

CMP: INR 850

Rating: BUY

Target Price: INR 2,727

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)	21,616
52w H/L (INR)	1,670/780
Avg Yearly Volume (in 000')	54.6

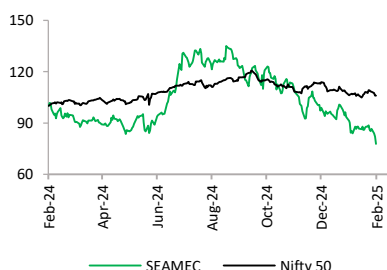
Shareholding Pattern %

(As on Dec, 2024)

Promoters	72.31
DII	6.47
FII	3.44
Public & Others	17.77

Stock Performance (%)	3m	6m	12m
SEAMEC	-30.3	-37.7	-22.3
NIFTY	-3.5	-5.3	6.0

SEAMEC vs NIFTY



Abhishek Jain

abhishek.jain@arihantcapital.com
022-422548871

Balasubramanian A

bala@arihantcapital.com
022-67114780

SEAMEC reported weak numbers, Q3FY25 revenue stood at INR 1,493mn (-30% YoY/+70% QoQ); above our estimates of INR 1,301mn. Gross Profit stood at INR 785mn (-36.5% YoY/+71.4% QoQ), above our estimates of INR 707mn. Gross margins contracted by 538 bps YoY (+45 bps QoQ) to 52.6% vs 57.9% in Q3FY24. The margin contraction is mainly because of the operating expenses increase in terms of sales. The operating expenses in terms of sales stood at 47.4% vs 42.1% in Q3FY24. EBITDA stood at INR 443mn (-51.2% YoY/+186% QoQ); below our estimates of INR 463mn. EBITDA margin contracted by 1284 bps YoY (+1203 bps QoQ) to 29.6% vs 42.5% in Q3FY24. The other income stood at INR -100mn vs INR 58mn in Q3FY24. PAT stood at INR -32mn vs INR 564mn in Q3FY24; below our estimates of INR 143mn. PAT margin stood at -2.2% vs 26.4% in Q3FY24.

Key Highlights

Nusantara and Anant are expected to bring additional revenue: Nusantara Vessel is a DSV and the acquisition is expected to be completed in Q2FY26E. Nusantara's acquisition deal value is around INR 2bn. Nusantara has a contract, that ensures immediate revenue generation. The revenue potential is INR 1.35bn per annum. SEAMEC Anant acquisition deal value is around INR 6bn (~USD 70mn) and is expected to be completed by Q2FY26E. The vessel was newly built and constructed in 2023. The vessel will be deployed with ONGC at USD 45,000/day. The vessel is expected to generate a RoCE of 17%. The funding mix 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.

Highest-ever realization in Swordfish: Seamec has entered into a contract with Safeen Al Behar Ltd for "SEAMEC Swordfish" charter hire to Saudi Arabia and UAE. The contract value is USD 57.4mn for 730 days. The deployment rate for the contract is USD 78,630 per day. SEAMEC Swordfish's new contract is expected to start from 15th Mar 2025 to 31st Mar 2025. The company is focusing on securing long-term contracts of 2-5 years.

Key opportunities in the Middle East and India: Higher Oil & Gas activity was witnessed from Saudi Arabia and the Middle East. Middle East Markets like Saudi Arabia and the Gulf are key growth regions and the company is securing long-term contracts. India offshore expansion with 25 new oil and gas blocks covering 1.91 lakh sq.km will create new opportunities. The company is also establishing a UK office to explore European and African markets.

Outlook & Valuation: Nusantara and Anant vessels acquisition is expected to be completed by Q2FY26E and expected to bring additional revenue of INR 2.7bn per annum going forward. The capex is expected INR 9bn in FY26E, around INR 8bn for vessel acquisitions and INR 1-1.5bn for dry docking of SEAMEC Paladin and SEAMEC II in FY26E. The debt is expected to peak to INR 5bn and expected to be repaid through cash flows from new contracts in FY27E. The company is focusing on key growth regions like the Middle East and Gulf, where realizations are higher. The contracts are dollar-denominated and currency appreciation will benefit for the long term. India's offshore expansion with 25 new oil and gas blocks covering 1.91 lakh sq.km will create new opportunities. East Coast discoveries will provide additional opportunities for SEAMEC Ltd. The asset consolidation would bring additional revenue to SEAMEC and likely unlock the potential going forward. In the base case scenario, we are estimating revenue to grow at a CAGR of 16.8% over the period of FY24-27E backed by long-term contracts, asset consolidation and OSV's. We are estimating EBITDA & PAT margins are expected to be 39.6% & 23.9% 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 2,727 based on 25x of FY27E EPS of INR 109.1, an upside of 220.8%.

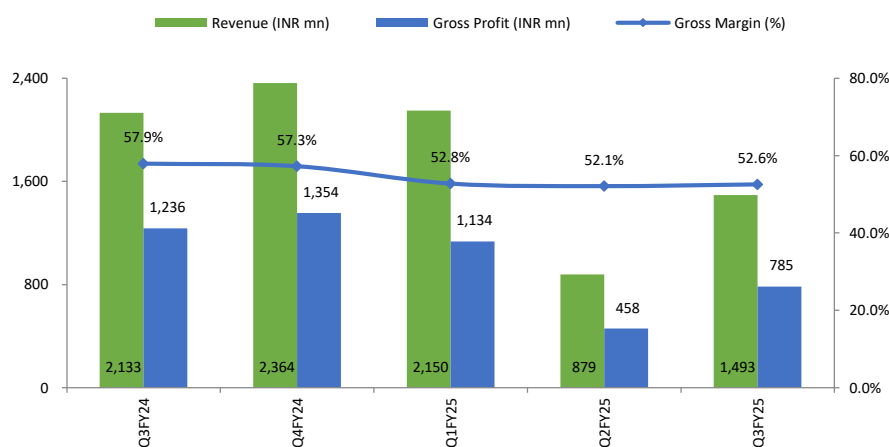
Q3FY25 Results

Income statement summary

Particular (INR mn)	Q3FY24	Q2FY25	Q3FY25	YoY (%)	QoQ (%)
Revenue	2,133	879	1,493	-30.0%	70.0%
Net Raw Materials	897	421	708	-21.0%	68.3%
Gross Profit	1,236	458	785	-36.5%	71.4%
Gross Margin (%)	57.9%	52.1%	52.6%	-538 bps	+45 bps
Employee Cost	238	206	243	2.1%	17.8%
Other Expenses	92	97	100	8.4%	2.6%
EBITDA	906	155	443	-51.2%	186.0%
EBITDA Margin (%)	42.5%	17.6%	29.6%	-1284 bps	+1203 bps
Depreciation	339	316	335		
Interest expense	45	40	34		
Other income	58	224.2	(100)		
Exceptional Items	-	0	0		
Profit before tax	581	23	(26)		
Taxes	16	21	6		
PAT	564	2	(32)		
PAT Margin (%)	26.4%	0.2%	-2.2%		
Other Comprehensive income	(2.5)	39.3	23.2		
Net profit	562	41	(9)		
Net profit Margin (%)	26.3%	4.7%	-0.6%		
EPS (INR)	22.2	0.1	(1.3)		

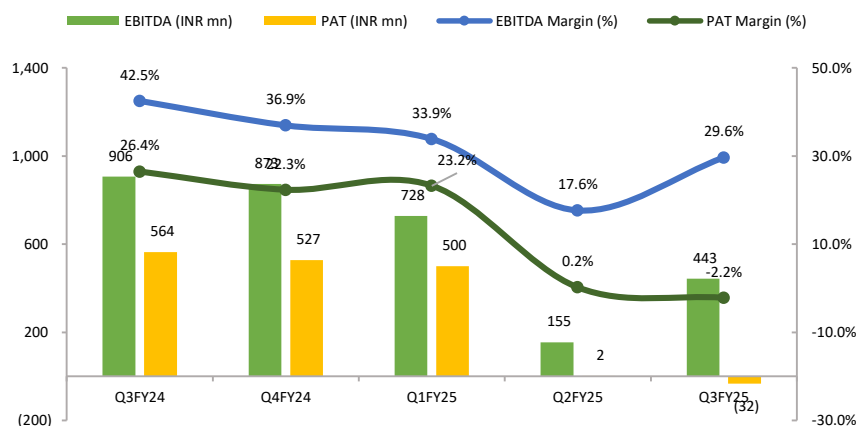
Source: Company Reports, Arihant Capital Research

Exhibit 1: Gross margins contracted by 538 bps YoY (+45 bps QoQ) to 52.6% in Q3FY25 due to higher operating expenses.



Source: Company Reports, Arihant Capital Research

Exhibit 2: EBITDA margin contracted by 1284 bps YoY (+1203 bps QoQ) to 29.6% in Q3FY25; employee costs and other expenses remain elevated in-terms of sales.



Source: Company Reports, Arihant Capital Research

Q3FY25 Concall Highlights**Nusantara**

- Nusantara Vessel is a DSV and the acquisition is expected to be completed in Q2FY26E.
- Nusantara's acquisition deal value is around INR 2bn. Nusantara has a contract, that ensures immediate revenue generation. The revenue potential is INR 1.35bn per annum.

Anant

- SEAMEC Anant acquisition deal value is around INR 6bn (~USD 70mn) and is expected to be completed by Q2FY26E. The vessel is newly built and constructed in 2023.
- The vessel will be deployed with ONGC at USD 45,000/day.
- The vessel is expected to generate a RoCE of 17%. The funding mix through equity issuance to promoters, debt, and internal accruals.

Capex

- The capex is expected INR 8-9bn. The capex mix is Vessel acquisitions – INR 8bn and dry docking maintenance – INR 1-1.5bn.

Dry docking

- The dry docking is planned for SEAMEC Paladin and SEAMEC II in FY26E. The dry docking is essential for regulatory compliance and fleet longevity.
- The vessels undergo various inspections and compliance checks to ensure minimal breakdown risk.

Debt

- Debt is expected to peak at INR 5bn in FY26E and will be repaid through cash flows from new contracts in FY27E.

Deployment rates

- SEAMEC Swordfish deployment rate is around USD 78,600/day and SEAMEC Anant is expected to operate at USD 45,000/day.

Forex impact

- The forex loss stood at INR 100mn. USD-INR movement impact stood at INR 45mn and GBP-INR movement impact stood at INR 94mn.
- It was a non-cash MTM impact and a partial reversal is expected in coming quarters.
- The contracts are dollar-denominated and currency appreciation will benefit for the long term.

Q3FY25 Concall Highlights**Industry**

- India's refinery capacity is expected to grow at a CAGR of 22% over the next few years.
- India offshore expansion with 25 new oil and gas blocks covering 1.91 lakh sq.km will create new opportunities.
- Higher Oil & Gas activity was witnessed from Saudi Arabia and the Middle East.

Swordfish

- SEAMEC Swordfish's new contract is expected to start from 15th Mar 2025 to 31st Mar 2025.

International markets

- Middle East Markets like Saudi Arabia and the Gulf are key growth regions and the company is securing long-term contracts.
- The company is establishing a UK office to explore European and African markets.

Other highlights

- Q4FY25E is expected to be strong due to the full deployment of vessels.
- The company is actively evaluating both new builds and 2nd hand vessels.
- The company is not prioritizing OSV acquisitions and remains open to strategic opportunities.
- SEAMEC Diamond has resumed operations with ONGC, after repairs.
- The company is focusing on securing long-term contracts of 2-5 years.

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	FY25E	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	1,423	1,750	2,310
Deployment Rate (\$/day)	28,805	33,188	30,725	38,599	49,912	51,946	54,914	52,514
USD/INR	73	75	76	80	83	86	88	89
Revenue from Direct Deployment	3,653	2,292	2,935	3,990	6,562	6,394	8,409	10,736
OSV Vessel Revenue	-	-	-	-	-	189	406	542
Standalone revenue	3,653	2,292	2,935	3,990	6,562	6,583	8,814	11,278
Subsidiary revenue	188	276	561	382	637	350	350	350
Revenue from Operations	3,841	2,568	3,496	4,372	7,199	6,933.1	9,164	11,628

Revenue from Direct Deployment (INR mn) - FY25E

		Total Number of days deployed										
	6,394	1,300	1,330	1,360	1,390	1,420	1,450	1,480	1,510	1,540	1,570	1,600
Deployment Rate (\$/day)	51,000	5,733	5,865	5,998	6,130	6,262	6,395	6,527	6,659	6,792	6,924	7,056
	51,300	5,767	5,900	6,033	6,166	6,299	6,432	6,565	6,698	6,831	6,965	7,098
	51,600	5,801	5,934	6,068	6,202	6,336	6,470	6,604	6,738	6,871	7,005	7,139
	51,900	5,834	5,969	6,104	6,238	6,373	6,507	6,642	6,777	6,911	7,046	7,181
	52,200	5,868	6,003	6,139	6,274	6,410	6,545	6,680	6,816	6,951	7,087	7,222
	52,500	5,902	6,038	6,174	6,310	6,446	6,583	6,719	6,855	6,991	7,127	7,264
	52,800	5,935	6,072	6,209	6,346	6,483	6,620	6,757	6,894	7,031	7,168	7,305
	53,100	5,969	6,107	6,245	6,382	6,520	6,658	6,796	6,933	7,071	7,209	7,347
	53,400	6,003	6,141	6,280	6,418	6,557	6,696	6,834	6,973	7,111	7,250	7,388
	53,700	6,037	6,176	6,315	6,455	6,594	6,733	6,872	7,012	7,151	7,290	7,430
54,000	6,070	6,210	6,351	6,491	6,631	6,771	6,911	7,051	7,191	7,331	7,471	

Revenue from Direct Deployment (INR mn) - FY26E

		Total Number of days deployed										
	8,409	1,600	1,630	1,660	1,690	1,720	1,750	1,780	1,810	1,840	1,870	1,900
Deployment Rate (\$/day)	54,000	7,560	7,702	7,844	7,985	8,127	8,269	8,411	8,552	8,694	8,836	8,978
	54,300	7,602	7,745	7,887	8,030	8,172	8,315	8,457	8,600	8,742	8,885	9,027
	54,600	7,644	7,787	7,931	8,074	8,217	8,361	8,504	8,647	8,791	8,934	9,077
	54,900	7,686	7,830	7,974	8,118	8,262	8,407	8,551	8,695	8,839	8,983	9,127
	55,200	7,728	7,873	8,018	8,163	8,308	8,453	8,597	8,742	8,887	9,032	9,177
	55,500	7,770	7,916	8,061	8,207	8,353	8,498	8,644	8,790	8,936	9,081	9,227
	55,800	7,812	7,958	8,105	8,251	8,398	8,544	8,691	8,837	8,984	9,130	9,277
	56,100	7,854	8,001	8,149	8,296	8,443	8,590	8,738	8,885	9,032	9,179	9,327
	56,400	7,896	8,044	8,192	8,340	8,488	8,636	8,784	8,932	9,080	9,228	9,377
	56,700	7,938	8,087	8,236	8,385	8,533	8,682	8,831	8,980	9,129	9,278	9,426
	57,000	7,980	8,130	8,279	8,429	8,579	8,728	8,878	9,027	9,177	9,327	9,476

Revenue from Direct Deployment (INR mn) - FY27E

		Total Number of days deployed										
	10,736	2,200	2,230	2,260	2,290	2,320	2,350	2,380	2,410	2,440	2,470	2,500
Deployment Rate (\$/day)	51,500	10,027	10,164	10,301	10,437	10,574	10,711	10,847	10,984	11,121	11,258	11,394
	51,800	10,085	10,223	10,361	10,498	10,636	10,773	10,911	11,048	11,186	11,323	11,461
	52,100	10,144	10,282	10,421	10,559	10,697	10,835	10,974	11,112	11,250	11,389	11,527
	52,400	10,202	10,341	10,481	10,620	10,759	10,898	11,037	11,176	11,315	11,454	11,594
	52,700	10,261	10,401	10,541	10,680	10,820	10,960	11,100	11,240	11,380	11,520	11,660
	53,000	10,319	10,460	10,601	10,741	10,882	11,023	11,163	11,304	11,445	11,586	11,726
	53,300	10,378	10,519	10,661	10,802	10,944	11,085	11,227	11,368	11,510	11,651	11,793
	53,600	10,436	10,578	10,721	10,863	11,005	11,147	11,290	11,432	11,574	11,717	11,859
	53,900	10,494	10,637	10,781	10,924	11,067	11,210	11,353	11,496	11,639	11,782	11,925
	54,200	10,553	10,697	10,841	10,984	11,128	11,272	11,416	11,560	11,704	11,848	11,992
	54,500	10,611	10,756	10,901	11,045	11,190	11,335	11,479	11,624	11,769	11,913	12,058

Source: Company reports, Arianth Capital Research

- Bull Case

- Base Case

- Bear Case

Outlook & Valuation: Nusantara and Anant vessels acquisition is expected to be completed by Q2FY26E and expected to bring additional revenue of INR 2.7bn per annum going forward. The capex is expected INR 9bn in FY26E, around INR 8bn for vessel acquisitions and INR 1-1.5bn for dry docking of SEAMEC Paladin and SEAMEC II in FY26E. The debt is expected to peak to INR 5bn and expected to be repaid through cash flows from new contracts in FY27E. The company is focusing on key growth regions like the Middle East and Gulf, where realizations are higher. The contracts are dollar-denominated and currency appreciation will benefit for the long term. India's offshore expansion with 25 new oil and gas blocks covering 1.91 lakh sq.km will create new opportunities. East Coast discoveries will provide additional opportunities for SEAMEC Ltd. The asset consolidation would bring additional revenue to SEAMEC and likely unlock the potential going forward. In the base case scenario, we are estimating revenue to grow at a CAGR of 16.8% over the period of FY24-27E backed by long-term contracts, asset consolidation and OSV's. We are estimating EBITDA & PAT margins are expected to be 39.6% & 23.9% 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 2,727 based on 25x of FY27E EPS of INR 109.1, an upside of 220.8%.

Exhibit 4: Bull Case Scenario

Y/e 31 Mar (INR mn)	FY21	FY22	FY23	FY24	FY25E	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	1,480	1,810	2,350
Deployment Rate (\$/day)	33,188	30,725	38,599	49,912	52,800	55,800	53,300
USD/INR	75	76	80	83	86	88	89
Revenue from Direct Deployment	2,292	2,935	3,990	6,562	6,757	8,837	11,085
Other Vessel Revenue	-	-	-	-	189	406	542
Standalone revenue	2,292	2,935	3,990	6,562	6,946	9,243	11,627
Subsidiary revenue	276	561	382	637	350	350	350
Revenue from Operations	2,568	3,496	4,372	7,199	7,296	9,593	11,977
EBITDA	667	1,291	1,264	2,422	2,274	3,634	4,733
EBITDA Margin (%)	26.0%	36.9%	28.9%	33.6%	31.2%	37.9%	39.5%
PAT	988	837	336	1,207	1,038	2,068	2,906
PAT Margin (%)	38.5%	23.9%	7.7%	16.8%	14.2%	21.6%	24.3%
EPS (INR)	41.8	34.2	16.7	49.0	40.8	81.3	114.3

Valuation - P/E (FY27E)

EPS (INR) 114.3

P/E (x) 28.0

Target Price (INR) 3,200

CMP (INR) 850

Upside/Downside (%) 276.4%

Source: Company, Arihant Capital Research

Exhibit 5: Base Case Scenario

Y/e 31 Mar (INR mn)	FY21	FY22	FY23	FY24	FY25E	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	1,423	1,750	2,310
Deployment Rate (\$/day)	33,188	30,725	38,599	49,912	51,946	54,914	52,514
USD/INR	75	76	80	83	84	85	86
Revenue from Direct Deployment	2,292	2,935	3,990	6,562	6,394	8,409	10,736
Other Vessel Revenue	-	-	-	-	189	406	542
Standalone revenue	2,292	2,935	3,990	6,562	6,583	8,814	11,278
Subsidiary revenue	276	561	382	637	350	350	350
Revenue from Operations	2,568	3,496	4,372	7,199	6,933	9,164	11,628
EBITDA	667	1,291	1,264	2,422	2,158	3,472	4,602
EBITDA Margin (%)	26.0%	36.9%	28.9%	33.6%	31.1%	37.9%	39.6%
PAT	988	837	336	1,207	921	1,904	2,774
PAT Margin (%)	38.5%	23.9%	7.7%	16.8%	13.3%	20.8%	23.9%
EPS (INR)	41.8	34.2	16.7	49.0	36.2	74.9	109.1

Valuation - P/E (FY27E)

EPS (INR) 109.1

P/E (x) 25.0

Target Price (INR) 2,727

CMP (INR) 850

Upside/Downside (%) 220.8%

Source: Company, Arihant Capital Research

Outlook & Valuation

Exhibit 6: Bear Case Scenario

Y/e 31 Mar (INR mn)	FY21	FY22	FY23	FY24	FY25E	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	1,360	1,720	2,260
Deployment Rate (\$/day)	33,188	30,725	38,599	49,912	51,600	54,600	52,100
USD/INR	75	76	80	83	86	88	89
Revenue from Direct Deployment	2,292	2,935	3,990	6,562	6,068	8,217	10,421
Other Vessel Revenue	-	-	-	-	189	406	542
Standalone revenue	2,292	2,935	3,990	6,562	6,257	8,623	10,963
Subsidiary revenue	276	561	382	637	350	350	350
Revenue from Operations	2,568	3,496	4,372	7,199	6,607	8,973	11,313
EBITDA	667	1,291	1,264	2,422	2,044	3,399	4,475
EBITDA Margin (%)	26.0%	36.9%	28.9%	33.6%	30.9%	37.9%	39.6%
PAT	988	837	336	1,207	806	1,831	2,646
PAT Margin (%)	38.5%	23.9%	7.7%	16.8%	12.2%	20.4%	23.4%
EPS (INR)	41.8	34.2	16.7	49.0	31.7	72.0	104.1
Valuation - P/E (FY27E)							
EPS (INR)							104.1
P/E (x)							22.0
Target Price (INR)							2,289
CMP (INR)							850
Upside/Downside (%)							169.3%

Source: Company, Arihant Capital Research

Financial Statements

Income statement summary

Y/e 31 Mar (INR mn)	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Revenue	2,568	3,496	4,372	7,293	6,933	9,164	11,628
Operating expenses	1,284	1,334	2,046	3,346	3,273	4,124	5,163
Gross Profit	1,284	2,162	2,327	3,947	3,660	5,040	6,465
Gross Margin (%)	50.0%	61.8%	53.2%	54.1%	52.8%	55.0%	55.6%
Employee Cost	532	601	761	919	1,006	1,155	1,453
Other Expenses	85	270	302	606	495	414	409
EBITDA	667	1,291	1,264	2,422	2,158	3,472	4,602
EBITDA Margin (%)	26.0%	36.9%	28.9%	33.2%	31.1%	37.9%	39.6%
Depreciation	(566)	(839)	(1,120)	(1,348)	(1,322)	(1,519)	(1,753)
Interest expense	(48)	(64)	(68)	(163)	(154)	(174)	(218)
Other income	390	460	200	289	233	247	335
Exceptional Items	619	-	-	-	87	-	-
Profit before tax	1,062	848	276	1,200	1,004	2,026	2,966
Taxes	(75)	(11)	60	6	(83)	(122)	(193)
PAT	988	837	336	1,207	921	1,904	2,774
PAT Margin (%)	38.5%	23.9%	7.7%	16.5%	13.3%	20.8%	23.9%
Other Comprehensive income	75	32	89	39	-	-	-
Net profit	1,063	869	425	1,246	921	1,904	2,774
EPS (INR)	41.8	34.2	16.7	49.0	36.2	74.9	109.1

Source: Company Reports, Arihant Capital Research

Balance sheet summary

Y/e 31 Mar (INR mn)	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Equity capital	254	254	254	254	254	254	254
Reserves	6,367	7,230	7,649	8,860	9,761	11,626	14,341
Net worth	6,621	7,485	7,903	9,114	10,015	11,880	14,595
Minority Interest	23	27	12	10	10	10	10
Provisions	13	16	21	26	9	13	16
Debt	1,443	1,832	1,843	3,510	2,560	6,160	3,510
Other non-current liabilities	51	61	2	-	104	92	116
Total Liabilities	8,152	9,421	9,781	12,660	12,698	18,153	18,247
Fixed assets	2,908	4,106	5,848	7,018	7,402	14,897	13,467
Capital Work In Progress	0	19	-	6	14	23	24
Other Intangible assets	1	1	2	2	2	2	2
Investments	2,996	2,713	1,366	1,259	1,803	1,375	2,093
Other non current assets	50	68	289	363	381	414	581
Net working capital	615	474	661	2,232	927	868	966
Inventories	202	276	412	543	493	610	764
Sundry debtors	788	395	1,059	2,277	1,292	1,506	1,752
Loans & Advances	-	-	-	-	-	-	-
Other current assets	62	87	51	827	152	100	127
Sundry creditors	(353)	(243)	(601)	(1,125)	(733)	(983)	(1,213)
Other current liabilities & Prov	(85)	(42)	(259)	(290)	(277)	(367)	(465)
Cash	277	238	1,546	1,361	1,459	143	492
Other Financial Assets	1,305	1,803	70	263	555	275	465
Total Assets	8,152	9,421	9,781	12,660	12,698	18,153	18,247

Source: Company Reports, Arihant Capital Research

Du-Pont Analysis

Y/e 31 Mar	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Tax burden (x)	0.9	1.0	1.2	1.0	0.9	0.9	0.9
Interest burden (x)	10.5	1.9	1.9	1.1	1.2	1.0	1.0
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	0.7
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%	9.6%	17.4%	21.0%

Source: Company Reports, Arihant Capital Research

Financial Statements

Cashflow summary

Y/e 31 Mar (INR mn)	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Profit before tax	1,062	848	276	1,200	1,004	2,026	2,966
Depreciation	566	839	1,120	1,348	1,322	1,519	1,753
Tax paid	(75)	(11)	60	6	(83)	(122)	(193)
Working capital Δ	(396)	141	(188)	(1,571)	1,305	59	(98)
Operating cashflow	1,158	1,817	1,268	828	3,547	3,482	4,429
Capital expenditure	(982)	(2,056)	(2,842)	(2,523)	(1,714)	(9,023)	(324)
Free cash flow	176	(239)	(1,574)	(1,696)	1,833	(5,541)	4,105
Equity raised	45	31	67	28	-	-	-
Investments	(645)	283	1,346	107	(543)	428	(718)
Others	137	(515)	1,512	(268)	(310)	247	(357)
Debt financing/disposal	254	389	11	1,666	(950)	3,600	(2,650)
Other items	28	12	(55)	4	87	(9)	28
Net Δ in cash	(4)	(39)	1,308	(185)	98	(1,316)	349
Opening Cash Flow	281	277	238	1,546	1,361	1,459	143
Closing Cash Flow	277	238	1,546	1,361	1,459	143	492

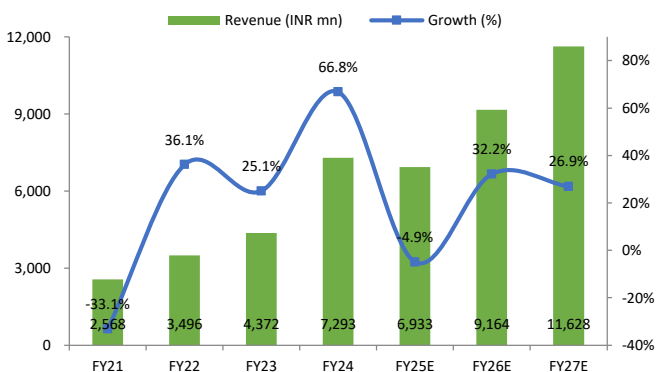
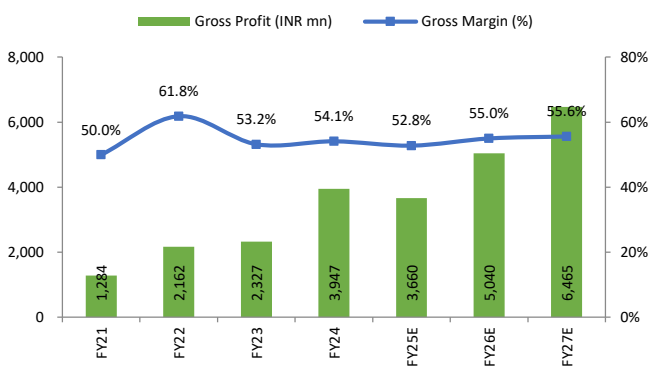
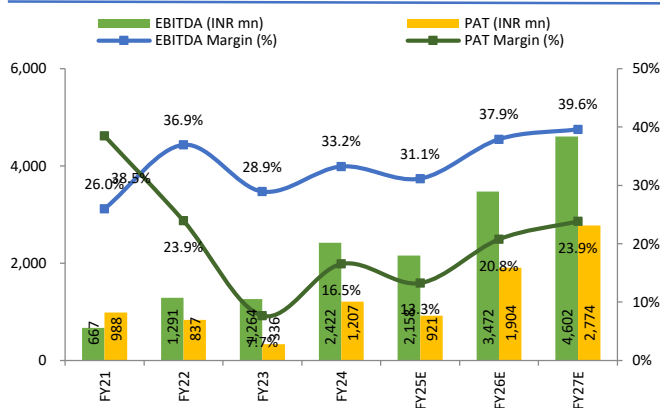
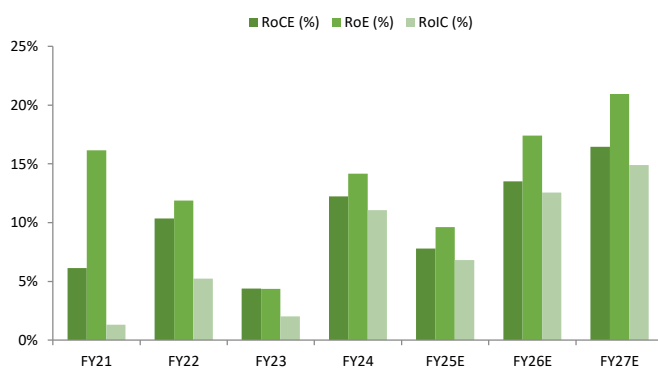
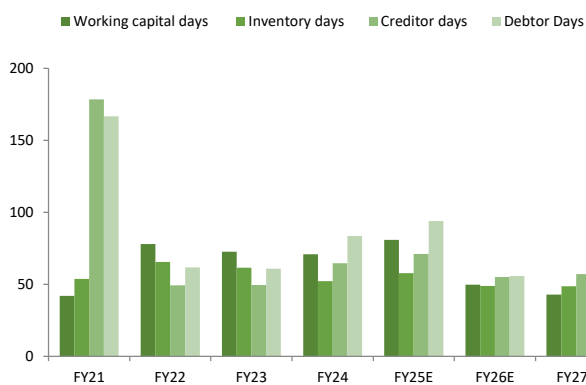
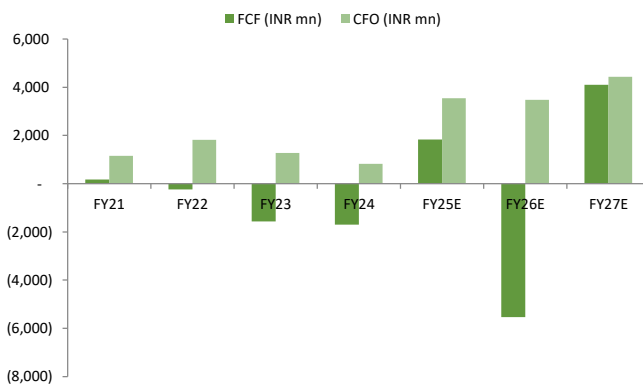
Source: Company Reports, Arihant Capital Research

Ratio analysis

Y/e 31 Mar	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Growth matrix (%)							
Revenue growth	-33.1%	36.1%	25.1%	66.8%	-4.9%	32.2%	26.9%
Op profit growth	-60.4%	93.5%	-2.1%	91.6%	-10.9%	60.8%	32.6%
Profitability ratios (%)							
OPM	26.0%	36.9%	28.9%	33.2%	31.1%	37.9%	39.6%
Net profit margin	38.5%	23.9%	7.7%	16.5%	13.3%	20.8%	23.9%
RoCE	6.1%	10.3%	4.4%	12.2%	7.8%	13.5%	16.5%
RoNW	16.2%	11.9%	4.4%	14.2%	9.6%	17.4%	21.0%
RoA	12.1%	8.9%	3.4%	9.5%	7.2%	10.5%	15.2%
Per share ratios (INR)							
EPS	41.8	34.2	16.7	49.0	36.2	74.9	109.1
Dividend per share	-	-	-	1.0	0.8	1.6	2.3
Cash EPS	61.1	65.9	57.3	100.4	88.2	134.6	178.0
Book value per share	260.4	294.4	310.8	358.4	393.8	467.2	573.9
Valuation ratios (x)							
P/E	20.3	24.9	50.9	17.4	23.5	11.4	7.8
P/CEPS	13.9	12.9	14.8	8.5	9.6	6.3	4.8
P/B	3.3	2.9	2.7	2.4	2.2	1.8	1.5
EV/EBITDA	29.6	15.9	16.3	9.3	9.7	7.6	4.9
Payout (%)							
Dividend payout	0.0%	0.0%	0.0%	2.1%	2.1%	2.1%	2.1%
Tax payout	7.0%	1.3%	-21.7%	-0.5%	8.3%	6.0%	6.5%
Liquidity ratios							
Debtor days	167	62	61	83	94	56	51
Inventory days	54	65	61	52	58	49	49
Creditor days	178	49	50	65	71	55	57
WC Days	42	78	73	71	81	50	43
Leverage ratios (x)							
Interest coverage	2.1	7.0	2.1	6.6	5.4	11.2	13.1
Net debt / equity	0.2	0.2	0.0	0.2	0.1	0.5	0.2
Net debt / op. profit	1.7	1.2	0.2	0.9	0.5	1.7	0.7

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, Arianth Capital Research

Arihant Research DeskEmail: instresearch@arihantcapital.com

Tel. : 022-42254800

Head Office	Registered Office
#1011, Solitaire Corporate Park Building No. 10, 1 st Floor Andheri Ghatkopar Link Road Chakala, Andheri (E) Mumbai – 400093 Tel: (91-22) 42254800 Fax: (91-22) 42254880	Arihant House E-5 Ratlam Kothi Indore - 452003, (M.P.) Tel: (91-731) 3016100 Fax: (91-731) 3016199

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

Disclaimer: This document has been prepared by Arihant Capital Markets Ltd. This document does not constitute an offer or solicitation for the purchase and sale of any financial instrument by Arihant. This document has been prepared and issued on the basis of publicly available information, internally developed data and other sources believed to be reliable. Whilst meticulous care has been taken to ensure that the facts stated are accurate and opinions given are fair and reasonable, neither the analyst nor any employee of our company is in any way responsible for its contents and nor is its accuracy or completeness guaranteed. This document is prepared for assistance only and is not intended to be and must not alone be taken as the basis for an investment decision. The user assumes the entire risk of any use made of this information. Arihant may trade in investments, which are the subject of this document or in related investments and may have acted upon or used the information contained in this document or the research or the analysis on which it is based, before its publication. This is just a suggestion and Arihant will not be responsible for any profit or loss arising out of the decision taken by the reader of this document. Affiliates of Arihant may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report. No matter contained in this document may be reproduced or copied without the consent of the firm.

Arihant Capital Markets Ltd.
1011, Solitaire Corporate park, Building No. 10, 1st Floor,
Andheri Ghatkopar Link Road, Chakala, Andheri (E)
Tel. 022-42254800 Fax. 022-42254880