Q1FY26 Result update
14th Aug, 2025

# SEAMEC Ltd

**Nusantara and Anant will bring additional revenue.**

## CMP: INR 857

## Rating: BUY

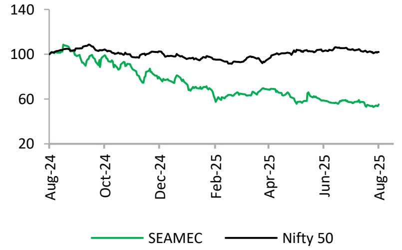
## Target Price: INR 2,571

| Stock Info | |
|---|---|
| BSE | 526807 |
| NSE | SEAMECLTD |
| Bloomberg | SEAM:IN |
| Reuters | SEAM.NS |
| Sector | Shipping |
| Face Value (INR) | 10 |
| Equity Capital (INR mn) | 254 |
| Mkt Cap (INR mn) | 21,794 |
| 52w H/L (INR) | 1,670/753 |
| Avg Yearly Volume (in 000') | 32.3 |

| Shareholding Pattern % *(As on Jun, 2025)* | |
|---|---|
| Promoters | 72.31 |
| DII | 6.17 |
| FII | 3.25 |
| Public & Others | 18.27 |

| Stock Performance (%) | 3m | 6m | 12m |
|---|---|---|---|
| SEAMEC | 3.5 | -17.9 | -13.7 |
| NIFTY | 11.9 | 3.5 | 8.1 |

**SEAMEC vs NIFTY**





**Abhishek Jain**
abhishek.jain@arihantcapital.com
022-67114871

**Balasubramanian A**
bala@arihantcapital.com
022-67114870


**SEAMEC** reported numbers, Q1FY26 revenue stood at INR 2,109mn (-1.9% YoY/+5.7% QoQ); below our estimates of INR 2,676mn. Gross Profit stood at INR 1,415mn (+24.8% YoY/+7.9% QoQ), below our estimates of INR 1,659mn. Gross margins improved by 1434 bps YoY (+141 bps QoQ) to 67.1% vs 52.8% in Q1FY25. The margin improvement is mainly because of the operating expenses decrease in terms of sales. The operating expenses in terms of sales stood at 32.9% vs 47.2% in Q1FY25. EBITDA stood at INR 969mn (+33.1% YoY/+19.4% QoQ); In-line with our estimates of INR 1,005mn. EBITDA margin improved by 1208 bps YoY (+528 bps QoQ) to 45.9% vs 33.9% in Q1FY25. PAT stood at INR 758mn (+51.7% YoY/+84.8%); above our estimates of INR 722mn. PAT margin improved by 1269 bps YoY (+1538 bps QoQ) to 35.9% vs 23.2% in Q1FY25.

### Key Highlights

**Nusantara and Anant are expected to bring additional revenue:** Anant vessel is expected to join the fleet by Oct-25, and Nusantara vessel, set for deployment by Dec-25, will replace older vessels, reducing maintenance costs and improving efficiency. Anant vessel will be deployed with ONGC at USD 45,000/day. The funding mix is through equity issuance to promoters, debt, and internal accruals. Nusantara and Anant vessels are expected to bring additional revenue of INR 2.7bn per annum going forward. These acquisitions align with the company's strategy to replace older vessels and expand its fleet.

**Growth potential in Subsidiaries and JV:** The UK subsidiary, though delayed by geopolitical factors, is poised to open doors to the North Sea market. The UAE subsidiary focuses on bulk carrier operations. The Gift City JV, formed to leverage tax efficiencies, represents a capital-light entry into the bulk cargo segment, offering stable returns without significant operational risk. These ventures align with the company's strategy to balance core offshore operations with ancillary revenue streams.

**Strategic focus on East Coast and Middle East:** The company's strategic focus on the East Coast of India and the Middle East further strengthens its growth prospects. On the East Coast, the company is capitalizing on India's expanding offshore exploration activities, supported by government initiatives like the Maritime Vision 2030 and Sagar Mala program. In the Middle East, the company has secured a two-year contract with Saudi Aramco for the vessel Swordfish, demonstrating its ability to compete in a high-compliance, premium-rate market. This dual-geography approach diversifies revenue streams and mitigates regional risks.

**Outlook & Valuation: Nusantara vessel acquisition is expected to be completed by Aug-25 and set for deployment by Dec-25. Anant vessel is expected to join the fleet by Oct-25. We anticipate that both vessels would add additional revenue of INR 2.7bn/annum from FY27E onwards. Fleet utilization stood at 93% in Q1FY26, and the company focuses on high fleet utilization and optimized dry-docking schedules, ensuring minimal downtime. The UK and UAE subsidiaries, along with the Gift City JV, offer additional growth avenues without significant capital strain. The company's focus on high-growth regions, particularly the east coast of India and the Middle East, provides a balanced revenue mix, with Saudi Aramco contracts and domestic projects driving steady demand. In the base case scenario, we are estimating revenue to grow at a CAGR of 29.4% over the period of FY25-27E backed by long-term contracts, asset consolidation, and OSVs. We are estimating that EBITDA & PAT margins are expected to be 41.2% & 24% by FY27E, backed by cost rationalization and an increase in freight and charter rates. We maintain our "BUY" rating with a Target Price of INR 2,571 based on 25x of FY27E EPS of INR 102.8, an upside of 200%.**

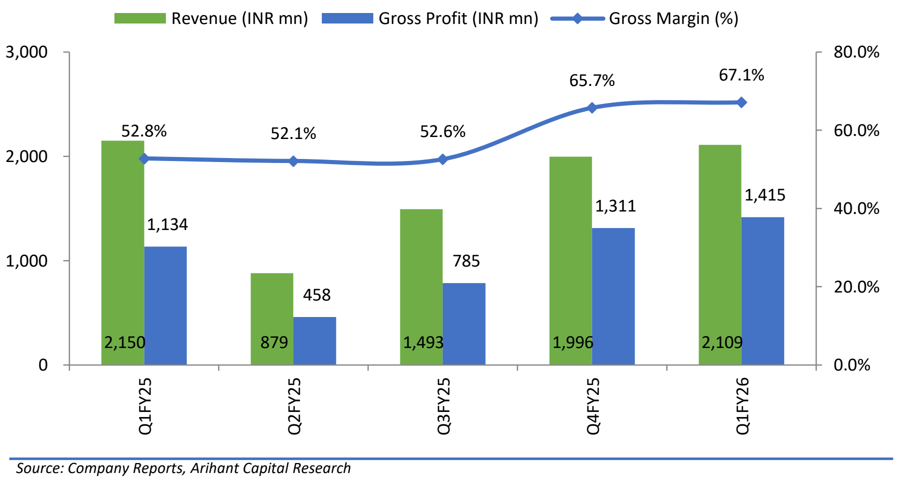
## Q1FY26 Results

**Income statement summary**

| Particular (INR mn) | Q1FY25 | Q4FY25 | Q1FY26 | YoY (%) | QoQ (%) |
|---|---|---|---|---|---|
| Revenue | 2,150 | 1,996 | 2,109 | -1.9% | 5.7% |
| Net Raw Materials | 1,016 | 685 | 694 | -31.7% | 1.3% |
| **Gross Profit** | **1,134** | **1,311** | **1,415** | **24.8%** | **7.9%** |
| **Gross Margin (%)** | **52.8%** | **65.7%** | **67.1%** | **+1434 bps** | **+141 bps** |
| Employee Cost | 261 | 273 | 284 | 8.7% | 3.8% |
| Other Expenses | 146 | 227 | 163 | 11.8% | -28.1% |
| **EBITDA** | **728** | **812** | **969** | **33.1%** | **19.4%** |
| **EBITDA Margin (%)** | **33.9%** | **40.7%** | **45.9%** | **+1208 bps** | **+528 bps** |
| Depreciation | 321 | 335 | 341 | | |
| Interest expense | 39 | 41 | 35 | | |
| Other income | 78.8 | 101 | 198 | | |
| Exceptional Items | 87 | 1 | - | | |
| **Profit before tax** | **534** | **537** | **791** | | |
| Taxes | 35 | 127 | 33 | | |
| **PAT** | **500** | **410** | **758** | **51.7%** | **84.8%** |
| **PAT Margin (%)** | **23.2%** | **20.5%** | **35.9%** | **+1269 bps** | **+1538 bps** |
| Other Comprehensive income | (6.1) | 12.0 | 124.8 | | |
| **Net profit** | **494** | **422** | **883** | | |
| **Net profit Margin (%)** | **23.0%** | **21.2%** | **41.8%** | | |
| **EPS (INR)** | **19.6** | **16.1** | **29.8** | | |

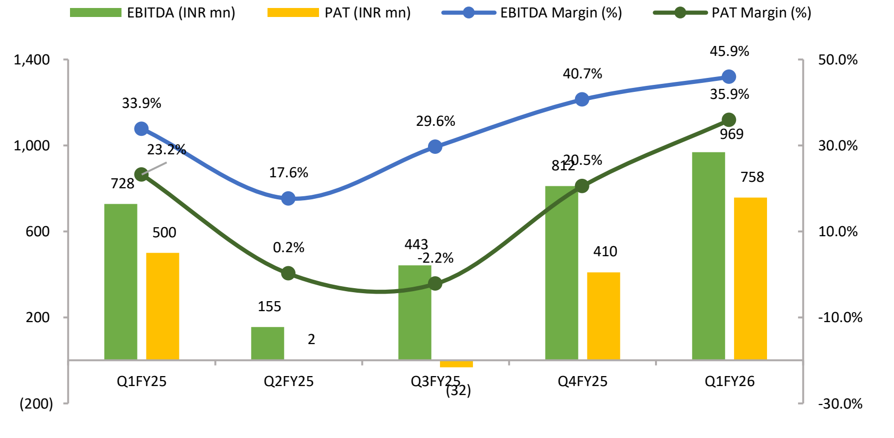
*Source: Company Reports, Arihant Capital Research*

**Exhibit 1: Gross margins improved by 1434 bps YoY (+141 bps QoQ) to 67.1% in Q1FY26 due to lower operating expenses.**




*Source: Company Reports, Arihant Capital Research*

**Exhibit 2: EBITDA margin improved by 1208 bps YoY (+528 bps QoQ) to 45.9% in Q1FY26; however employee costs and other expenses remain elevated in-terms of sales.**




*Source: Company Reports, Arihant Capital Research*

## Q1FY26 Concall Highlights

**Margins**
- DSV margins are expected to be 30%-35% going forward.

**Vessels**
- The vessels have long-term contracts like SEAMEC Paladin (3 years remaining), Swordfish (2 years), and upcoming deployments for Nusantara and Anant (3-4 years).
- SEAMEC 2 is contracted until Mar-26, while SEAMEC 3 and SEAMEC Princess operate on spot charters.
- SEAMEC Princess completed pipeline replacement projects and will resume work in October 2025.
- The barge Glorious operates for seven months annually during the non-monsoon period.

**Nusantara and Anant**
- The acquisition of Nusantara is on track for completion in Aug-25, with deployment expected by Dec-25.
- Anant vessel is expected to join the fleet by Oct-25.
- The addition of new vessels like Nusantara and Anant is expected to enhance operational flexibility and revenue potential.

**UK business**
- The UK subsidiary is progressing with its global office setup, targeting the North Sea market. Delays due to geopolitical factors have extended the timeline by 12-15 months, but costs remain under control.
- The company has converted loans to its UK subsidiary into redeemable preference shares to mitigate interest burdens.
- The UK subsidiary is expected to turn cash flow positive by FY27E.

**Management fees**
- The management fees are around 3%-4%. The company mentioned the fees are within industry benchmarks and associated with advisory services provided by related parties, covering areas such as contract negotiations, treasury operations, and dry-dock selection.
- A comprehensive review by Grant Thornton is underway to assess the appropriateness of these fees, and the findings will be shared.

**Dry-dock**
- Dry-docking periods are being optimized to minimize downtime. SEAMEC 2 completed its dry-dock 20 days ahead of schedule, enabling faster deployment.

**Efficiency**
- Fleet efficiency stood at 93% in Q1FY26 and plans to maintain higher utilization rates during the non-monsoon season (Oct-Mar).

## Q1FY26 Concall Highlights

**Insurance**

- The company received an insurance claim for SEAMEC Diamond, under comprehensive insurance policy, covering maintenance expenses incurred in the previous quarters. Its recorded under other income.

**Subsidiaries and Joint Ventures**

- The UAE subsidiary operates bulk carriers, and a joint venture in Gift City aims to leverage tax benefits while expanding into bulk cargo operations.
- The company exited a tunnel construction JV after 80% completion, citing a strategic refocus on core offshore operations.

**International markets**

- The Middle East market, particularly Saudi Arabia and the UAE, is a key growth area, with the vessel Swordfish securing a two-year contract with Saudi Aramco.
- The company is actively bidding for tenders in the Middle East and India, with a strong preference for long-term contracts to ensure revenue stability.
- The company is diversifying into subsea operations and exploring opportunities in Qatar, Kuwait, Bahrain, and Oman.

**Industry**

- The global offshore drilling market is projected to grow at an 8% CAGR, reaching $80bn by 2033.
- India’s 7,500 km coastline and government initiatives like Maritime Vision 2030 and the Sagar Mala program present significant opportunities.
- The company is well-positioned to benefit from rising energy demand and technological advancements in deep-water exploration.

**Other highlights**

- The east coast of India is another focus region, with ongoing projects and deployments.
- The company is focused on modernizing its fleet to reduce maintenance costs and improve efficiency.
- Monsoon season (Jun-Sep) has lower activity, with a focus on vessel maintenance.

## Investment Rationale

**Exhibit 3: Nusantara and Anant vessels acquisition is expected to completed by Q2FY26E and expected to bring additional revenue of INR 2.7bn per annum going forward.**

| Particular (INR mn) | FY20 | FY21 | FY22 | FY23 | FY24 | FY25 | FY26E | FY27E |
|---|---|---|---|---|---|---|---|---|
| Old DSV | **5** | **5** | **5** | **5** | **5** | **5** | **5** | **5** |
| Barge | **1** | **1** | **1** | **1** | **1** | **1** | **1** | **1** |
| New DSV | - | - | - | - | - | - | **2** | **2** |
| **Total** | **6** | **6** | **6** | **6** | **6** | **6** | **8** | **8** |
| | | | | | | | | |
| Number of Vessels deployed | 6 | 6 | 6 | 6 | 6 | 6 | 8 | 8 |
| Total Number of days deployed | 1,737 | 921 | 1,257 | 1,289 | 1,584 | 1,332 | 1,680 | 2,250 |
| Deployment Rate ($/day) | 28,805 | 33,188 | 30,725 | 38,599 | 49,912 | 51,956 | 53,796 | 51,757 |
| USD/INR | 73 | 75 | 76 | 80 | 83 | 86 | 88 | 89 |
| **Revenue from Direct Deployment** | **3,653** | **2,292** | **2,935** | **3,990** | **6,562** | **5,984** | **7,908** | **10,306** |
| OSV Vessel Revenue | - | - | - | - | - | 189 | 237 | 263 |
| **Standalone revenue** | **3,653** | **2,292** | **2,935** | **3,990** | **6,562** | **6,173** | **8,145** | **10,569** |
| **Subsidiary revenue** | 188 | 276 | 561 | 382 | **637** | **345** | **350** | **350** |
| **Revenue from Operations** | **3,841** | **2,568** | **3,496** | **4,372** | **7,199** | **6,518** | **8,495** | **10,919** |

**Revenue from Direct Deployment (INR mn) - FY26E**

| Deployment Rate ($/day) | | Total Number of days deployed | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **7,908** | **1,530** | **1,560** | **1,590** | **1,620** | **1,650** | **1,680** | **1,710** | **1,740** | **1,770** | **1,800** | **1,830** |
| | **52,500** | 7,028 | 7,166 | 7,304 | 7,442 | 7,580 | 7,718 | 7,855 | 7,993 | 8,131 | 8,269 | 8,407 |
| | **52,800** | 7,069 | 7,207 | 7,346 | 7,484 | 7,623 | 7,762 | 7,900 | 8,039 | 8,177 | 8,316 | 8,455 |
| | **53,100** | 7,109 | 7,248 | 7,388 | 7,527 | 7,666 | 7,806 | 7,945 | 8,084 | 8,224 | 8,363 | 8,503 |
| | **53,400** | 7,149 | 7,289 | 7,429 | 7,569 | 7,710 | 7,850 | 7,990 | 8,130 | 8,270 | 8,411 | 8,551 |
| | **53,700** | 7,189 | 7,330 | 7,471 | 7,612 | 7,753 | 7,894 | 8,035 | 8,176 | 8,317 | 8,458 | 8,599 |
| | **54,000** | 7,229 | 7,371 | 7,513 | 7,655 | 7,796 | 7,938 | 8,080 | 8,222 | 8,363 | 8,505 | 8,647 |
| | **54,300** | 7,269 | 7,412 | 7,554 | 7,697 | 7,840 | 7,982 | 8,125 | 8,267 | 8,410 | 8,552 | 8,695 |
| | **54,600** | 7,310 | 7,453 | 7,596 | 7,740 | 7,883 | 8,026 | 8,170 | 8,313 | 8,456 | 8,600 | 8,743 |
| | **54,900** | 7,350 | 7,494 | 7,638 | 7,782 | 7,926 | 8,070 | 8,214 | 8,359 | 8,503 | 8,647 | 8,791 |
| | **55,200** | 7,390 | 7,535 | 7,680 | 7,825 | 7,970 | 8,114 | 8,259 | 8,404 | 8,549 | 8,694 | 8,839 |
| | **55,500** | 7,430 | 7,576 | 7,721 | 7,867 | 8,013 | 8,159 | 8,304 | 8,450 | 8,596 | 8,741 | 8,887 |

**Revenue from Direct Deployment (INR mn) - FY27E**

| Deployment Rate ($/day) | | Total Number of days deployed | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **10,306** | **2,130** | **2,160** | **2,190** | **2,220** | **2,250** | **2,280** | **2,310** | **2,340** | **2,370** | **2,400** | **2,430** |
| | **50,500** | 9,520 | 9,654 | 9,788 | 9,922 | 10,056 | 10,190 | 10,324 | 10,458 | 10,592 | 10,726 | 10,860 |
| | **50,800** | 9,576 | 9,711 | 9,846 | 9,981 | 10,116 | 10,250 | 10,385 | 10,520 | 10,655 | 10,790 | 10,925 |
| | **51,100** | 9,633 | 9,768 | 9,904 | 10,040 | 10,175 | 10,311 | 10,447 | 10,582 | 10,718 | 10,854 | 10,989 |
| | **51,400** | 9,689 | 9,826 | 9,962 | 10,099 | 10,235 | 10,371 | 10,508 | 10,644 | 10,781 | 10,917 | 11,054 |
| | **51,700** | 9,746 | 9,883 | 10,020 | 10,157 | 10,295 | 10,432 | 10,569 | 10,707 | 10,844 | 10,981 | 11,118 |
| | **52,000** | 9,802 | 9,940 | 10,078 | 10,216 | 10,355 | 10,493 | 10,631 | 10,769 | 10,907 | 11,045 | 11,183 |
| | **52,300** | 9,859 | 9,998 | 10,137 | 10,275 | 10,414 | 10,553 | 10,692 | 10,831 | 10,970 | 11,109 | 11,247 |
| | **52,600** | 9,915 | 10,055 | 10,195 | 10,334 | 10,474 | 10,614 | 10,753 | 10,893 | 11,033 | 11,172 | 11,312 |
| | **52,900** | 9,972 | 10,112 | 10,253 | 10,393 | 10,534 | 10,674 | 10,815 | 10,955 | 11,096 | 11,236 | 11,376 |
| | **53,200** | 10,028 | 10,170 | 10,311 | 10,452 | 10,593 | 10,735 | 10,876 | 11,017 | 11,158 | 11,300 | 11,441 |
| | **53,500** | 10,085 | 10,227 | 10,369 | 10,511 | 10,653 | 10,795 | 10,937 | 11,079 | 11,221 | 11,363 | 11,505 |

*Source: Company reports, Arihant Capital Research*

- Bull Case    - Base Case    - Bear Case

**Outlook & Valuation: Nusantara vessel acquisition is expected to be completed by Aug-25 and set for deployment by Dec-25. Anant vessel is expected to join the fleet by Oct-25. We anticipate that both vessels would add additional revenue of INR 2.7bn/annum from FY27E onwards. Fleet utilization stood at 93% in Q1FY26, and the company focuses on high fleet utilization and optimized dry-docking schedules, ensuring minimal downtime. The UK and UAE subsidiaries, along with the Gift City JV, offer additional growth avenues without significant capital strain. The company's focus on high-growth regions, particularly the east coast of India and the Middle East, provides a balanced revenue mix, with Saudi Aramco contracts and domestic projects driving steady demand. In the base case scenario, we are estimating revenue to grow at a CAGR of 29.4% over the period of FY25-27E backed by long-term contracts, asset consolidation, and OSVs. We are estimating that EBITDA & PAT margins are expected to be 41.2% & 24% by FY27E, backed by cost rationalization and an increase in freight and charter rates. We maintain our "BUY" rating with a Target Price of INR 2,571 based on 25x of FY27E EPS of INR 102.8, an upside of 200%.**

**Exhibit 4: Bull Case Scenario**

| Y/e 31 Mar (INR mn) | FY21 | FY22 | FY23 | FY24 | FY25 | FY26E | FY27E |
|---|---|---|---|---|---|---|---|
| Number of Vessels deployed | 6 | 6 | 6 | 6 | 6 | 8 | 8 |
| Total Number of days deployed | 921 | 1,257 | 1,289 | 1,584 | 1,332 | 1,710 | 2,280 |
| Deployment Rate ($/day) | 33,188 | 30,725 | 38,599 | 49,912 | 51,956 | 54,600 | 52,600 |
| USD/INR | 75 | 76 | 80 | 83 | 86 | 88 | 89 |
| **Revenue from Direct Deployment** | **2,292** | **2,935** | **3,990** | **6,562** | **5,984** | **8,170** | **10,614** |
| Other Vessel Revenue | - | - | - | - | 189 | 237 | 263 |
| **Standalone revenue** | **2,292** | **2,935** | **3,990** | **6,562** | **6,173** | **8,407** | **10,877** |
| **Subsidiary revenue** | **276** | **561** | **382** | **637** | **345** | **350** | **350** |
| **Revenue from Operations** | **2,568** | **3,496** | **4,372** | **7,199** | **6,518** | **8,757** | **11,227** |
| EBITDA | 667 | 1,291 | 1,264 | 2,422 | 2,137 | 3,634 | 4,808 |
| EBITDA Margin (%) | 26.0% | 36.9% | 28.9% | 33.6% | 32.8% | 41.5% | 42.8% |
| PAT | 988 | 837 | 336 | 1,207 | 879 | 2,077 | 2,933 |
| PAT Margin (%) | 38.5% | 23.9% | 7.7% | 16.8% | 13.5% | 23.7% | 26.1% |
| EPS (INR) | 41.8 | 34.2 | 16.7 | 49.0 | 37.3 | 81.7 | 115.4 |

| Valuation - P/E (FY27E) | |
|---|---|
| EPS (INR) | 115.4 |
| P/E (x) | 28.0 |
| **Target Price (INR)** | **3,230** |
| **CMP (INR)** | **857** |
| **Upside/Downside (%)** | **276.9%** |

*Source: Company, Arihant Capital Research*

**Exhibit 5: Base Case Scenario**

| Y/e 31 Mar (INR mn) | FY21 | FY22 | FY23 | FY24 | FY25 | FY26E | FY27E |
|---|---|---|---|---|---|---|---|
| Number of Vessels deployed | 6 | 6 | 6 | 6 | 6 | 8 | 8 |
| Total Number of days deployed | 921 | 1,257 | 1,289 | 1,584 | 1,332 | 1,680 | 2,250 |
| Deployment Rate ($/day) | 33,188 | 30,725 | 38,599 | 49,912 | 51,956 | 53,796 | 51,757 |
| USD/INR | 75 | 76 | 80 | 83 | 86 | 88 | 89 |
| **Revenue from Direct Deployment** | **2,292** | **2,935** | **3,990** | **6,562** | **5,984** | **7,908** | **10,306** |
| Other Vessel Revenue | - | - | - | - | 189 | 237 | 263 |
| **Standalone revenue** | **2,292** | **2,935** | **3,990** | **6,562** | **6,173** | **8,145** | **10,569** |
| **Subsidiary revenue** | **276** | **561** | **382** | **637** | **345** | **350** | **350** |
| **Revenue from Operations** | **2,568** | **3,496** | **4,372** | **7,199** | **6,518** | **8,495** | **10,919** |
| EBITDA | 667 | 1,291 | 1,264 | 2,422 | 2,137 | 3,373 | 4,500 |
| EBITDA Margin (%) | 26.0% | 36.9% | 28.9% | 33.6% | 32.8% | 39.7% | 41.2% |
| PAT | 988 | 837 | 336 | 1,207 | 879 | 1,807 | 2,615 |
| PAT Margin (%) | 38.5% | 23.9% | 7.7% | 16.8% | 13.5% | 21.3% | 24.0% |
| EPS (INR) | 41.8 | 34.2 | 16.7 | 49.0 | 37.3 | 71.0 | 102.8 |

| Valuation - P/E (FY27E) | |
|---|---|
| EPS (INR) | 102.8 |
| P/E (x) | 25.0 |
| **Target Price (INR)** | **2,571** |
| **CMP (INR)** | **857** |
| **Upside/Downside (%)** | **200.0%** |

*Source: Company, Arihant Capital Research*

## Outlook & Valuation

**Exhibit 6: Bear Case Scenario**

| Y/e 31 Mar (INR mn) | FY21 | FY22 | FY23 | FY24 | FY25 | FY26E | FY27E |
|---|---|---|---|---|---|---|---|
| Number of Vessels deployed | 6 | 6 | 6 | 6 | 6 | 8 | 8 |
| Total Number of days deployed | 921 | 1,257 | 1,289 | 1,584 | 1,332 | 1,620 | 2,190 |
| Deployment Rate ($/day) | 33,188 | 30,725 | 38,599 | 49,912 | 51,956 | 53,100 | 51,100 |
| USD/INR | 75 | 76 | 80 | 83 | 86 | 88 | 89 |
| **Revenue from Direct Deployment** | **2,292** | **2,935** | **3,990** | **6,562** | **5,984** | **7,527** | **9,904** |
| Other Vessel Revenue | - | - | - | - | 189 | 237 | 263 |
| **Standalone revenue** | **2,292** | **2,935** | **3,990** | **6,562** | **6,173** | **7,764** | **10,167** |
| **Subsidiary revenue** | **276** | **561** | **382** | **637** | **345** | **350** | **350** |
| **Revenue from Operations** | **2,568** | **3,496** | **4,372** | **7,199** | **6,518** | **8,114** | **10,517** |
| EBITDA | 667 | 1,291 | 1,264 | 2,422 | 2,137 | 2,991 | 4,098 |
| EBITDA Margin (%) | 26.0% | 36.9% | 28.9% | 33.6% | 32.8% | 36.9% | 39.0% |
| PAT | 988 | 837 | 336 | 1,207 | 879 | 1,412 | 2,199 |
| PAT Margin (%) | 38.5% | 23.9% | 7.7% | 16.8% | 13.5% | 17.4% | 20.9% |
| EPS (INR) | 41.8 | 34.2 | 16.7 | 49.0 | 37.3 | 55.5 | 86.5 |

| | |
|---|---|
| Valuation - P/E (FY27E) | |
| EPS (INR) | 86.5 |
| P/E (x) | 22.0 |
| **Target Price (INR)** | **1,903** |
| **CMP (INR)** | **857** |
| **Upside/Downside (%)** | **122.0%** |

*Source: Company, Arihant Capital Research*

## Financial Statements

**Income statement summary**

| Y/e 31 Mar (INR mn) | FY21 | FY22 | FY23 | FY24 | FY25 | FY26E | FY27E |
|---|---|---|---|---|---|---|---|
| Revenue | 2,568 | 3,496 | 4,372 | 7,293 | 6,518 | 8,495 | 10,919 |
| Operating expenses | 1,284 | 1,334 | 2,046 | 3,346 | 2,830 | 3,061 | 3,802 |
| **Gross Profit** | **1,284** | **2,162** | **2,327** | **3,947** | **3,689** | **5,434** | **7,118** |
| **Gross Margin (%)** | **50.0%** | **61.8%** | **53.2%** | **54.1%** | **56.6%** | **64.0%** | **65.2%** |
| Employee Cost | 532 | 601 | 761 | 919 | 982 | 1,295 | 1,653 |
| Other Expenses | 85 | 270 | 302 | 606 | 570 | 767 | 964 |
| **EBITDA** | **667** | **1,291** | **1,264** | **2,422** | **2,137** | **3,373** | **4,500** |
| **EBITDA Margin (%)** | **26.0%** | **36.9%** | **28.9%** | **33.2%** | **32.8%** | **39.7%** | **41.2%** |
| Depreciation | (566) | (839) | (1,120) | (1,348) | (1,306) | (1,608) | (1,890) |
| Interest expense | (48) | (64) | (68) | (163) | (155) | (177) | (221) |
| Other income | 390 | 460 | 200 | 289 | 304 | 319 | 393 |
| Exceptional Items | 619 | - | - | - | 88 | - | - |
| **Profit before tax** | **1,062** | **848** | **276** | **1,200** | **1,068** | **1,906** | **2,782** |
| Taxes | (75) | (11) | 60 | 6 | (189) | (100) | (167) |
| **PAT** | **988** | **837** | **336** | **1,207** | **879** | **1,807** | **2,615** |
| **PAT Margin (%)** | **38.5%** | **23.9%** | **7.7%** | **16.5%** | **13.5%** | **21.3%** | **24.0%** |
| Other Comprehensive income | 75 | 32 | 89 | 39 | 69 | - | - |
| **Net profit** | **1,063** | **869** | **425** | **1,246** | **948** | **1,807** | **2,615** |
| EPS (INR) | 41.8 | 34.2 | 16.7 | 49.0 | 37.3 | 71.0 | 102.8 |

*Source: Company Reports, Arihant Capital Research*

**Balance sheet summary**

| Y/e 31 Mar (INR mn) | FY21 | FY22 | FY23 | FY24 | FY25 | FY26E | FY27E |
|---|---|---|---|---|---|---|---|
| Equity capital | 254 | 254 | 254 | 254 | 254 | 254 | 254 |
| Reserves | 6,367 | 7,230 | 7,649 | 8,860 | 9,824 | 11,631 | 14,246 |
| **Net worth** | **6,621** | **7,485** | **7,903** | **9,114** | **10,079** | **11,885** | **14,501** |
| Minority Interest | 23 | 27 | 12 | 10 | (11) | (11) | (11) |
| Provisions | 13 | 16 | 21 | 26 | 33 | 12 | 15 |
| Debt | 1,443 | 1,832 | 1,843 | 3,510 | 2,881 | 5,981 | 3,831 |
| Other non-current liabilities | 51 | 61 | 2 | - | - | 85 | 109 |
| **Total Liabilities** | **8,152** | **9,421** | **9,781** | **12,660** | **12,981** | **17,951** | **18,444** |
| | | | | | | | |
| Fixed assets | 2,908 | 4,106 | 5,848 | 7,018 | 6,396 | 13,788 | 13,198 |
| Capital Work In Progress | 0 | 19 | - | 6 | - | - | - |
| Other Intangible assets | 1 | 1 | 2 | 2 | 2 | 2 | 2 |
| Investments | 2,996 | 2,713 | 1,366 | 1,259 | 3,340 | 1,274 | 1,965 |
| Other non current assets | 50 | 68 | 289 | 363 | 218 | 384 | 546 |
| **Net working capital** | **615** | **474** | **661** | **2,232** | **1,306** | **718** | **783** |
| Inventories | 202 | 276 | 412 | 543 | 431 | 453 | 562 |
| Sundry debtors | 788 | 395 | 1,059 | 2,277 | 1,593 | 1,397 | 1,645 |
| Loans & Advances | - | - | - | - | - | - | - |
| Other current assets | 62 | 87 | 51 | 827 | 93 | 93 | 120 |
| Sundry creditors | (353) | (243) | (601) | (1,125) | (537) | (884) | (1,108) |
| Other current liabilities & Prov | (85) | (42) | (259) | (290) | (274) | (340) | (437) |
| Cash | 277 | 238 | 1,546 | 1,361 | 1,402 | 1,373 | 1,357 |
| Other Financial Assets | 1,305 | 1,803 | 70 | 263 | 161 | 255 | 437 |
| **Total Assets** | **8,152** | **9,421** | **9,781** | **12,660** | **12,981** | **17,951** | **18,444** |

*Source: Company Reports, Arihant Capital Research*

**Du-Pont Analysis**

| Y/e 31 Mar | FY21 | FY22 | FY23 | FY24 | FY25 | FY26E | FY27E |
|---|---|---|---|---|---|---|---|
| Tax burden (x) | 0.9 | 1.0 | 1.2 | 1.0 | 0.8 | 0.9 | 0.9 |
| Interest burden (x) | 10.5 | 1.9 | 1.9 | 1.1 | 1.3 | 1.1 | 1.1 |
| EBIT margin (x) | 0.0 | 0.1 | 0.0 | 0.1 | 0.1 | 0.2 | 0.2 |
| Asset turnover (x) | 0.6 | 0.7 | 0.6 | 0.7 | 0.6 | 0.6 | 0.6 |
| Financial leverage (x) | 0.7 | 0.7 | 0.9 | 1.3 | 1.2 | 1.3 | 1.3 |
| **RoE (%)** | **16.2%** | **11.9%** | **4.4%** | **14.2%** | **9.2%** | **16.5%** | **19.8%** |

*Source: Company Reports, Arihant Capital Research*

## Financial Statements

**Cashflow summary**

| Y/e 31 Mar (INR mn) | FY21 | FY22 | FY23 | FY24 | FY25 | FY26E | FY27E |
|---|---|---|---|---|---|---|---|
| Profit before tax | 1,062 | 848 | 276 | 1,200 | 1,068 | 1,906 | 2,782 |
| Depreciation | 566 | 839 | 1,120 | 1,348 | 1,306 | 1,608 | 1,890 |
| Tax paid | (75) | (11) | 60 | 6 | (189) | (100) | (167) |
| Working capital Δ | (396) | 141 | (188) | (1,571) | 926 | 588 | (64) |
| **Operating cashflow** | **1,158** | **1,817** | **1,268** | **828** | **3,111** | **4,002** | **4,441** |
| Capital expenditure | (982) | (2,056) | (2,842) | (2,523) | (679) | (9,000) | (1,300) |
| **Free cash flow** | **176** | **(239)** | **(1,574)** | **(1,696)** | **2,432** | **(4,998)** | **3,141** |
| Equity raised | 45 | 31 | 67 | 28 | 64 | - | - |
| Investments | (645) | 283 | 1,346 | 107 | (2,081) | 2,066 | (691) |
| Others | 137 | (515) | 1,512 | (268) | 247 | (260) | (344) |
| Debt financing/disposal | 254 | 389 | 11 | 1,666 | (629) | 3,100 | (2,150) |
| Other items | 28 | 12 | (55) | 4 | 7 | 64 | 28 |
| **Net Δ in cash** | **(4)** | **(39)** | **1,308** | **(185)** | **40** | **(28)** | **(16)** |
| **Opening Cash Flow** | **281** | **277** | **238** | **1,546** | **1,361** | **1,402** | **1,373** |
| **Closing Cash Flow** | **277** | **238** | **1,546** | **1,361** | **1,402** | **1,373** | **1,357** |

*Source: Company Reports, Arihant Capital Research*

**Ratio analysis**

| Y/e 31 Mar | FY21 | FY22 | FY23 | FY24 | FY25 | FY26E | FY27E |
|---|---|---|---|---|---|---|---|
| **Growth matrix (%)** | | | | | | | |
| Revenue growth | -33.1% | 36.1% | 25.1% | 66.8% | -10.6% | 30.3% | 28.5% |
| Op profit growth | -60.4% | 93.5% | -2.1% | 91.6% | -11.8% | 57.8% | 33.4% |
| **Profitability ratios (%)** | | | | | | | |
| OPM | 26.0% | 36.9% | 28.9% | 33.2% | 32.8% | 39.7% | 41.2% |
| Net profit margin | 38.5% | 23.9% | 7.7% | 16.5% | 13.5% | 21.3% | 24.0% |
| RoCE | 6.1% | 10.3% | 4.4% | 12.2% | 7.3% | 12.8% | 15.6% |
| RoNW | 16.2% | 11.9% | 4.4% | 14.2% | 9.2% | 16.5% | 19.8% |
| RoA | 12.1% | 8.9% | 3.4% | 9.5% | 6.8% | 10.1% | 14.2% |
| **Per share ratios (INR)** | | | | | | | |
| EPS | 41.8 | 34.2 | 16.7 | 49.0 | 37.3 | 71.0 | 102.8 |
| Dividend per share | - | - | - | 1.0 | - | - | - |
| Cash EPS | 61.1 | 65.9 | 57.3 | 100.4 | 85.9 | 134.3 | 177.2 |
| Book value per share | 260.4 | 294.4 | 310.8 | 358.4 | 396.3 | 467.4 | 570.2 |
| **Valuation ratios (x)** | | | | | | | |
| P/E | 20.5 | 25.1 | 51.3 | 17.5 | 23.0 | 12.1 | 8.3 |
| P/CEPS | 14.0 | 13.0 | 15.0 | 8.5 | 10.0 | 6.4 | 4.8 |
| P/B | 3.3 | 2.9 | 2.8 | 2.4 | 2.2 | 1.8 | 1.5 |
| EV/EBITDA | 29.9 | 16.0 | 16.4 | 9.4 | 9.3 | 7.5 | 5.0 |
| **Payout (%)** | | | | | | | |
| Dividend payout | 0.0% | 0.0% | 0.0% | 2.1% | 0.0% | 0.0% | 0.0% |
| Tax payout | 7.0% | 1.3% | -21.7% | -0.5% | 17.7% | 5.2% | 6.0% |
| **Liquidity ratios** | | | | | | | |
| Debtor days | 167 | 62 | 61 | 83 | 108 | 64 | 51 |
| Inventory days | 54 | 65 | 61 | 52 | 63 | 53 | 49 |
| Creditor days | 178 | 49 | 50 | 65 | 69 | 51 | 57 |
| WC Days | 42 | 78 | 73 | 71 | 102 | 66 | 43 |
| **Leverage ratios (x)** | | | | | | | |
| Interest coverage | 2.1 | 7.0 | 2.1 | 6.6 | 5.4 | 10.0 | 11.8 |
| Net debt / equity | 0.2 | 0.2 | 0.0 | 0.2 | 0.1 | 0.4 | 0.2 |
| Net debt / op. profit | 1.7 | 1.2 | 0.2 | 0.9 | 0.7 | 1.4 | 0.5 |

*Source: Company Reports, Arihant Capital Research*

## Story in Charts

**Exhibit 7: Revenue growth is backed by realization, USD/INR depreciation and effective deployment of vessels.**

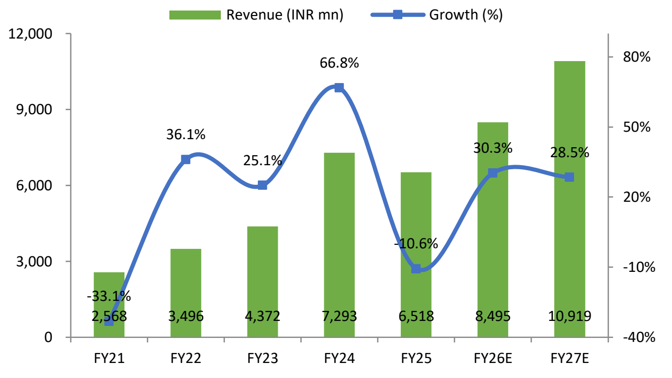



**Exhibit 8: Gross margins are expected to improve going forward.**

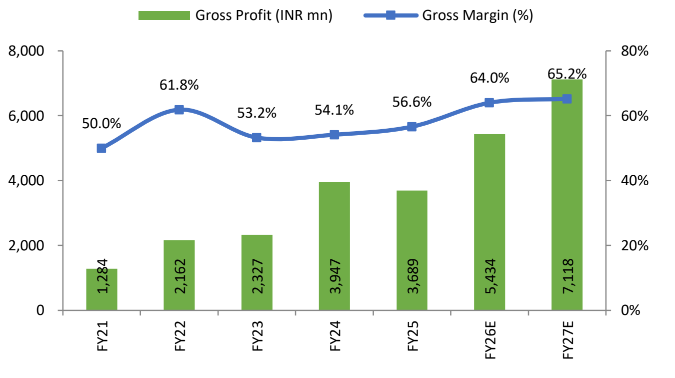



**Exhibit 9: Growth in EBITDA & PAT levels**

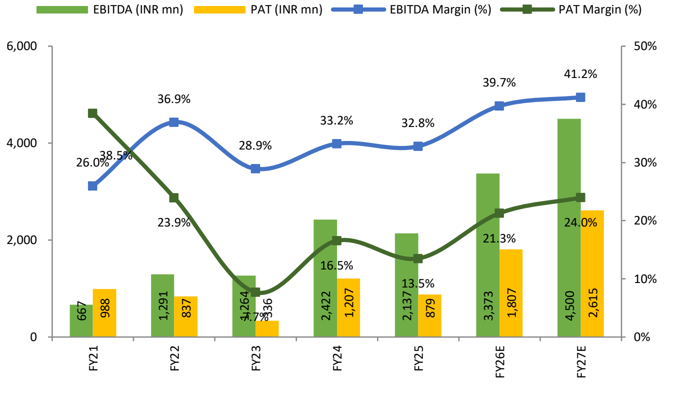



**Exhibit 10: Return ratios to be improve**

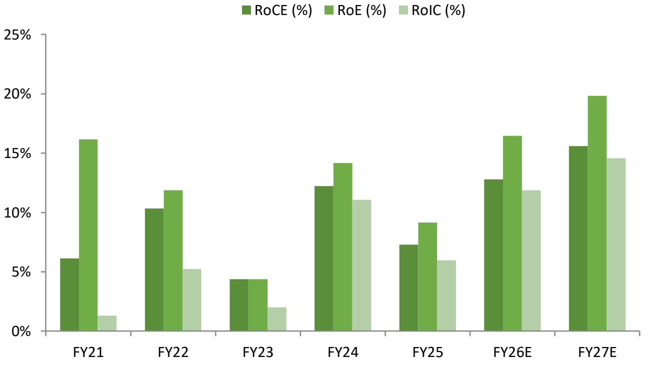



**Exhibit 11: Working capital days to be improve.**

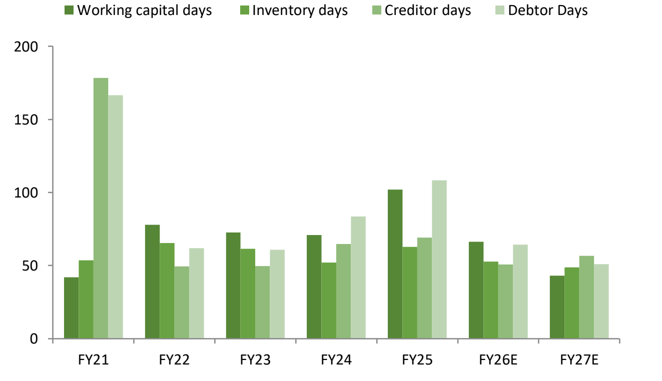
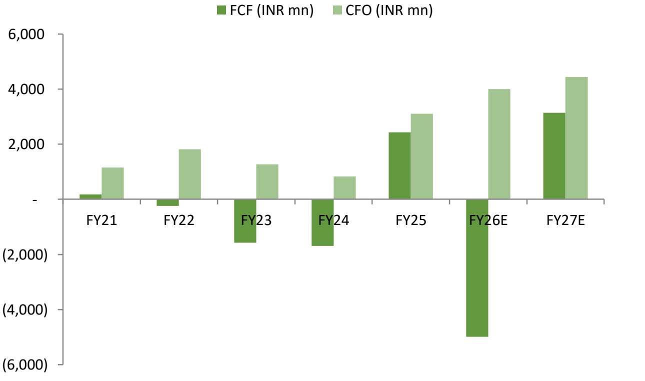



**Exhibit 12: Cash flows to be improve.**




*Source: Company Reports, Arihant Capital Research*

**Arihant Research Desk**

Email: instresearch@arihantcapital.com

Tel. : 022-42254800

| **Head Office** | **Registered Office** |
|---|---|
| #1011, Solitaire Corporate Park | |
| Building No. 10, 1st Floor | 6 Lad Colony, |
| Andheri Ghatkopar Link Road | Y.N. Road, |
| Chakala, Andheri (E) | Indore - 452003, (M.P.) |
| Mumbai – 400093 | Tel: (91-731) 4217100/101 |
| Tel: (91-22) 42254800 | CIN: L66120MP1992PLC007182 |

| **Stock Rating Scale** | **Absolute Return** |
|---|---|
| BUY | >20% |
| ACCUMULATE | 12% to 20% |
| HOLD | 5% to 12% |
| NEUTRAL | -5% to 5% |
| REDUCE | -5% to -12% |
| SELL | <-12% |

| **Research Analyst Registration No.** | **Contact** | **Website** | **Email Id** |
|---|---|---|---|
| **INH000002764** | **SMS: ‘Arihant’ to 56677** | www.arihantcapital.com | instresearch@arihantcapital.com |

**Arihant Capital Markets Ltd.**
1011, Solitaire Corporate park, Building No. 10, 1st Floor,
Andheri Ghatkopar Link Road, Chakala, Andheri (E)
Tel. 022-42254800

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**Arihant Capital Markets Ltd.**
1011, Solitaire Corporate park, Building No. 10, 1st Floor,
Andheri Ghatkopar Link Road, Chakala, Andheri (E)
Tel. 022-42254800