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Generating Wealth

Q2FY25 Result update
18th Nov, 2024

SEAMEC Ltd

Asset Consolidation and OSV's will improve the business.

CMP: INR 1,204

Rating: BUY

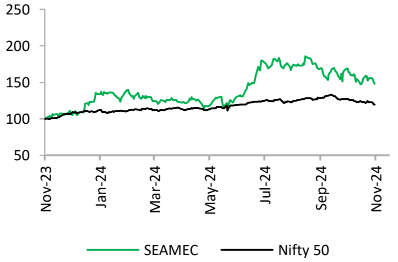
Target Price: INR 2,327

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)	30,618
52w H/L (INR)	1,670/876
Avg Yearly Volume (in 000')	88.8

Shareholding Pattern % *(As on Sep, 2024)*	
Promoters	72.31
DII	6.22
FII	4.08
Public & Others	17.39

Stock Performance (%)	3m	6m	12m
SEAMEC	-15.1	25.4	48.0
NIFTY	-4.1	6.0	19.6

SEAMEC vs NIFTY



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SEAMEC reported strong numbers, Q2FY25 revenue stood at INR 879mn (+4.1% YoY/-59.1% QoQ); above our estimates of INR 861mn led by increase in deployment of SEAMEC II. Gross Profit stood at INR 458mn (-16.4% YoY/-59.6% QoQ), above our estimates of INR 456mn. Gross margins contracted by 1274 bps YoY (-65 bps QoQ) to 52.1% vs 64.8% in Q2FY24. The margin contraction is mainly because of the operating expenses increase in terms of sales. The operating expenses in terms of sales stood at 47.9% vs 35.2% in Q2FY24. EBITDA stood at INR 155mn (-4.6% YoY/-78.7% QoQ); above our estimates of INR 146mn. EBITDA margin contracted by 159 bps YoY (-1624 bps QoQ) to 17.6% vs 19.2% in Q2FY24. PAT stood at INR 2mn vs INR -145mn in Q2FY24; above our estimates of INR -68mn. PAT margin improved by 1731 bps YoY (-2306 bps QoQ) to 0.2% vs -17.1% in Q2FY24.

Key Highlights

business visibility backed by long-term contracts: SEAMEC owns and operates 5 Diving Support Vessels (DSV) for facilitating complex subsea operations. SEAMEC has long-term contracts of 3 to 5 years with clients for DSV which shows business visibility. Revenue growth is expected around 15%-20% CAGR going forward. The major Oil & Gas discovery happened in East Coast India. The more discoveries give an opportunity for SEAMEC.

NPP Nusantara (DSV) is expected to deploy from Oct-25 onwards: The management endeavors to consolidate vessel assets under SEAMEC over the next few years. As part of the Asset Consolidation, NPP Nusantara is expected to deploy from Oct-25 onwards. NPP Nusantara is a Diving Support Vessel (DSV) and it was built in 2011 and able to operate for another 10-12 years. NPP Nusantara deal value is around $24mn and 5% has been paid as an advanced deposit. The company is confident in five years payback for Nusantara.

OSV would provide additional business visibility: The company has acquired the Offshore Support Vessel "Seamec Diamond" for $7mn. The vessel faced some technical issues and currently repaired & ready and expected to deploy soon. The deployment rate is $8,750/day and a contract period of 3 years. The company has entered into an agreement to purchase the Offshore Support Vessel "Seamec Pearl (2nd OSV)" for $7mn. The company is in talks with sellers for delivery of 2nd OSV. The company has already paid an advance deposit as per the international practice. OSV payback period is around 5-7 years. OSV business is scalable and the company is able to increase the vessels based on industry requirements.

Margins are expected to improve due to effective deployment and cost rationalization: EBITDA margins stood at 17.6% in Q2FY25 due to lower utilization because of monsoon season. EBITDA margins are expected to be 40%+ on a sustainable annual basis going forward. The company is strategically managing the operating and maintenance expenses which helps to improve the margins.

Outlook & Valuation: **SEAMEC has witnessed profitability in Q2FY25 despite of monsoon season. Post monsoon season, all the vessels are expected to be deployed and utilization are expected to be higher which will lead to strong quarters for Q3FY25E and Q4FY25E. NPP Nusantara is expected to deploy from Oct-25 onwards which will add additional revenue going forward. Nusantara payback period is expected around 5 years. SEAMEC Diamond (OSV) is expected to deploy with ONGC and the company is in talks with sellers for 2nd OSV delivery which will be deployed in coming quarters. The vessel asset consolidation is expected to happen from HAL offshore to SEAMEC in the next few years. The asset consolidation would bring additional revenue to SEAMEC and likely unlock the potential going forward. East Coast discoveries will provide additional opportunities for SEAMEC Ltd. In the base case scenario, we are estimating revenue to grow at a CAGR of 13% over the period of FY24-26E backed by long-term contracts, asset consolidation and OSV's. We are estimating EBITDA & PAT margins are expected to be 41.5% & 25.4% by FY26E, backed by cost rationalization and an increase in freight and charter rates. We maintain our "BUY" rating with a Target Price of INR 2,327 based on 25x of FY26E EPS of INR 93.1, an upside of 93.3%.**

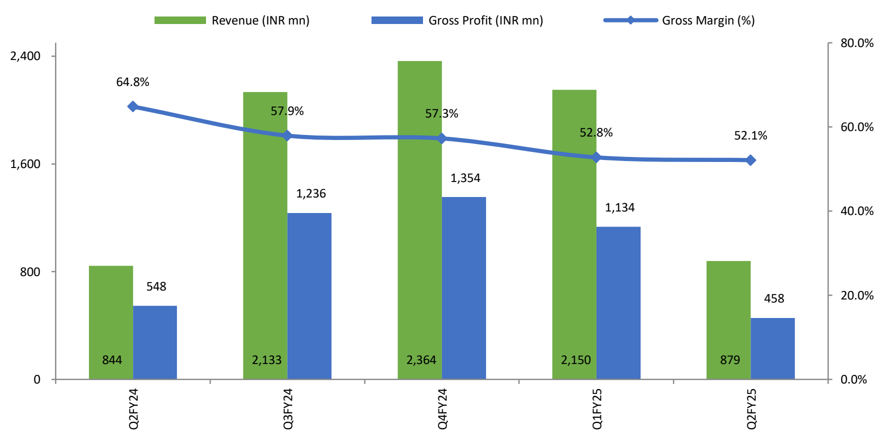
Q2FY25 Results

Income statement summary

Particular (INR mn)	Q2FY24	Q1FY25	Q2FY25	YoY (%)	QoQ (%)
Revenue	844	2,150	879	4.1%	-59.1%
Net Raw Materials	297	1,016	421	41.8%	-58.6%
Gross Profit	**548**	**1,134**	**458**	**-16.4%**	**-59.6%**
Gross Margin (%)	**64.8%**	**52.8%**	**52.1%**	**-1274 bps**	**-65 bps**
Employee Cost	198	261	206	4.0%	-21.1%
Other Expenses	188	146	97	-48.1%	-33.3%
EBITDA	**162**	**728**	**155**	**-4.6%**	**-78.7%**
EBITDA Margin (%)	**19.2%**	**33.9%**	**17.6%**	**-159 bps**	**-1624 bps**
Depreciation	334	321	316		
Interest expense	109	39	40		
Other income	138.1	78.8	224.2		
Exceptional Items	-	87	0		
Profit before tax	**(143)**	**534**	**23**		
Taxes	2	35	21		
PAT	**(145)**	**500**	**2**		
PAT Margin (%)	**-17.1%**	**23.2%**	**0.2%**	**1731 bps**	**-2306 bps**
Other Comprehensive income	32.8	(6.1)	39.3		
Net profit	**(112)**	**494**	**41**		
Net profit Margin (%)	**-13.2%**	**23.0%**	**4.7%**		
EPS (INR)	**(5.7)**	**19.6**	**0.1**		

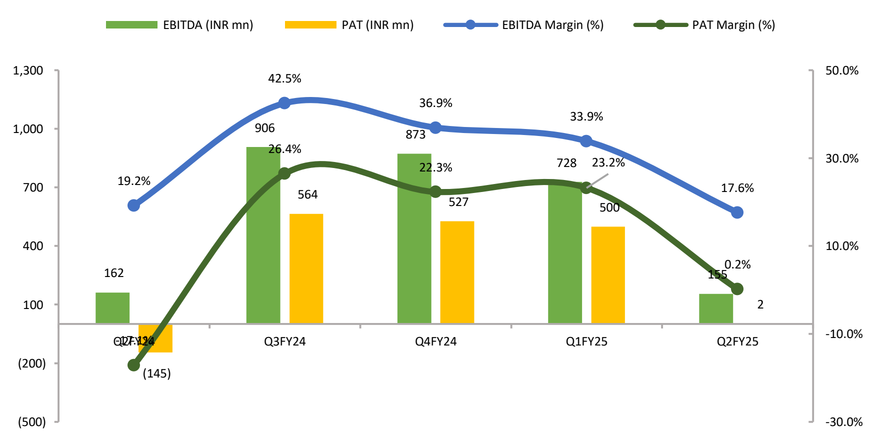
Source: Company Reports, Arihant Capital Research

Exhibit 1: Gross margins contracted by 1274 bps YoY (-65 bps QoQ) to 52.1% in Q2FY25 due to higher operating expenses.



Source: Company Reports, Arihant Capital Research

Exhibit 2: EBITDA margin contracted by 159 bps YoY (-1624 bps QoQ) to 17.6% in Q2FY25, however other expenses remain lower and off-set the impact of gross margins



Source: Company Reports, Arihant Capital Research

Q2FY25 Concall Highlights

SEAMEC III
- The company has entered into a charter hire agreement with Supreme Hydro Engineering Pvt Ltd for SEAMEC III. The 20 day period contract for underwater inspection work at Mumbai offshore field commenced in early Oct-24 and completed in Nov-24.

SEAMEC Glorious
- SEAMEC glorious began its 2nd weather season with ONGC in the western offshore field on 16th Oct 2024. The project will further solidify the company's position in the offshore support services market.

SEAMEC Princess
- SEAMEC Princess has been re-mobilized to complete 3rd season of the pipeline replacement project 7 with ONGC with operation resuming in early Nov-24. These projects along with other projects in pipeline provide a strong foundation for growth in H2FY25E.

OSV
- OSV's payback period is around 5-7 years. The payback period varies depending on the age of the vessel, prices, and type of assets. The company does not make decisions about buying vessels if the payback is beyond 7 years.

- Earlier, SEAMEC Diamond faced some technical issues and currently, the vessel is repaired & ready. The vessel will deploy soon.

UK Subsidiary
- The company is under consideration to liquidate some portions and maintain a small office and get the money back from the UK subsidiary which is an ongoing process.

Contract tenure
- The average tenure of the contracts is around 3-5 years. Some of the contracts are pure charter higher contracts and some are pure lump-sump contracts. There is an uptick in the charter rates.

Deployment rate
- The deployment rate is around 51% in Q2FY25.

Renewals and pricing
- New tenders are coming and re-pricing is expected on the contracts.

- The company is expecting renewal for SEAMEC III, SEAMEC Princess, and SEAMEC Swordfish.

Margins
- The margins were impacted due to lower deployment in Q2FY25. The less deployment of vessels due to monsoon season and costs remain there to be incurred.

Q2FY25 Concall Highlights

Working capital days
- The working capital days are around 75 days in Q2FY25. The company is focused on reducing another 5-10 days going forward.

Demand
- The energy demand is expected to rise substantially fueled by the economic growth and government initiative of INR 350bn allocation for energy transition in the union budget.

- India is expected to be 3rd largest energy consumer with annual energy demand growth anticipated at 3% YoY which is higher than the global rate.

- The demand for subsea inspection, maintenance, and construction services remains robust and the company is well-positioned to continue executing on strategic priorities.

Other highlights
- The East Coast is developing and opportunities are coming up.

- The company is well-positioned to support the incremental exploration and production activities for key clients including ONGC, Aramco, and others.

- The net cash stood at INR 1.78bn.

- RoCE and RoE improved to 14% and 16% respectively in Q2FY25.

- Fuel cost is mostly borne by customers, except lump-sump contracts.

Investment Rationale

Exhibit 3: The increase in realization and deployment days is expected to drive the revenue going forward. Out of 5 vessels, 3 vessels are used for long-term contracts (3-5 years), and 2 vessels are used for short-term contracts (less than 1 year). The realization is higher in short-term contracts. NPP Nusantara is expected to be added from Oct-25 onwards.

Particular (INR mn)	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Old DSV	5	5	5	5	5	5	5
Barge	1	1	1	1	1	1	1
New DSV	-	-	-	-	-	-	1
Total	6	6	6	6	6	6	7
Number of Vessels deployed	6	6	6	6	6	6	7
Total Number of days deployed	1,737	921	1,257	1,289	1,584	1,526	1,610
Deployment Rate ($/day)	28,805	33,188	30,725	38,599	49,912	54,219	61,687
USD/INR	73	75	76	80	83	84	85
Revenue from Direct Deployment	**3,653**	**2,292**	**2,935**	**3,990**	**6,562**	**6,950**	**8,442**
OSV Vessel Revenue	-	-	-	-	-	191	521
Standalone revenue	**3,653**	**2,292**	**2,935**	**3,990**	**6,562**	**7,141**	**8,962**
Subsidiary revenue	188	276	561	382	**637**	**350**	**350**
Revenue from Operations	**3,841**	**2,568**	**3,496**	**4,372**	**7,199**	**7,491**	**9,312**

Revenue from Direct Deployment (INR mn) - FY25E

		Total Number of days deployed										
	6,950	**1,400**	**1,430**	**1,460**	**1,490**	**1,520**	**1,550**	**1,580**	**1,610**	**1,640**	**1,670**	**1,700**
Deployment Rate ($/day)	**53,300**	6,268	6,402	6,537	6,671	6,805	6,940	7,074	7,208	7,343	7,477	7,611
	53,600	6,303	6,438	6,574	6,709	6,844	6,979	7,114	7,249	7,384	7,519	7,654
	53,900	6,339	6,474	6,610	6,746	6,882	7,018	7,154	7,289	7,425	7,561	7,697
	54,200	6,374	6,511	6,647	6,784	6,920	7,057	7,193	7,330	7,467	7,603	7,740
	54,500	6,409	6,547	6,684	6,821	6,959	7,096	7,233	7,371	7,508	7,645	7,783
	54,800	6,444	6,583	6,721	6,859	6,997	7,135	7,273	7,411	7,549	7,687	7,825
	55,100	6,480	6,619	6,757	6,896	7,035	7,174	7,313	7,452	7,591	7,729	7,868
	55,400	6,515	6,655	6,794	6,934	7,073	7,213	7,353	7,492	7,632	7,772	7,911
	55,700	6,550	6,691	6,831	6,971	7,112	7,252	7,393	7,533	7,673	7,814	7,954
	56,000	6,586	6,727	6,868	7,009	7,150	7,291	7,432	7,573	7,715	7,856	7,997
	56,300	6,621	6,763	6,905	7,047	7,188	7,330	7,472	7,614	7,756	7,898	8,040

Source: Company reports, Arihant Capital Research

Revenue from Direct Deployment (INR mn) - FY26E

		Total Number of days deployed										
	8,442	**1,500**	**1,530**	**1,560**	**1,590**	**1,620**	**1,650**	**1,680**	**1,710**	**1,740**	**1,770**	**1,800**
Deployment Rate ($/day)	**60,000**	7,650	7,803	7,956	8,109	8,262	8,415	8,568	8,721	8,874	9,027	9,180
	60,300	7,688	7,842	7,996	8,150	8,303	8,457	8,611	8,765	8,918	9,072	9,226
	60,600	7,727	7,881	8,036	8,190	8,345	8,499	8,654	8,808	8,963	9,117	9,272
	60,900	7,765	7,920	8,075	8,231	8,386	8,541	8,697	8,852	9,007	9,162	9,318
	61,200	7,803	7,959	8,115	8,271	8,427	8,583	8,739	8,895	9,051	9,208	9,364
	61,500	7,841	7,998	8,155	8,312	8,469	8,625	8,782	8,939	9,096	9,253	9,410
	61,800	7,880	8,037	8,195	8,352	8,510	8,667	8,825	8,983	9,140	9,298	9,455
	62,100	7,918	8,076	8,234	8,393	8,551	8,710	8,868	9,026	9,185	9,343	9,501
	62,400	7,956	8,115	8,274	8,433	8,592	8,752	8,911	9,070	9,229	9,388	9,547
	62,700	7,994	8,154	8,314	8,474	8,634	8,794	8,954	9,113	9,273	9,433	9,593
	63,000	8,033	8,193	8,354	8,514	8,675	8,836	8,996	9,157	9,318	9,478	9,639

Source: Company reports, Arihant Capital Research

- Bull Case   - Base Case   - Bear Case

Outlook & Valuation: SEAMEC has witnessed profitability in Q2FY25 despite of monsoon season. Post monsoon season, all the vessels are expected to be deployed and utilization are expected to be higher which will lead to strong quarters for Q3FY25E and Q4FY25E. NPP Nusantara is expected to deploy from Oct-25 onwards which will add additional revenue going forward. Nusantara payback period is expected around 5 years. SEAMEC Diamond (OSV) is expected to deploy with ONGC and the company is in talks with sellers for 2nd OSV delivery which will be deployed in coming quarters. The vessel asset consolidation is expected to happen from HAL offshore to SEAMEC in the next few years. The asset consolidation would bring additional revenue to SEAMEC and likely unlock the potential going forward. East Coast discoveries will provide additional opportunities for SEAMEC Ltd. In the base case scenario, we are estimating revenue to grow at a CAGR of 13% over the period of FY24-26E backed by long-term contracts, asset consolidation and OSV's. We are estimating EBITDA & PAT margins are expected to be 41.5% & 25.4% by FY26E, backed by cost rationalization and an increase in freight and charter rates. We maintain our "BUY" rating with a Target Price of INR 2,327 based on 25x of FY26E EPS of INR 93.1, an upside of 93.3%.

Exhibit 4: Bull Case Scenario

Y/e 31 Mar (INR mn)	FY21	FY22	FY23	FY24	FY25E	FY26E
Number of Vessels deployed	6	6	6	6	6	7
Total Number of days deployed	921	1,257	1,289	1,584	1,580	1,650
Deployment Rate ($/day)	33,188	30,725	38,599	49,912	55,100	61,800
USD/INR	75	76	80	83	84	85
Revenue from Direct Deployment	**2,292**	**2,935**	**3,990**	**6,562**	**7,313**	**8,667**
OSV Vessel Revenue	-	-	-	-	191	521
Standalone revenue	**2,292**	**2,935**	**3,990**	**6,562**	**7,504**	**9,188**
Subsidiary revenue	**276**	**561**	**382**	**637**	**350**	**350**
Revenue from Operations	**2,568**	**3,496**	**4,372**	**7,199**	**7,854**	**9,538**
EBITDA	667	1,291	1,264	2,422	3,102	3,957
EBITDA Margin (%)	26.0%	36.9%	28.9%	33.6%	39.5%	41.5%
PAT	988	837	336	1,207	1,914	2,466
PAT Margin (%)	38.5%	23.9%	7.7%	16.8%	24.4%	25.9%
EPS (INR)	41.8	34.2	16.7	49.0	75.3	97.0

Valuation - P/E (FY26E)	
EPS (INR)	97.0
P/E (x)	28.0
Target Price (INR)	**2,715**
CMP (INR)	**1,204**
Upside/Downside (%)	**125.5%**

Source: Company, Arihant Capital Research

Exhibit 5: Base Case Scenario

Y/e 31 Mar (INR mn)	FY21	FY22	FY23	FY24	FY25E	FY26E
Number of Vessels deployed	6	6	6	6	6	7
Total Number of days deployed	921	1,257	1,289	1,584	1,526	1,610
Deployment Rate ($/day)	33,188	30,725	38,599	49,912	54,219	61,687
USD/INR	75	76	80	83	84	85
Revenue from Direct Deployment	2,292	2,935	3,990	6,562	6,950	8,442
OSV Vessel Revenue	-	-	-	-	191	521
Standalone revenue	**2,292**	**2,935**	**3,990**	**6,562**	**7,141**	**8,962**
Subsidiary revenue	**276**	**561**	**382**	**637**	**350**	**350**
Revenue from Operations	**2,568**	**3,496**	**4,372**	**7,199**	**7,491**	**9,312**
EBITDA	667	1,291	1,264	2,422	2,948	3,863
EBITDA Margin (%)	26.0%	36.9%	28.9%	33.6%	39.4%	41.5%
PAT	988	837	336	1,207	1,751	2,367
PAT Margin (%)	38.5%	23.9%	7.7%	16.8%	23.4%	25.4%
EPS (INR)	41.8	34.2	16.7	49.0	68.9	93.1

Valuation - P/E (FY26E)	
EPS (INR)	93.1
P/E (x)	25.0
Target Price (INR)	**2,327**
CMP (INR)	**1,204**
Upside/Downside (%)	**93.3%**

Source: Company, Arihant Capital Research

Outlook & Valuation

Exhibit 6: Bear Case Scenario

Y/e 31 Mar (INR mn)	FY21	FY22	FY23	FY24	FY25E	FY26E
Number of Vessels deployed	6	6	6	6	6	7
Total Number of days deployed	921	1,257	1,289	1,584	1,460	1,560
Deployment Rate ($/day)	33,188	30,725	38,599	49,912	53,600	60,600
USD/INR	75	76	80	83	84	85
Revenue from Direct Deployment	**2,292**	**2,935**	**3,990**	**6,562**	**6,574**	**8,036**
OSV Vessel Revenue	-	-	-	-	191	521
Standalone revenue	**2,292**	**2,935**	**3,990**	**6,562**	**6,765**	**8,556**
Subsidiary revenue	**276**	**561**	**382**	**637**	**350**	**350**
Revenue from Operations	**2,568**	**3,496**	**4,372**	**7,199**	**7,115**	**8,906**
EBITDA	667	1,291	1,264	2,422	2,797	3,694
EBITDA Margin (%)	26.0%	36.9%	28.9%	33.6%	39.3%	41.5%
PAT	988	837	336	1,207	1,589	2,189
PAT Margin (%)	38.5%	23.9%	7.7%	16.8%	22.3%	24.6%
EPS (INR)	41.8	34.2	16.7	49.0	62.5	86.1

Valuation - P/E (FY26E)	
EPS (INR)	86.1
P/E (x)	22.0
Target Price (INR)	**1,893**
CMP (INR)	**1,204**
Upside/Downside (%)	**57.3%**

Source: Company, Arihant Capital Research

Financial Statements

Income statement summary

Y/e 31 Mar (INR mn)	FY21	FY22	FY23	FY24	FY25E	FY26E
Revenue	2,568	3,496	4,372	7,293	7,491	9,312
Operating expenses	1,284	1,334	2,046	3,346	3,206	3,911
Gross Profit	**1,284**	**2,162**	**2,327**	**3,947**	**4,285**	**5,401**
Gross Margin (%)	**50.0%**	**61.8%**	**53.2%**	**54.1%**	**57.2%**	**58.0%**
Employee Cost	532	601	761	919	906	1,117
Other Expenses	85	270	302	606	430	421
EBITDA	**667**	**1,291**	**1,264**	**2,422**	**2,948**	**3,863**
EBITDA Margin (%)	**26.0%**	**36.9%**	**28.9%**	**33.2%**	**39.4%**	**41.5%**
Depreciation	(566)	(839)	(1,120)	(1,348)	(1,363)	(1,602)
Interest expense	(48)	(64)	(68)	(163)	(189)	(180)
Other income	390	460	200	289	331	372
Exceptional Items	619	-	-	-	87	-
Profit before tax	**1,062**	**848**	**276**	**1,200**	**1,814**	**2,453**
Taxes	(75)	(11)	60	6	(64)	(86)
PAT	**988**	**837**	**336**	**1,207**	**1,751**	**2,367**
PAT Margin (%)	**38.5%**	**23.9%**	**7.7%**	**16.5%**	**23.4%**	**25.4%**
Other Comprehensive income	75	32	89	39	-	-
Net profit	**1,063**	**869**	**425**	**1,246**	**1,751**	**2,367**
EPS (INR)	41.8	34.2	16.7	49.0	68.9	93.1

Source: Company Reports, Arihant Capital Research

Balance sheet summary

Y/e 31 Mar (INR mn)	FY21	FY22	FY23	FY24	FY25E	FY26E
Equity capital	254	254	254	254	254	254
Reserves	6,367	7,230	7,649	8,860	10,574	12,891
Net worth	**6,621**	**7,485**	**7,903**	**9,114**	**10,828**	**13,146**
Minority Interest	23	27	12	10	10	10
Provisions	13	16	21	26	10	13
Debt	1,443	1,832	1,843	3,510	3,360	3,200
Other non-current liabilities	51	61	2	-	112	140
Total Liabilities	**8,152**	**9,421**	**9,781**	**12,660**	**14,320**	**16,508**
Fixed assets	2,908	4,106	5,848	7,018	7,360	8,272
Capital Work In Progress	0	19	-	6	14	17
Other Intangible assets	1	1	2	2	2	2
Investments	2,996	2,713	1,366	1,259	1,948	2,328
Other non current assets	50	68	289	363	412	559
Net working capital	**615**	**474**	**661**	**2,232**	**977**	**1,084**
Inventories	202	276	412	543	483	579
Sundry debtors	788	395	1,059	2,277	1,396	1,582
Loans & Advances	-	-	-	-	-	-
Other current assets	62	87	51	827	82	102
Sundry creditors	(353)	(243)	(601)	(1,125)	(685)	(806)
Other current liabilities & Prov	(85)	(42)	(259)	(290)	(300)	(372)
Cash	277	238	1,546	1,361	1,579	1,762
Other Financial Assets	1,305	1,803	70	263	1,873	2,328
Total Assets	**8,152**	**9,421**	**9,781**	**12,660**	**14,320**	**16,508**

Source: Company Reports, Arihant Capital Research

Du-Pont Analysis

Y/e 31 Mar	FY21	FY22	FY23	FY24	FY25E	FY26E
Tax burden (x)	0.9	1.0	1.2	1.0	1.0	1.0
Interest burden (x)	10.5	1.9	1.9	1.1	1.1	1.1
EBIT margin (x)	0.0	0.1	0.0	0.1	0.2	0.2
Asset turnover (x)	0.6	0.7	0.6	0.7	0.6	0.8
Financial leverage (x)	0.7	0.7	0.9	1.3	1.2	1.0
RoE (%)	**16.2%**	**11.9%**	**4.4%**	**14.2%**	**17.6%**	**19.7%**

Source: Company Reports, Arihant Capital Research

Financial Statements

Cashflow summary

Y/e 31 Mar (INR mn)	FY21	FY22	FY23	FY24	FY25E	FY26E
Profit before tax	1,062	848	276	1,200	1,814	2,453
Depreciation	566	839	1,120	1,348	1,363	1,602
Tax paid	(75)	(11)	60	6	(64)	(86)
Working capital Δ	(396)	141	(188)	(1,571)	1,255	(107)
Operating cashflow	**1,158**	**1,817**	**1,268**	**828**	**4,369**	**3,862**
Capital expenditure	(982)	(2,056)	(2,842)	(2,523)	(1,714)	(2,517)
Free cash flow	**176**	**(239)**	**(1,574)**	**(1,696)**	**2,655**	**1,345**
Equity raised	45	31	67	28	-	-
Investments	(645)	283	1,346	107	(688)	(380)
Others	137	(515)	1,512	(268)	(1,659)	(602)
Debt financing/disposal	254	389	11	1,666	(150)	(160)
Other items	28	12	(55)	4	96	30
Net Δ in cash	**(4)**	**(39)**	**1,308**	**(185)**	**218**	**183**
Opening Cash Flow	**281**	**277**	**238**	**1,546**	**1,361**	**1,579**
Closing Cash Flow	**277**	**238**	**1,546**	**1,361**	**1,579**	**1,762**

Source: Company Reports, Arihant Capital Research

Ratio analysis

Y/e 31 Mar	FY21	FY22	FY23	FY24	FY25E	FY26E
Growth matrix (%)						
Revenue growth	-33.1%	36.1%	25.1%	66.8%	2.7%	24.3%
Op profit growth	-60.4%	93.5%	-2.1%	91.6%	21.7%	31.0%
Profitability ratios (%)						
OPM	26.0%	36.9%	28.9%	33.2%	39.4%	41.5%
Net profit margin	38.5%	23.9%	7.7%	16.5%	23.4%	25.4%
RoCE	6.1%	10.3%	4.4%	12.2%	13.8%	16.6%
RoNW	16.2%	11.9%	4.4%	14.2%	17.6%	19.7%
RoA	12.1%	8.9%	3.4%	9.5%	12.2%	14.3%
Per share ratios (INR)						
EPS	41.8	34.2	16.7	49.0	68.9	93.1
Dividend per share	-	-	-	1.0	1.4	2.0
Cash EPS	61.1	65.9	57.3	100.4	122.5	156.1
Book value per share	260.4	294.4	310.8	358.4	425.8	516.9
Valuation ratios (x)						
P/E	28.8	35.2	72.1	24.6	17.5	12.9
P/CEPS	19.7	18.3	21.0	12.0	9.8	7.7
P/B	4.6	4.1	3.9	3.4	2.8	2.3
EV/EBITDA	43.1	22.8	23.4	13.0	10.3	7.7
Payout (%)						
Dividend payout	0.0%	0.0%	0.0%	2.1%	2.1%	2.1%
Tax payout	7.0%	1.3%	-21.7%	-0.5%	3.5%	3.5%
Liquidity ratios						
Debtor days	167	62	61	83	89	58
Inventory days	54	65	61	52	58	50
Creditor days	178	49	50	65	73	50
WC Days	42	78	73	71	75	58
Leverage ratios (x)						
Interest coverage	2.1	7.0	2.1	6.6	8.4	12.5
Net debt / equity	0.2	0.2	0.0	0.2	0.2	0.1
Net debt / op. profit	1.7	1.2	0.2	0.9	0.6	0.4

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.

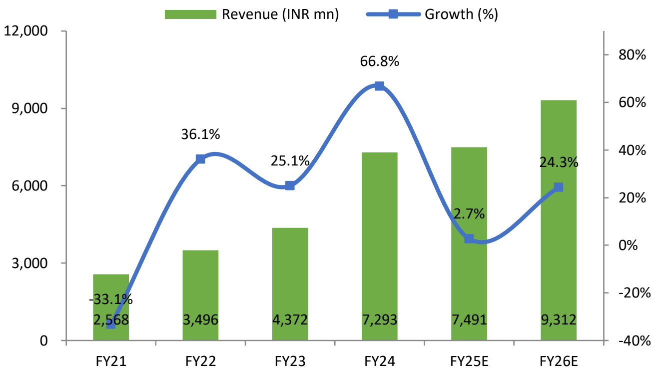


Exhibit 8: Gross margins are expected to improve going forward.

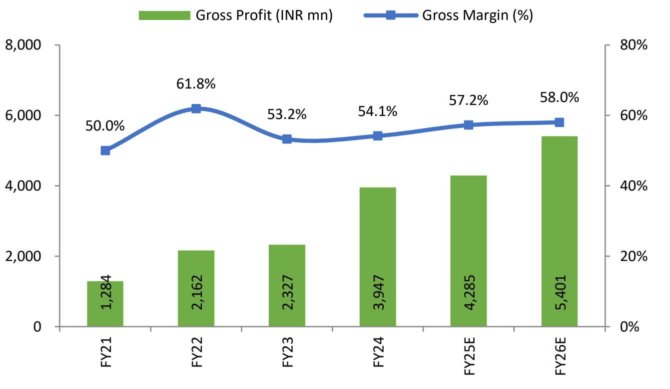


Exhibit 9: Growth in EBITDA & PAT levels

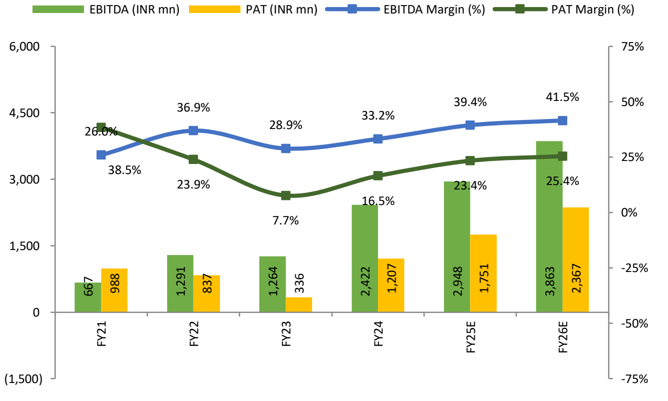


Exhibit 10: Return ratios to be improve

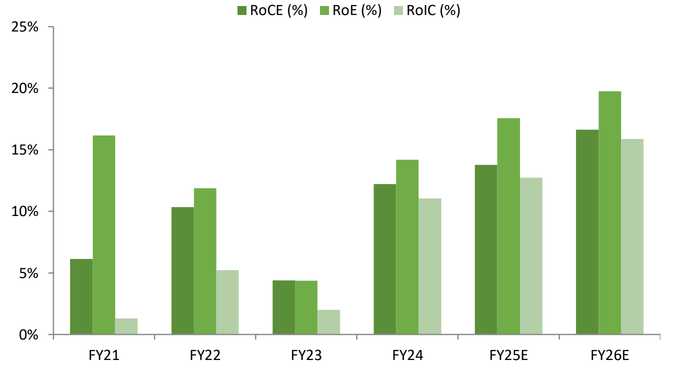


Exhibit 11: Working capital days to be improve.

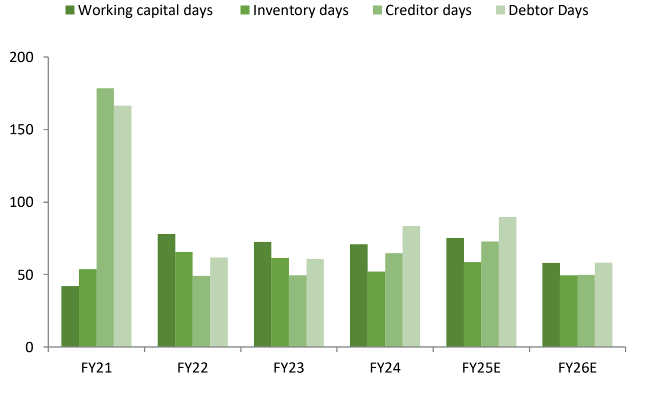
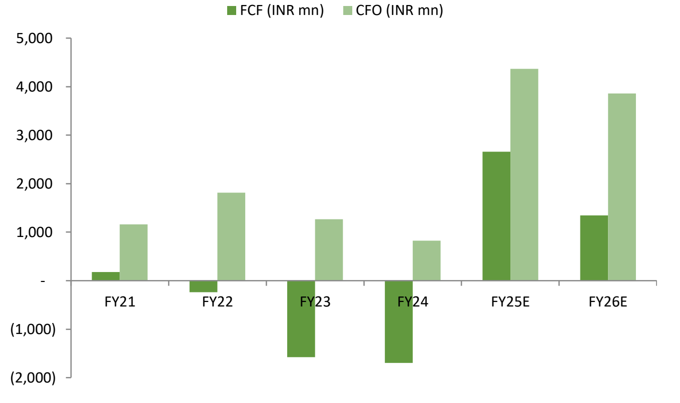


Exhibit 12: Cash flows to be improve.



Source: Company Reports, Arihant Capital Research

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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%

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