Mr. Chetan, I was explaining this, we have got the limits, upper also and the lower limits to take care of this kind of situation.

Chetan Phalke: Okay. Got it, sir. And sir, with respect to this JV only, Oil PSUs JV, what percentage of their overall demand will be routed through this JV?

Capt. B.K. Tyagi: See, you know this India, today we are basically nearly US$80.00 billion is going out of country in terms of freight. So this proposed concept, this model is an action in that direction to basically minimize that. This demand aggregation done by SCI, by our Ministry and by oil companies is a just initial phase in the direction and currently this is to capture basically maybe 25% to 30% of that component.

Chetan Phalke: Okay, but eventually it can go up as well?

Capt. B.K. Tyagi: Yes. See, overall idea is this whatever the money is going out of country directly or indirectly, that all should be basically -- it should be retained within the country and the economy.

Chetan Phalke: Okay, okay. Because we have done similar JV with I think SAIL or other PSU organizations as well. So can we expect extension of this model into other areas of the economy as well or other imports that we are doing?

Capt. B.K. Tyagi: See, SAIL we have not done yet, but there will be definitely -- this is just an experiment and this model will work, we are very sure. We have got the support from the oil companies, SCI is there, and this is under direct control of the basically Ministry. So we will take similar model in other areas also. This is in the oil and gas, maybe in the dry bulk also, we may go ahead with this same formula.

Chetan Phalke: Okay. And sir, what's the status of the JV? At what stage of approval it is? When is it going to come online?

Capt. B.K. Tyagi: At this stage, this is under active consideration of our Ministry.

Chetan Phalke: Okay. Any expected timelines for it to get operationalized?

Capt. B.K. Tyagi: No, at this stage timeline we do not have the information. But once we have the information, once this is approved, definitely we will inform all our shareholders, we will disclose at the Stock Exchange.

Chetan Phalke: Okay, okay. Sure, sir. Thank you very much, sir.

Moderator: The next question is from the line of Ronak Singhvi from NAFA Asset Managers. Please go ahead.

Ronak Singhvi: Hello. Can you hear me?

Capt. B.K. Tyagi: Yes, hello.

Ronak Singhvi: Hello. So, I would want to know the dry-docking schedule for the next two financial years?

Capt. B.K. Tyagi: Dry docking schedule for next two financial years. Just a minute, let me take help of my concerned Director. How many tankers, bulk carriers are planned? Just be on line please.

Ronak Singhvi: Yes.

Capt. B.K. Tyagi: Otherwise, what we can do, we can share this information with you. And see, the dry dock is done normally twice in 5. And it's a requirement. How many bulk carriers are planned this time? What we will do, we will share this information with you after this call.

Ronak Singhvi: Okay, thank you.

Capt. B.K. Tyagi: Thank you.

Moderator: Thank you. The next question is from the line of Isha Shah from Nirzar Enterprise. Please go ahead.

Isha Shah: Hello, good afternoon. Am I audible?

Capt. B.K. Tyagi: Yes, good afternoon, loud and clear please. Go ahead.

Isha Shah: Yes. Hope you're doing well, sir, and congratulations on good set of numbers. Sir, I had two questions. Okay. First one, it is on -- as you mentioned in the notes to accounts of the recent quarter, that our three vessels are still stuck in Strait of Hormuz. And there you have explained that the freight has been recognized on the basis of how much ever the percentage of voyage completion?

So I'm trying to understand, is this accounting treatment irrespective of the type of agreement we are into, like time charter, voyage charter, or spot? Or is it only for the voyage contract that we have this accounting? And also, like how much revenue can be recognized from these vessels or would we get any revenue?

Capt. B.K. Tyagi: See, number one, these vessels, three vessels which are mentioned, all three are on the voyage.

Isha Shah: Voyage? Okay.

Capt. B.K. Tyagi: Correct. And whatever this proportionate revenue we have recorded in our books, that is as per accounting system and that is as per the charter party.

Isha Shah: Okay. So going forward, we can expect more revenue to be recognized for this, right?

Capt. B.K. Tyagi: Yes, the remaining part, once the voyage gets over, rest will come in the next FY.

Isha Shah: Okay, sir. Sir, and recently to one of the questions about that you mentioned that operate -- like, if the cycle goes down, then the flooring would be in such a way that the operating cost gets covered. But what about the interest cost? Would that also get covered? Interest cost and depreciation?

Capt. B.K. Tyagi: No. That will be part of that formula. But this formula is normally for the only COA or at the most it can be in time charter also. If it is in spot for the voyage, then the prevailing market condition we have to basically use it.

Isha Shah: So for time charter, will the interest and depreciation cost also be covered?

Capt. B.K. Tyagi: Would you like to comment on this?

Nitin Khamesra: Yes, good evening. This is Nitin Khamesra, Director Finance this side. From the time charter perspective, whenever we are basically deploying any vessel on the time charter, it has standing charges built into it, it has the basically the interest and the other indirect operating expenses also built into it, then return on the asset is also built into it to ensure that the time charter market is basically giving the adequate financial benefit to SCI.

Now to answer your question whether in the formula we can build any floor or gap, normally whenever it's a contractual terms, whenever in the future, let's say for the example of the JV, when we are trying to build it.

Definitely we would like to cover as much as of the cost, standing cost, indirect operating expense, and to the extent whatever the financial cost we can basically build into the floor. But it all depends on the commercial agreement with the counterparty.

Isha Shah: Okay. So, sir, this standing cost, does it also include depreciation?

Nitin Khamesra: Yes.

Isha Shah: It includes depreciation, right? And sir, so in the JV, can then we expect like a 10 year, 10 to 12year of time charter? Like the duration?

Nitin Khamesra: We would as an SCI, we would love to have the maximum possible of the useful life of the asset covered through the time charter model. But that modalities will be finalized once we have the vessel acquisition process in place. We will sit with the counterparty for the commercial terms and condition, then these terms can be worked out.

Isha Shah: Okay. And any minimum ROCE or anything that you would have planned for the JV or at least would have thought of since we are going with the acquisition?

Nitin Khamesra: It's a similar lines what CMD sir has also mentioned for the SCI acquisition plan. We would like to have a basically IRR in range of around 10% to 12% broadly.

Isha Shah: So, IRR would be what, covering your depreciation, interest, and operating cost or ROCE, like what's the definition of IRR here?

Nitin Khamesra: The IRR is basically the over the project life, what is the return is generated out of that particular project on a discounted basis. That is the definition of IRR.

Isha Shah: Okay. It's not ROCE, right?

Nitin Khamesra: No, it's not ROCE.

Isha Shah: Okay. And so, one more question I had, like if the expiring contracts were to be renewed at prevailing market rates today, then what could be the estimated impact on earnings, EBITDA, or profitability vis-a-vis the current charter book?

Nitin Khamesra: It's a very hypothetical question. Means once we'll enter into the agreement with any counterparty, then only we can basically assign any number to it.

Isha Shah: Okay. But any delta that you can, like you all would have thought of?

Nitin Khamesra: That's the market indices. You can compare three months before market to the current market, the delta will be available to you.

Isha Shah: Okay. Thank you so much, sir.

Capt. B.K. Tyagi: Thank you. It will be basically all prevailing market condition.

Isha Shah: Okay.

Moderator: Thank you. The next question is from the line of Aditya Ladhad from Stallion Asset. Please go ahead.

Aditya Ladhad: Hello, sir. Am I audible?

Moderator: Yes, sir. Please go ahead.

Aditya Ladhad: Yes. So, congratulations firstly on a great set of numbers. From what I understand, broadly the TAM for us is huge. As you mentioned, $80 billion of freight to overseas, you know, overseas shipping companies.

And I guess the top three OMCs also spend close to INR40,000 crores on their freight bill. And then with the Bharat Amrit Kaal Maritime Mission last year, we really sort of put the trigger into the shipping sector of India.

So, with this JV announced also, 59 vessels. So right now, what I wanted to know is given the importance of this sector to our country right now, is the government having any other additional incentives for the procurement of ships that we would do in the JV or outside the JV? Maybe in terms of some tax, tax light backs or GST taken off or any other way of incentive?

Capt. B.K. Tyagi: See, Government of India has taken various initiatives. Today as a country, there are two clear-cut priorities for the Government of India. One is to have the ship construction now done in India. Especially the commercial big vessels should be built in India, that is a priority one. Parallelly, that Indian tonnage should increase.

These are the two clear-cut priorities. Now to support the ecosystem for the shipbuilding in India, already various schemes have been announced, and these are the shipbuilding financial assistance, even at the time of scrapping of vessels, credit notes policy is announced. So, this is working all in the circular economy.

Government of India at every stage is trying to support the especially the shipbuilders so that this they become competitive to build the vessels in India and they can—we can compete as a country with the China, maybe South Korea.

Now coming to the shipowner side also, there are some minor incentives are there, and with the help of this assistance going to the shipbuilder, then that benefit we expect this will be transferred to the shipowners also.

So, these are the overall basically ecosystem what Government of India, especially our Ministry of Shipping, is working on, and these various schemes, policies are already announced, they are published, they are available for the industry today.

Aditya Ladhad: Got it. Understood. So, what would be the NAV of our current ships?

Capt. B.K. Tyagi: Sorry, can you repeat your question please.

Aditya Ladhad: What would be the NAV of the ships that we have in our portfolio currently?

Nitin Khamesra: Yes, I'll answer your question. The NAV on a consolidated basis is roughly around 300 per share.

Aditya Ladhad: Got it. And sir, lastly on this Bharat Shipping Line, that also sounds like a very interesting JV that you're going ahead with. So just wanted a few more details on that. What sort of a investment are we going to make over here? How many vessels would we procure and, you know, what would be our share of, in what will be our share in the JV overall?

Capt. B.K. Tyagi: See, this proposed JV for the container is Bharat Container Shipping Line. In this, SCI will be the one of the partner, CONCOR also will be the one of the partner, where CONCOR and SCI, we are expected to have around 30% shareholding. This number of vessels at the initial phase we have identified 51 vessels as a demand aggregation for this Bharat Container Shipping Line.

Aditya Ladhad: So, any timeline for these 51 vessels?

Capt. B.K. Tyagi: These are -- this is the over basically next five years.

Aditya Ladhad: Next five years. Got it.

Capt. B.K. Tyagi: Sorry, correction in this. This is for up to 2047, 51 vessels.

Aditya Ladhad: Okay, up to 2047, 51 vessels. Got it. Understood. And sir, any updates on?

Moderator: I'm sorry to interrupt, Mr. Ladhad. Could you just return to the question queue? We have many participants waiting.

Aditya Ladhad: Last, last question, ma'am.

Moderator: Sir, it's a request, please return to the question queue.

Aditya Ladhad: Okay.

Moderator: Thank you. Participants, please limit your questions to one question per participant so that all the participants can address their questions. The next question is from the line of Divy Agrawal from Ficom Family Office. Please go ahead.

Divy Agrawal: Yes, hi, sir. Thanks for taking my question. So, sir, I just had one question. So given the current geopolitical scenario, can you give us a sense of how the mix has changed between the long-term contract versus the spot contracts? And also can you give us a sense of the mix that we have right now for our 58 vessels between the long-term contract and the spot contracts?

Capt. B.K. Tyagi: See, today especially in the tanker segment, spot rates are very, very high, multiple times what were prevailing pre-war. And we are sure after war, this numbers will definitely will come down to the whatever were prevailing pre-war. As a SCI, we have got a this voyage and the time charter. We have nearly 60% of tanker fleet on voyage and nearly 40% on the time charter.

Divy Agrawal: Right. So just a follow-up on this. So the freight increase that we are witnessing right now, revenue recognition would be in the coming quarters? Is that right?

Capt. B.K. Tyagi: Yes. This all impact should be visible, should be reflected in any owner's P&L in the next quarter.

Divy Agrawal: Right, sir. Thanks, thanks a lot, sir.

Capt. B.K. Tyagi: Thank you.

Moderator: Thank you. The next question is from the line of Rakesh Roy from Boring AMC. Please go ahead.

Rakesh Roy: Hi, sir. My first question regarding as you mentioned ki on 31st March, four ships stuck in Hormuz. How much the revenue is impacted from this one, sir, in Q4? Can you tell me?

Capt. B.K. Tyagi: See, whatever the total impact, these voyages remains unfinished voyages. So overall finer tuning as far as the revenue is concerned will happen once the voyage gets over.

Rakesh Roy: Okay.

Capt. B.K. Tyagi: Yes, the voyage is right now still in progress, unfinished.

Rakesh Roy: Okay. Any idea, any rough figure as per your estimate, how much revenue come to Q1 and how much revenue we recognize in Q4?

Capt. B.K. Tyagi: No, no, it will be very difficult to give you number at this stage. We have to wait and watch and get these voyages completed, then we can -- this will reflect in the Q1 definitely.

Rakesh Roy: Okay. One more question, sir. Any plan to add old or new ship in SCI books in FY '27, as you mentioned because in FY '27, old second-hand or new ships?

Capt. B.K. Tyagi: Yes, we have got a clear-cut plans, and we would be, our plan is to order some new vessels as well as purchase some second-hand assets also.

Rakesh Roy: Mean for in FY '27, to add in FY '27 books?

Capt. B.K. Tyagi: Yes, in current '26, '27, we have got plans. And in fact, on 29th October, Honourable Prime Minister has announced our long-term business plan, which is up to 2047.

Rakesh Roy: Okay. Right, sir. One more question, sir, from some article there is?

Moderator: I'm sorry to interrupt, sir. Please return to the question queue.

Rakesh Roy: Yes, please. Yes.

Moderator: Thank you so much. The next question is from the line of Anushree from Alpha Invesco. Please go ahead. Anushree ma'am, your line is unmuted. Please go ahead.

Anushree: Hello, am I audible?

Moderator: Yes, ma'am. Please go ahead.

Anushree: Yes. Hello, sir. Congratulations on a good set of numbers. So, I had a question. So earlier during Maritime India Vision, we had indicated that we are going to purchase around 216 vessels approximately with investment of INR1 lakh crores by 2047.

So, can you just clarify how this larger fleet expansion will be executed? Will it be through the JV route like you mentioned, there is also some planned vessels under the Bharat Shipping Line? So how much will be through the JV route and how much will be independently done by SCI?

And also, does these 216 vessels also include the JV where 59 vessels demand that we have planned under the [inaudible 00:47:24]? And so how of these vessels do you think, I mean, are you planning will be second-hand vessels and how of would will be new-build vessels? These are my questions.

Capt. B.K. Tyagi: Yes, see, these number of vessels you have already read in various publications. 59 vessels are scheduled under oil and gas at this stage as a part of demand aggregation. Nearly 51 ships are planned under Bharat Container Shipping Line.

And rest of the vessels, this will be basically under SCI or maybe then some further plans of this both the JVs or maybe some new JVs also. But this plan is up to 2047, long-term plan. So, this definitely will be reviewed periodically by the SCI board and by the board of this proposed JVs also.

Anushree: And sir, my last question was what would was what is the plan of the new-build versus second-hand vessels? How many are going to be new-build versus second-hand?

Capt. B.K. Tyagi: See, at this stage, if we order new vessels as a company, and our intention, clear-cut intention is that we order this vessel in India so that Indian shipbuilding gets some orders, firm order, and it grows. By the time we get the delivery of those new vessels built in India, it will take at least couple of years.

So, in meantime to basically augment our fleet, we will be purchasing second-hand vessels also. So, this will be the initial phase where first, second, third year we will be adding second-hand tonnage and then a new fleet will start joining the fleet.

Anushree: Any number you have in your plans, how many are you going to add in the first three years of second-hand vessels?

Capt. B.K. Tyagi: At this stage, in fact, this will go to the board, maybe next board meeting, and then we'll have a clarity, we'll share with you.

Anushree: Okay. Thank you.

Capt. B.K. Tyagi: Thank you.

Moderator: Thank you. The next question is from the line of Amitabh Vatsya from Sadhan Ventures. Please go ahead.

Amitabh Vatsya: Yes, thank you for the opportunity. My question is with respect to the land asset holding company, SILAL, SCILAL. So, is there are some rumours or some news about reverse merger of SILAL with SCI? Is there a possibility or because some development is happening with NBCC contract, MOU has been signed? So, some color on that if possible?

Capt. B.K. Tyagi: See, number one, this NBCC MOU was signed few days back. And idea is we have got a one big training institute in Powai. Company wants to upgrade that, and this company has already done the MOU with the one of the big international ship manager, Synergy.

So we want to upgrade, we want to utilize that capacity to the best possible way. As far as this SCILAL and SCI reversal is concerned, SCILAL is a separate legal entity, and this is a matter where Government, our Ministry will take decision if at all anything is there. We have no information regarding this at this stage.

Amitabh Vatsya: Okay. Thank you.

Moderator: Thank you. The next question is from the line of Suraj from Vijit Global. Please go ahead.

Suraj: Good evening, sir.

Capt. B.K. Tyagi: Good evening.

Suraj: Hello. So my first question is that during the last concall, it was mentioned that all the vessels that are going to be acquired would be second-hand vessels. But since you mentioned recently and also on the tenders page, all I could see is new vessels being acquired. So are there any changes in plans or any sense on that?

And secondly, I wanted to understand on the insurance thing. Recently we heard that India would be having its own insurance setup for shipping instead of the global insurance setup which everyone’s following. Would that have any impact on our financials?

Capt. B.K. Tyagi: See, first your question, SCI always had the plan to purchase new vessel as well as the second-hand. And this number may vary with the time as and when we review with the dynamic condition of the market. Today, we have got a still same plan, we will purchase new as well as the second-hand vessel.

Coming back to the insurance part, during this war situation, we all have seen the insurance cost for the vessels has gone multiple times, especially vessels which were stuck inside the Strait of Hormuz or operating in the high-risk area. So to realize that, in fact, some of the vessels were not be able getting even the insurance cover.

So Government of India came forward and they already created a pool, insurance pool. That pool will help in this situation for the shipowners with the help of our insurance companies, public sector, so that Indian shipowners can get the insurance cover at a reasonable price and international market should not basically make money out of this. There this pool will come in picture and this is a very good initiative taken by Government of India.

Suraj: Understood, sir. Thank you.

Capt. B.K. Tyagi: Thank you.

Moderator: The next question is from the line of Harsh Shah from JM Financial PMS. Please go ahead.

Harsh Shah: Yes, thanks for the opportunity. Just one question from my end. So basically in terms of what you all mentioned in the last concall with respect to the aspiration of growing the revenue by two to three times in the next four to five years.

So that is basically taking into account whatever is happening in the JV, right? So the accounting of that JV would be done via the equity method or the numbers would be consolidated? Just wanted a clarification on that.

Capt. B.K. Tyagi: Yes, Mr. Nitin will answer this please.

Nitin Khamesra: Means what the question what you are asking, whether the -- once the JV is in place, how the revenue will flow to the SCI. That's the precise question? That will be on the equity method. That will be on equity method.

Harsh Shah: Okay, so basically the numbers would not be consolidated just before the PBT it would be shares of JV.

Nitin Khamesra: Yes.

Harsh Shah: Correct. Okay got it. That's it from my side.

Capt. B.K. Tyagi: Thank you.

Moderator: The next question is from the line of Bhavya Gandhi fromBajaj Alternative Investments. Please go ahead.

Bhavya Gandhi: Yes, hello. Can you hear me?

Moderator: Yes, yes. Please go ahead.

Bhavya Gandhi: Yes, just wanted to understand is there any mandatory requirement for oil companies to use the services of SCI as of now?

Capt. B.K. Tyagi: No, no, no. There is no compulsion either side. In fact, SCI, our good company operate in international and very serious competition.

Bhavya Gandhi: Okay. And with respect to JV, because already we were doing business with all these oil companies, right? So special purpose of forming this JV, is it just to purchase assets and then rent it out?

Capt. B.K. Tyagi: See, the overall purpose as I mentioned, we have got the cargo in hands of OMCs. And if OMCs or the proposed JV has got the ships also, then this freight which was going out of country can be retained to a certain extent. That is the basic intention of this.

Bhavya Gandhi: Okay. And what is the spend currently by all these oil companies?

Capt. B.K. Tyagi: What is -- can you repeat your question?

Bhavya Gandhi: What is the total spend by all these top three-four companies with respect to freight?

Capt. B.K. Tyagi: We have to check the number. We have to check this number with the help of the OMCs. We will not be able to answer at this stage.

Bhavya Gandhi: Okay, got it. That's it from my end. Thank you so much.

Moderator: The next question is from the line of Akshay Ajmera, an Individual Investor. Please go ahead.

Akshay Ajmera: Yes, thank you so much for the opportunity, sir. And congratulations on good performance. Regarding the JV formation, you have already provided an update stating that the matter is currently under the Ministry's consideration. In our last call, we had indicated that this would take place around December 25th.

Is there any specific key reason for this delay, particularly given that there was significant impetus -- both from the Government and the top echelons of the Ministry – There was thrust to expedite its formation as quickly as possible? Could you please provide some guidance on this matter?

Capt. B.K. Tyagi: Yes, there was -- and indeed still is -- a strong thrust behind this initiative. Furthermore, our Ministry is working on this project in a highly focused and concentrated manner. Therefore, we will have to wait a little longer.

There is absolute clarity that this constitutes a fundamental strategic necessity for the country, and work is proceeding precisely along those lines. However, there are established procedures involved, and those naturally take some time, Akshayji.

Akshay Ajmera: Sir, regarding another point -- specifically the questions raised by quite a few participants just now concerning the IRR -- you provided a broad range of 11% to 12%. In this context, could we consider establishing a minimum floor -- that is, a minimum threshold of returns that we can realistically expect to generate going forward? Something along the lines of a floor and a ceiling?

Capt. B.K. Tyagi: Look, when a proposal is submitted to the Board, typically - as a general rule -- the Board does not consider proposals valued below 10. However, if the project in question involves a strategic need or holds strategic importance, the Board has gotten power to take some decisions regarding it. As for the upper limit -- the higher the value secured, the better it is for the company and for our shareholders.

Akshay Ajmera: Sir, regarding the follow-up questions that sometimes never receive a response -- could you please make a request to your Secretarial team? During our calls, we often raise questions for which we are told that answers will be provided later; my only request is that we receive the appropriate responses to these queries in a timely manner.

Capt. B.K. Tyagi: Yes Akshayji.

Akshay Ajmera: Sir, my request is regarding the questions you mention you will answer later -- specifically, after the call -- but for which the follow-up subsequently fails to materialize. Therefore, I have a humble request, Sir: could you please bring this matter to the attention of the Secretarial or Finance Department?

Capt. B.K. Tyagi: Absolutely, Akshay. Rest assured that you will definitely receive a response regarding all the commitments we have just made here.

Akshay Ajmera: Thank you, thank you so much. And Sir, do this quarter's figures include any FX-related losses or ECL provision number -- or any other type of one-off items -- that we should be looking at separately?

Nitin Khamesra: Nothing abnormal. It’s a normal ECL provision, means nothing significant which we need to be shared at this point of time.

Akshay Ajmera: Okay, okay. Thank you so much, Sir, I would like to extend my congratulations and gratitude to you and the entire SCI team; for, even amidst such challenging circumstances, your team works tirelessly to ensure the energy security and safety of India as a nation. For this, I thank you very much.

Capt. B.K. Tyagi: Thank you very much -- and hearty congratulations to all of you as well. It is your support that has led to these excellent results; you have made a tremendous contribution to this endeavour.

Moderator: Thank you. Ladies and gentlemen, that was the last question. I now hand the floor over to Mr. Varatharajan Sivasankaran from Antique Stock Broking. Over to you, sir.

Varatharajan S.: Thank you, Farah. In case, let's know there are any participant with more questions, you can share it with us or directly take it up with the SCI Investor Relation team. I'd like to thank the management of SCI for all the detailed answers as well as giving us the opportunity to host the call. And if you have any closing remarks to be made, please go ahead, sir.

Capt. B.K. Tyagi: Thank you, Varathrajan ji. At the end, I would like to thank the Investors and Analysts who have joined the conference and have reposed their continued confidence in SCI. We are committed for continuous improvements, which have been witnessed over the last three years, and strategic initiatives would earn manyfold growth for the organization and ultimate value to our shareholders in years ahead. In case you have any further queries or questions, you can get in touch with our Investor Relations cell. Thank you, ladies and gentlemen. Best wishes to everyone. Thank you.

Moderator: Thank you very much. On behalf of Antique Stock Broking Limited, that concludes this conference call. Thank you all for joining us and you may now disconnect your lines. Thank you.