

Asset Consolidation is likely to unlock the potential.

CMP: INR 1,211

Rating: BUY

Target Price: INR 2,308

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)	30,790
52w H/L (INR)	1,226/562
Avg Yearly Volume (in 000')	84.6

Shareholding Pattern %

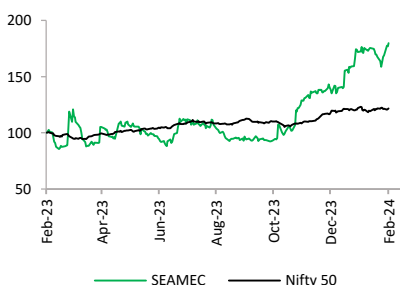
(As on Dec, 2023)

Promoters	72.05
DII	1.78
FII	3.05
Public & Others	23.11

Stock Performance (%) 3m 6m 12m

SEAMEC	39.8	73.4	80.0
NIFTY	11.0	12.4	21.8

SEAMEC vs NIFTY



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SEAMEC reported strong numbers, Q3FY24 revenue stood at INR 2,133mn (+111.9% YoY/+152.6% QoQ); above our estimates of INR 1,190mn. Gross Profit stood at INR 1,236mn (+178.7% YoY/+125.8% QoQ), above our estimates of INR 609mn. Gross margins improved by 1389 bps YoY (down by 690 bps QoQ) to 57.9% vs 44.1% in Q3FY23. The margin improvement is mainly because of the raw material cost decrease in terms of sales. The raw material cost in terms of sales stood at 42.1% vs 55.9% in Q3FY23. EBITDA stood at INR 906mn (+358.4% YoY/+458.8% QoQ); above our estimates of INR 406mn. EBITDA margin improved by 2285 bps YoY (up by 2328 bps QoQ) to 42.5% vs 19.6% in Q3FY23. PAT stood at INR 564mn vs -INR 17mn in Q3FY23; above our estimates of INR 153mn. PAT margin improved by 2811 bps YoY (up by 4358 bps QoQ) to 26.4% vs -1.7% in Q3FY23.

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 to be driven by strengthening the fleet, repricing, and USD-INR benefits. The contracts are dollar-denominated and USD-INR depreciation is around 3%-4% per annum. The major Oil & Gas discovery happened in East Coast India. The company is bidding on some tenders on the East Coast. The more discoveries give an opportunity for SEAMEC.

Consolidation of assets is likely to unlock the potential: The management endeavors to consolidate vessel assets under SEAMEC over the next few years. The contracts under the parent will come for renewal; currently, the parent vessel assets are expected do to revenue of more than INR 4bn with similar margin profiles. With the likely consolidation of assets, SEAMEC's financial position will further strengthen both in terms of revenue and profitability.

Margins are expected to be sustainable backed by effective deployment and cost rationalization: EBITDA margins stood at 42.5% in Q3FY24. All the vessels are deployed and margins are expected to be better in Q4FY24E. EBITDA margins are expected to be 35%-40% on a sustainable annual basis going forward. The vessel deployment days are around 452 days in Q3FY24. The deployment days are expected to be around 1,500 days or above going forward which is expected to improve the revenue. The dry dock is expected for every 2.5 years for each vessel. The maintenance cost will vary based on assets. The company is strategically managing the operating and maintenance expenses which helps to maintain the margins.

Outlook & Valuation: SEAMEC is the major organized player for offshore oil field services and Diving Support Services in India. The vessel asset consolidation is expected to happen from HAL offshore to SEAMEC in the over next few years. The asset consolidation would bring additional revenue to SEAMEC and likely unlock the potential going forward. The company is expected to scrap and replace 3 vessels in the next 4 years. The company is bidding in some tenders on the East Coast shows additional opportunity. All the vessels are completely deployed, payments are in dollar terms, and continuous business visibility from ONCG and others. In the base case scenario, we are estimating revenue is expected to be INR 7,102mn in FY24E and expected to grow at a CAGR of 20.4% over the period of FY24E-26E backed by long-term contracts. We are estimating EBITDA & PAT margins are expected to be 37% & 22.8% 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 2,308 based on 25x of FY26E EPS of INR 92.3, an upside of 90.6%.

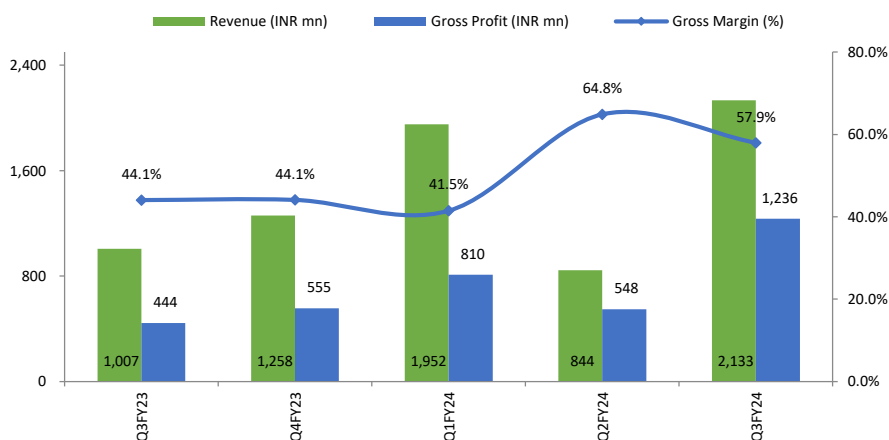
Q3FY24 Results

Income statement summary

Particular (INR mn)	Q3FY23	Q2FY24	Q3FY24	YoY (%)	QoQ (%)
Revenue	1,007	844	2,133	111.9%	152.6%
Operating expenses	563	297	897	59.3%	202.3%
Gross Profit	444	548	1,236	178.7%	125.8%
Gross Margin (%)	44.1%	64.8%	57.9%	+1389 bps	-690 bps
Employee Cost	191	198	238	24.7%	20.1%
Other Expenses	55	188	92	66.5%	-50.9%
EBITDA	198	162	906	358.4%	458.8%
EBITDA Margin (%)	19.6%	19.2%	42.5%	+2285 bps	+2328 bps
Depreciation	245	334	339		
Interest expense	22	109	45		
Other income	15.4	138.1	57.9		
Share of profits associate & JV	-	-	-		
Profit before tax	(54)	(143)	581		
Taxes	(37)	2	16		
PAT	(17)	(145)	564		
PAT Margin (%)	-1.7%	-17.1%	26.4%	+2811 bps	+4358 bps
Other Comprehensive income	13.2	32.8	(2.5)		
Net profit	(4)	(112)	562		
Net profit Margin (%)	-0.3%	-13.2%	26.3%	+2668 bps	+3957 bps
EPS (INR)	(0.7)	(5.7)	22.2		

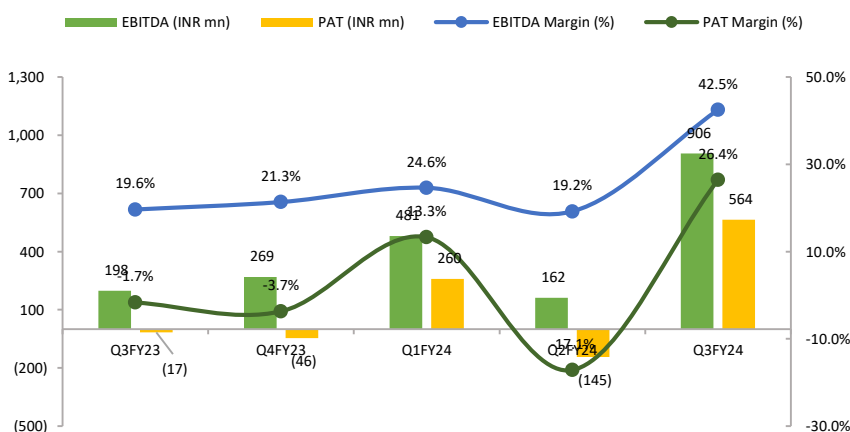
Source: Company Reports, Aриhant Capital Research

Exhibit 1: Gross margins improved by 1389 bps YoY (down by 690 bps QoQ) to 57.9% due to lower Operating expenses in Q3FY24.



Source: Company Reports, Aриhant Capital Research

Exhibit 2: EBITDA margin improved by 2285 bps YoY (up by 2328 bps QoQ) to 42.5% due to lower employee expenses and lower other expenses in-terms of sales in Q3FY24.



Source: Company Reports, Aриhant Capital Research

Q3FY24 Concall Highlights

Revenue

- Revenue growth is expected to be a CAGR of 10% over the next 3-5 years.
- Revenue growth is expected to be driven by strengthening the fleet, re-pricing, and USD-INR benefits. The contracts are dollar-denominated and USD-INR depreciation is around 3%-4% per annum.

Margins

- EBITDA margins stood at 42.5% in Q3FY24. All the vessels are deployed and margins are expected to be better in Q4FY24E.
- EBITDA margins are expected to be 35%-40% on a sustainable basis going forward.

Realization

- The realization is based on types of contracts. O&M contracts realization is around \$10,000/day to \$15,000/day. The full-service contract realization is around \$60,000/day to \$70,000/day.
- HAL vessel revenue stood around more than INR 4bn.

Asset Consolidation

- The company is focused on consolidating assets. HAL offshore (Parent company) vessel asset is expected to transfer to SEAMEC going forward. Some of the activities will be started in FY25E/FY26E and are expected to be completed in FY27E. overall, the asset consolidation will take 2 years, however, the right to use will come in 1 year.
- The asset transfer will happen without losing tonnage tax.
- HAL offshore has two vessels. One vessel is on a lease basis and another vessel is owned by HAL. The HAL contracts are expected to expire in FY26E.

Deployment days

- The vessel deployment days are around 452 days in Q3FY24.

Working capital days

- The working capital cycle days are around 50-65 days and it's in a comfortable range.

Debt

- The net debt stood at INR 880mn as of Q3FY24.

Maintenance

- The dry-dock is expected every 2.5 years for each vessels. The maintenance cost will vary based on assets. It costs around \$2-3mn.

Q3FY24 Concall Highlights

Seasonality

- The business has some seasonality. Q2 is expected to be weaker due to the monsoon season. Q1 is expected to be fair. Q3 and Q4 are expected to be the best quarters.

Replacement of Vessels

- Replacement of vessels would cost \$50-60mn dollar per ship going forward.
- The company can able to run the vessels in the next year and replacement is expected in FY26E.

Contracts

- Some of the contracts and long-term contracts (3-5 years) and some of the contracts are short-term contracts (< 1 year).
- The company has a strong position in DSV and working with ONCG. The company has revenue visibility of 3-5 years based on contracts.

Other income

- Other income fluctuation due to MTM gains/losses in swap deals.

Opportunities

- The major Oil & Gas discovery in East Coast India. The company is bidding on some tenders on the east coast. The more discoveries give opportunity for SEAMEC.
- The company wants to explore in Middle East. The company may acquire and deploy the vessels in the Middle East.
- The company is looking for opportunities in offshore support vessels.

Budget

- In the Budget, The government has announced INR 1.2 lakh cr capital commitment for the Oil & Gas sector, which includes Oil & gas exploration, refineries, petrochemicals and laying pipelines, etc.

Other highlights

- India imports around 87% of the oil demand.
- All the vessels are deployed in Q3FY24 and are expected to be the same in Q4FY24.
- All the vessels are operating in the Indian Ocean, hence there is no impact on the Red-sea Issue.
- The vessel capacity utilization is around 90%.
- The Capex is mainly through internal accruals and term loans.

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.

Particular (INR mn)	FY20	FY21	FY22	FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24E	FY24E	FY25E	FY26E
Number of Vessels deployed	6	6	6	6	6	3	6	6	6	7	7
Total Number of days deployed	1,737	921	1,257	1,289	356	249	452	450	1,507	1,650	1,860
Deployment Rate (\$/day)	28,805	33,188	30,725	38,599	34,384	32,379	51,716	53,000	44,681	55,000	57,500
USD/INR	73	75	76	80	82	83	83	83	83	84	85
Revenue from Direct Deployment	3,653	2,292	2,935	3,990	1,003	665	1,940	1,980	5,588	7,623	9,091
Other Vessel Revenue	-	-	-	-	779	9	21	21	829	508	508
Standalone revenue	3,653	2,292	2,935	3,990	1,782	674	1,961	2,000	6,417	8,131	9,599
Subsidiary revenue	188	276	561	382	170	171	172	172	684	686	692
Revenue from Operations	3,841	2,568	3,496	4,372	1,952	844	2,133	2,172	7,102	8,817	10,291

Source: Company Reports, Arianth Capital Research

Revenue from Direct Deployment (INR mn) - FY24E

	5,588	Total Number of days deployed										
		1,250	1,300	1,350	1,400	1,450	1,500	1,550	1,600	1,650	1,700	1,750
Deployment Rate (\$/day)	43,500	4,513	4,694	4,874	5,055	5,235	5,416	5,596	5,777	5,957	6,138	6,318
	43,700	4,534	4,715	4,897	5,078	5,259	5,441	5,622	5,803	5,985	6,166	6,347
	43,900	4,555	4,737	4,919	5,101	5,283	5,466	5,648	5,830	6,012	6,194	6,376
	44,100	4,575	4,758	4,941	5,124	5,307	5,490	5,673	5,856	6,039	6,223	6,406
	44,300	4,596	4,780	4,964	5,148	5,332	5,515	5,699	5,883	6,067	6,251	6,435
	44,500	4,617	4,802	4,986	5,171	5,356	5,540	5,725	5,910	6,094	6,279	6,464
	44,700	4,638	4,823	5,009	5,194	5,380	5,565	5,751	5,936	6,122	6,307	6,493
	44,900	4,658	4,845	5,031	5,217	5,404	5,590	5,776	5,963	6,149	6,335	6,522
	45,100	4,679	4,866	5,053	5,241	5,428	5,615	5,802	5,989	6,176	6,364	6,551
	45,300	4,700	4,888	5,076	5,264	5,452	5,640	5,828	6,016	6,204	6,392	6,580
	45,500	4,721	4,909	5,098	5,287	5,476	5,665	5,854	6,042	6,231	6,420	6,609

Revenue from Direct Deployment (INR mn) - FY25E

	7,623	Total Number of days deployed										
		1,400	1,450	1,500	1,550	1,600	1,650	1,700	1,750	1,800	1,850	1,900
Deployment Rate (\$/day)	54,000	6,350	6,577	6,804	7,031	7,258	7,484	7,711	7,938	8,165	8,392	8,618
	54,200	6,374	6,602	6,829	7,057	7,284	7,512	7,740	7,967	8,195	8,423	8,650
	54,400	6,397	6,626	6,854	7,083	7,311	7,540	7,768	7,997	8,225	8,454	8,682
	54,600	6,421	6,650	6,880	7,109	7,338	7,568	7,797	8,026	8,256	8,485	8,714
	54,800	6,444	6,675	6,905	7,135	7,365	7,595	7,825	8,056	8,286	8,516	8,746
	55,000	6,468	6,699	6,930	7,161	7,392	7,623	7,854	8,085	8,316	8,547	8,778
	55,200	6,492	6,723	6,955	7,187	7,419	7,651	7,883	8,114	8,346	8,578	8,810
	55,400	6,515	6,748	6,980	7,213	7,446	7,678	7,911	8,144	8,376	8,609	8,842
	55,600	6,539	6,772	7,006	7,239	7,473	7,706	7,940	8,173	8,407	8,640	8,874
	55,800	6,562	6,796	7,031	7,265	7,500	7,734	7,968	8,203	8,437	8,671	8,906
	56,000	6,586	6,821	7,056	7,291	7,526	7,762	7,997	8,232	8,467	8,702	8,938

Revenue from Direct Deployment (INR mn) - FY26E

	9,091	Total Number of days deployed										
		1,550	1,600	1,650	1,700	1,750	1,800	1,850	1,900	1,950	2,000	2,050
Deployment Rate (\$/day)	56,600	7,457	7,698	7,938	8,179	8,419	8,660	8,900	9,141	9,381	9,622	9,863
	56,800	7,483	7,725	7,966	8,208	8,449	8,690	8,932	9,173	9,415	9,656	9,897
	57,000	7,510	7,752	7,994	8,237	8,479	8,721	8,963	9,206	9,448	9,690	9,932
	57,200	7,536	7,779	8,022	8,265	8,509	8,752	8,995	9,238	9,481	9,724	9,967
	57,400	7,562	7,806	8,050	8,294	8,538	8,782	9,026	9,270	9,514	9,758	10,002
	57,600	7,589	7,834	8,078	8,323	8,568	8,813	9,058	9,302	9,547	9,792	10,037
	57,800	7,615	7,861	8,106	8,352	8,598	8,843	9,089	9,335	9,580	9,826	10,072
	58,000	7,642	7,888	8,135	8,381	8,628	8,874	9,121	9,367	9,614	9,860	10,107
	58,200	7,668	7,915	8,163	8,410	8,657	8,905	9,152	9,399	9,647	9,894	10,141
	58,400	7,694	7,942	8,191	8,439	8,687	8,935	9,183	9,432	9,680	9,928	10,176
	58,600	7,721	7,970	8,219	8,468	8,717	8,966	9,215	9,464	9,713	9,962	10,211

Source: Company reports, Arianth Capital Research

 Bull Case
 Base Case
 Bear Case

Outlook & Valuation: SEAMEC is the major organized player for offshore oil field services and Diving Support Services in India. The vessel asset consolidation is expected to happen from HAL offshore to SEAMEC in the over next few years. The asset consolidation would bring additional revenue to SEAMEC and likely unlock the potential going forward. The company is expected to scrap and replace 3 vessels in the next 4 years. The company is bidding in some tenders on the East Coast shows additional opportunity. All the vessels are completely deployed, payments are in dollar terms, and continuous business visibility from ONCG and others. In the base case scenario, we are estimating revenue is expected to be INR 7,102mn in FY24E and expected to grow at a CAGR of 20.4% over the period of FY24E-26E backed by long-term contracts. We are estimating EBITDA & PAT margins are expected to be 37% & 22.8% 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 2,308 based on 25x of FY26E EPS of INR 92.3, an upside of 90.6%.

Exhibit 4: Bull Case Scenario

Y/e 31 Mar (INR mn)	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Number of Vessels deployed	6	6	6	6	6	7	7
Total Number of days deployed	1,737	921	1,257	1,289	1,550	1,650	1,900
Deployment Rate (\$/day)	28,805	33,188	30,725	38,599	45,100	55,400	58,000
USD/INR	73	75	76	80	83	84	85
Revenue from Direct Deployment	3,653	2,292	2,935	3,990	5,802	7,678	9,367
Other Vessel Revenue	-	-	-	-	829	508	508
Standalone revenue	3,653	2,292	2,935	3,990	6,631	8,187	9,875
Subsidiary revenue	188	276	561	382	684	686	692
Revenue from Operations	3,841	2,568	3,496	4,372	7,315	8,873	10,567
EBITDA				1,264	2,578	3,212	3,910
EBITDA Margin (%)				28.9%	35.2%	36.2%	37.0%
PAT				336	1,397	1,992	2,461
PAT Margin (%)				7.7%	19.1%	22.4%	23.3%
EPS (INR)				16.7	54.9	78.3	96.8

Valuation - P/E (FY26E)

EPS (INR) 96.8

P/E (x) 28.0

Target Price (INR) 2,711**CMP (INR) 1,211****Upside/Downside (%) 123.8%**

Source: Company, Aриhant Capital Research

Exhibit 5: Base Case Scenario

Y/e 31 Mar (INR mn)	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Number of Vessels deployed	6	6	6	6	6	7	7
Total Number of days deployed	1,737	921	1,257	1,289	1,507	1,650	1,860
Deployment Rate (\$/day)	28,805	33,188	30,725	38,599	44,681	55,000	57,500
USD/INR	73	75	76	80	83	84	85
Revenue from Direct Deployment	3,653	2,292	2,935	3,990	5,588	7,623	9,091
Other Vessel Revenue	-	-	-	-	829	508	508
Standalone revenue	3,653	2,292	2,935	3,990	6,417	8,131	9,599
Subsidiary revenue	188	276	561	382	684	686	692
Revenue from Operations	3,841	2,568	3,496	4,372	7,102	8,817	10,291
EBITDA				1,264	2,364	3,192	3,808
EBITDA Margin (%)				28.9%	33.3%	36.2%	37.0%
PAT				336	1,183	1,969	2,348
PAT Margin (%)				7.7%	16.7%	22.3%	22.8%
EPS (INR)				16.7	46.5	77.5	92.3

Valuation - P/E (FY26E)

EPS (INR) 92.3

P/E (x) 25.0

Target Price (INR) 2,308**CMP (INR) 1,211****Upside/Downside (%) 90.6%**

Source: Company, Aриhant Capital Research

Outlook & Valuation

Exhibit 6: Bear Case Scenario

Y/e 31 Mar (INR mn)	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Number of Vessels deployed	6	6	6	6	6	7	7
Total Number of days deployed	1,737	921	1,257	1,289	1,450	1,600	1,800
Deployment Rate (\$/day)	28,805	33,188	30,725	38,599	44,300	54,600	57,200
USD/INR	73	75	76	80	83	84	85
Revenue from Direct Deployment	3,653	2,292	2,935	3,990	5,332	7,338	8,752
Other Vessel Revenue	-	-	-	-	829	508	508
Standalone revenue	3,653	2,292	2,935	3,990	6,161	7,847	9,260
Subsidiary revenue	188	276	561	382	684	686	692
Revenue from Operations	3,841	2,568	3,496	4,372	6,845	8,533	9,952
EBITDA				1,264	2,107	3,089	3,682
EBITDA Margin (%)				28.9%	30.8%	36.2%	37.0%
PAT				336	926	1,853	2,208
PAT Margin (%)				7.7%	13.5%	21.7%	22.2%
EPS (INR)				16.7	36.4	72.9	86.8
Valuation - P/E (FY26E)							
EPS (INR)							86.8
P/E (x)							22.0
Target Price (INR)							1,911
CMP (INR)							1,211
Upside/Downside (%)							57.8%

Source: Company, Arihant Capital Research

Financial Statements

Income statement summary

Y/e 31 Mar (INR mn)	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Revenue	3,841	2,568	3,496	4,372	7,102	8,817	10,291
Operating expenses	1,458	1,284	1,334	2,046	3,325	4,100	4,754
Gross Profit	2,383	1,284	2,162	2,327	3,777	4,717	5,537
Gross Margin (%)	62.1%	50.0%	61.8%	53.2%	53.2%	53.5%	53.8%
Employee Cost	631	532	601	761	876	943	1,070
Other Expenses	68	85	270	302	537	582	659
EBITDA	1,684	667	1,291	1,264	2,364	3,192	3,808
EBITDA Margin (%)	43.8%	26.0%	36.9%	28.9%	33.3%	36.2%	37.0%
Depreciation	(546)	(566)	(839)	(1,120)	(1,316)	(1,517)	(1,735)
Interest expense	(51)	(48)	(64)	(68)	(226)	(125)	(172)
Other income	299	390	460	200	386	441	473
Exceptional Items	-	619	-	-	-	-	-
Profit before tax	1,386	1,062	848	276	1,207	1,991	2,374
Taxes	(54)	(75)	(11)	60	(25)	(22)	(26)
PAT	1,332	988	837	336	1,183	1,969	2,348
PAT Margin (%)	34.7%	38.5%	23.9%	7.7%	16.7%	22.3%	22.8%
Other Comprehensive income	(18)	75	32	89	-	-	-
Net profit	1,314	1,063	869	425	1,183	1,969	2,348
EPS (INR)	51.7	41.8	34.2	16.7	46.5	77.5	92.3

Source: Company Reports, Arihant Capital Research

Balance sheet summary

Y/e 31 Mar (INR Mn)	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Equity capital	254	254	254	254	254	254	254
Reserves	5,357	6,367	7,230	7,649	8,832	10,801	13,149
Net worth	5,611	6,621	7,485	7,903	9,086	11,055	13,403
Minority Interest	-	23	27	12	12	12	12
Provisions	13	13	16	21	19	24	28
Debt	1,189	1,443	1,832	1,843	1,893	4,333	4,283
Other non-current liabilities	23	51	61	2	107	132	154
Total Liabilities	6,837	8,152	9,421	9,781	11,118	15,557	17,881
Fixed assets	2,481	2,908	4,106	5,848	7,532	10,528	12,310
Capital Work In Progress	11	0	19	-	13	18	21
Other Intangible assets	0	1	1	2	2	2	2
Investments	2,350	2,996	2,713	1,366	1,846	2,204	2,367
Other non current assets	59	50	68	289	163	203	206
Net working capital	219	615	474	661	599	772	874
Inventories	175	202	276	412	501	607	703
Sundry debtors	1,556	788	395	1,059	1,090	1,329	1,551
Loans & Advances	15	-	-	-	-	-	-
Other current assets	31	62	87	51	78	97	113
Sundry creditors	(1,504)	(353)	(243)	(601)	(714)	(863)	(1,030)
Other current liabilities & Prov	(54)	(85)	(42)	(259)	(355)	(397)	(463)
Cash	281	277	238	1,546	820	1,655	1,896
Other Financial Assets	1,435	1,305	1,803	70	142	176	206
Total Assets	6,837	8,152	9,421	9,781	11,118	15,557	17,881

Source: Company Reports, Arihant Capital Research

Du-Pont Analysis

Y/e 31 Mar	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Tax burden (x)	1.0	0.9	1.0	1.2	1.0	1.0	1.0
Interest burden (x)	1.2	10.5	1.9	1.9	1.2	1.2	1.1
EBIT margin (x)	0.3	0.0	0.1	0.0	0.1	0.2	0.2
Asset turnover (x)	0.8	0.6	0.7	0.6	0.7	0.7	0.7
Financial leverage (x)	1.0	0.7	0.7	0.9	1.1	1.2	1.3
RoE (%)	26.9%	16.2%	11.9%	4.4%	13.9%	19.6%	19.2%

Source: Company Reports, Arihant Capital Research

Financial Statements

Cashflow summary

Y/e 31 Mar (INR Mn)	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Profit before tax	1,386	1,062	848	276	1,207	1,991	2,374
Depreciation	546	566	839	1,120	1,316	1,517	1,735
Tax paid	(54)	(75)	(11)	60	(25)	(22)	(26)
Working capital Δ	252	(396)	141	(188)	62	(173)	(102)
Operating cashflow	2,130	1,158	1,817	1,268	2,561	3,314	3,981
Capital expenditure	(683)	(982)	(2,056)	(2,842)	(3,013)	(4,518)	(3,521)
Free cash flow	1,448	176	(239)	(1,574)	(452)	(1,204)	460
Equity raised	(18)	45	31	67	-	-	-
Investments	(931)	(645)	283	1,346	(480)	(358)	(163)
Others	(1,169)	137	(515)	1,512	53	(74)	(32)
Debt financing/disposal	308	254	389	11	50	2,440	(50)
Other items	18	28	12	(55)	104	30	26
Net Δ in cash	(344)	(4)	(39)	1,308	(726)	835	241
Opening Cash Flow	625	281	277	238	1,546	820	1,655
Closing Cash Flow	281	277	238	1,546	820	1,655	1,896

Source: Company Reports, Aриhant Capital Research

Ratio analysis

Y/e 31 Mar	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Growth matrix (%)							
Revenue growth	22.4%	-33.1%	36.1%	25.1%	62.4%	24.2%	16.7%
Op profit growth	51.5%	-60.4%	93.5%	-2.1%	87.0%	35.0%	19.3%
Profitability ratios (%)							
OPM	43.8%	26.0%	36.9%	28.9%	33.3%	36.2%	37.0%
Net profit margin	34.7%	38.5%	23.9%	7.7%	16.7%	22.3%	22.8%
RoCE	23.0%	6.1%	10.3%	4.4%	13.5%	15.8%	15.2%
RoNW	26.9%	16.2%	11.9%	4.4%	13.9%	19.6%	19.2%
RoA	19.5%	12.1%	8.9%	3.4%	10.6%	12.7%	13.1%
Per share ratios (INR)							
EPS	51.7	41.8	34.2	16.7	46.5	77.5	92.3
Dividend per share	-	-	-	-	-	-	-
Cash EPS	73.9	61.1	65.9	57.3	98.3	137.1	160.6
Book value per share	220.7	260.4	294.4	310.8	357.4	434.8	527.2
Valuation ratios (x)							
P/E	23.4	29.0	35.4	72.5	26.0	15.6	13.1
P/CEPS	16.4	19.8	18.4	21.2	12.3	8.8	7.5
P/B	5.5	4.7	4.1	3.9	3.4	2.8	2.3
EV/EBITDA	17.4	43.4	23.0	23.5	12.7	9.8	8.1
Payout (%)							
Dividend payout	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Tax payout	3.9%	7.0%	1.3%	-21.7%	2.0%	1.1%	1.1%
Liquidity ratios							
Debtor days	152	167	62	61	55	50	51
Inventory days	41	54	65	61	50	49	50
Creditor days	232	178	49	50	51	51	53
WC Days	(39)	42	78	73	55	48	48
Leverage ratios (x)							
Interest coverage	22.5	2.1	7.0	2.1	4.6	13.4	12.0
Net debt / equity	0.2	0.2	0.2	0.0	0.1	0.2	0.2
Net debt / op. profit	0.5	1.7	1.2	0.2	0.5	0.8	0.6

Source: Company Reports, Aриhant Capital Research

Story in Charts

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

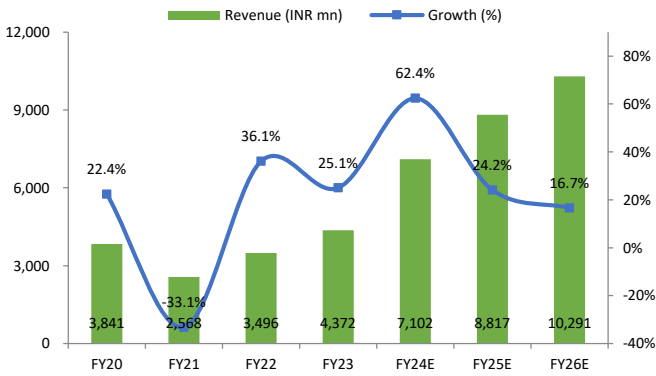


Exhibit 8: Gross margins are expected to improve going forward.

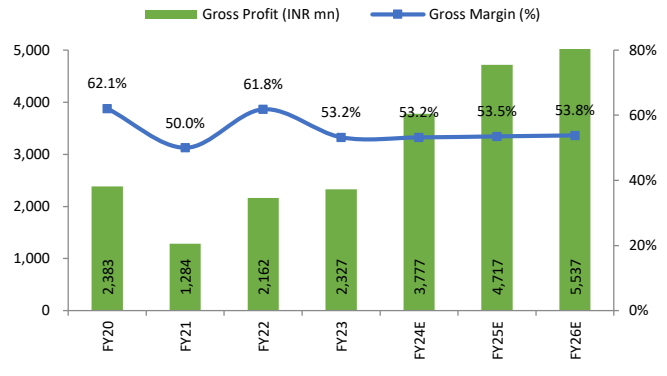


Exhibit 9: Growth in EBITDA & PAT levels

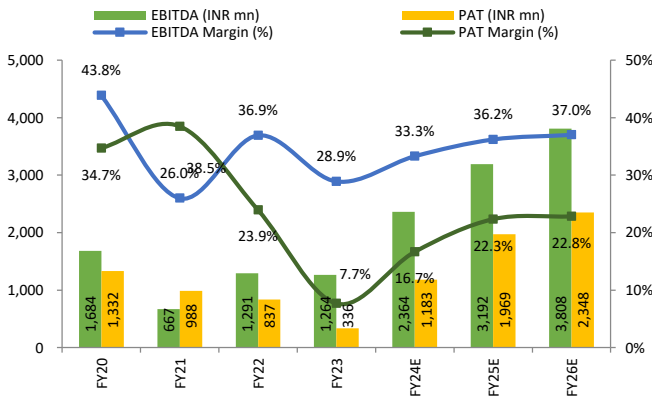


Exhibit 10: Return ratios to be improve

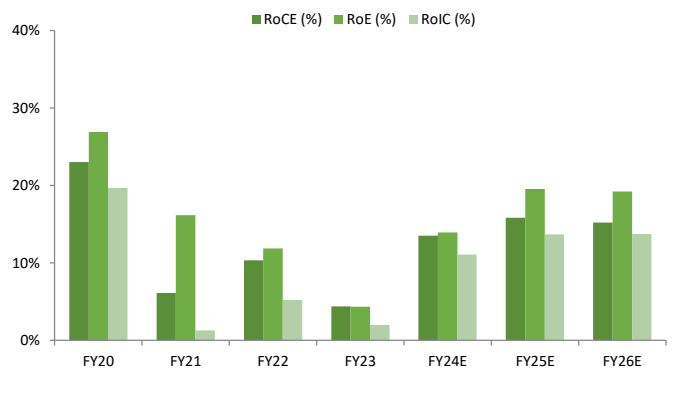


Exhibit 11: Working capital days to be improve.

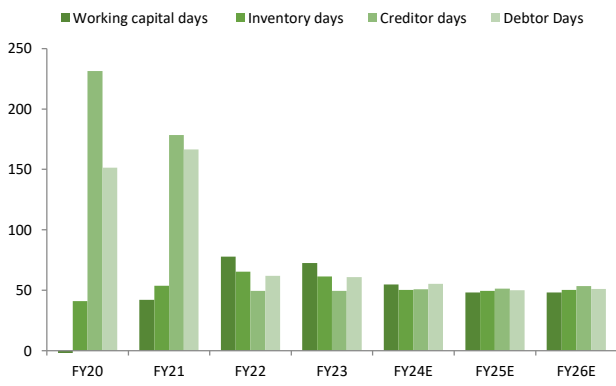
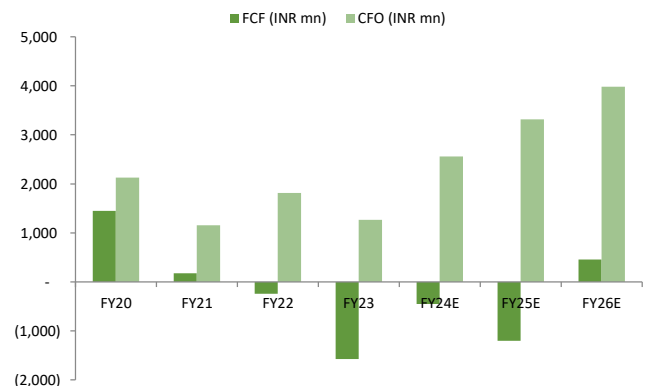


Exhibit 12: Cash flows to be improve.



Source: Company Reports, Arianth 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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