ABS Marine Services Ltd — FY 2024 Annual Report Analysis

Annual Report Analysis (Consolidated)

Source: CRORES. All figures Crores. Pipeline: v5-Gemini — W1a → W3 → W1b+W2+W2F (parallel, notes-injected) → Merge.

Investor Snapshot

#	Analytical Point	Sentiment
1	ABS Marine Services operates a niche offshore model, now deriving 58% of its □135.16 Cr revenue from ship management fees, though its core fleet is 66% depreciated.	□Neutral
2	**Consolidated top-line growth of 21% YoY reflects a successful strategic pivot toward service-oriented income despite challenging market conditions.**	□Positive
3	**Operating margins expanded significantly to 33% from 25% following the cessation of low-margin fuel trading, signaling improved operational efficiency.**	□Positive
4	***While PAT surged 150% to 25 Cr, the bottom line is heavily skewed by a 7.1 Cr deferred tax credit, resulting in an unsustainably low 3% effective tax rate.***	□Negative
5	***Nominal leverage remains manageable at 0.4x D/E, yet financial health is compromised by a 30.71 Cr corporate guarantee issued to a related party, nearly matching total long-term debt.***	□Negative
6	***Cash conversion is a primary concern, with CFO of 11 Cr representing only 44% of PAT, leading to a 61% depletion in cash reserves to 7 Cr.***	□Negative
7	***Capital expenditure currently trails depreciation, indicating a lack of reinvestment in a fleet that requires urgent renewal to maintain competitive moats.***	□Negative
8	***Low earnings quality is evidenced by the 14 Cr gap between accounting profit and operating cash, exacerbated by high RPT receivables of 20.11 Cr.***	□Negative
9	***Governance risks are elevated by high RPT concentration, with 28% of turnover linked to Oceandeep Energies and a family-heavy board structure.***	□Negative
10	***The bear case centers on a potential default by Oceandeep Energies, which would trigger the 30.71 Cr guarantee and wipe out over a year of earnings.***	□Negative
11	The upcoming IPO on NSE Emerge serves as the critical catalyst for deleveraging and funding the overdue fleet expansion cycle.	□Neutral
12	Maintain a WATCH stance; key monitorables include the discharge of the RPT guarantee and the normalization of the CFO/PAT ratio above 0.8x.	□Neutral

1. BUSINESS OVERVIEW (In Bullet Points)

- **Business Segments:** ABS Marine Services is an integrated maritime player operating across four synergistic verticals: **Ship Owning** (capital-intensive chartering), **Ship Management** (technical and operational services for third-party/group vessels), **Marine Services**, and **Port Services** (offshore support and logistics).
- **Revenue Drivers:** Consolidated revenue grew 21% to **□135.16 Crore** in FY24. Growth is primarily driven by a structural pivot toward **Ship Management Fees** (now 58.37% of revenue) and increased chartering activity.

- **Cost Drivers:** The business is sensitive to **finance costs**, **depreciation**, and **Ship Running and Maintenance** expenses, which spiked 64.63% in FY24 due to an aging fleet.
- **Industry Position:** The company operates in a specialized niche of the Indian offshore and coastal shipping market, benefiting from government initiatives like *Sagarmala*.
- **Expansion Plans:** ABS is transitioning from a private entity to a listed SME (NSE Emerge platform). The IPO proceeds are intended to fund vessel acquisitions and deleverage the balance sheet.
- **Acquisitions & Divestments:** The company divested its stake in the JV **Sea Chart Shipping Private Limited** in April 2023, selling shares to the CMD to simplify corporate structure ahead of the IPO.
- **Capacity & Assets:** The fleet is currently **66% depreciated** (Net Block ₹82 Cr vs Gross Block ₹245 Cr), indicating a significant need for upcoming capacity additions or replacements.
- **Geographical Presence:** Operations are focused on India, with a Singapore subsidiary (**ABS Marine Singapore Pte Ltd**) currently acting as a cost center with negligible activity.
- **Segment Performance: Epsom Shipping India Pvt Ltd** (subsidiary) is a high-performer, contributing **₹17.03 Crore** to turnover with a strong PAT of **₹6.03 Crore**.

2. MANAGEMENT COMMENTARY & OUTLOOK

- Management is prioritizing the transition to public markets, with the DRHP filed in February 2024 for an NSE Emerge listing.
- The decision to skip dividends despite a 147% jump in consolidated PAT signals an aggressive reinvestment phase focused on scaling the **Ship Owning** segment.
- Management characterizes the current environment as having "poor market conditions," yet remains optimistic about "tremendous growth opportunities" in the Indian offshore sector.
- Strategic focus is shifting toward the **Ship Management** model, which is more service-fee-based and stable compared to traditional chartering.
- The company is seeking approval for transactions worth **₹45.00 Crore** (approx. 28% of turnover) with **Oceandeep Energies Private Limited**, highlighting a strategy of deep integration with group entities.
- New committees (Risk, Stakeholders) and Independent Directors were appointed in late 2023 to align with public company governance standards.
- The long-term vision involves using the SME exchange as a springboard to eventually transition into a mid-cap maritime player.
- **Management Tone:** The tone is opportunistic and transitionary, characterized by a "growth-at-all-costs" mindset. There is a slight disconnect between the "poor market conditions" cited and the record financial performance, suggesting management is being conservative in industry assessment while remaining aggressive in internal execution.

3. FINANCIAL ANALYSIS

3.1 Financial Statements

Source: Screener.in — all monetary values in Crores. Use these numbers directly.

P&L Statement (□Crores)

Line Item	Mar 2024	Mar 2023
Sales -	135.00	111.00
Sales Growth %	21.00	55.00
Expenses -	90.00	84.00
Manufacturing Cost %	59.00	67.00
Employee Cost %	0.00	0.00
Other Cost %	8.00	8.00
Operating Profit	45.00	28.00
OPM %	33.00	25.00
Other Income -	0.00	3.00
Exceptional items	-1.10	1.07
Other income normal	0.91	1.49
Interest	5.00	5.00
Depreciation	14.00	13.00
Profit before tax	26.00	12.00
Tax %	3.00	17.00
Net Profit -	25.00	10.00
Minority share	-2.00	-1.00
Exceptional items AT	-1.00	1.00
Profit excl Excep	26.00	9.00
Profit for PE	24.00	9.00
Profit for EPS	24.00	10.00
Profit Growth %	177.00	2,061.00
EPS in Rs	0.00	0.00
Dividend Payout %	0.00	0.00

Balance Sheet (□Crores)

Line Item	Mar 2024	Mar 2023
Equity Capital	18.00	0.01
Reserves	99.00	94.00
Borrowings -	46.00	49.00
Long term Borrowings	27.00	29.00
Short term Borrowings	19.00	20.00
Other Borrowings	0.00	0.00
Other Liabilities -	22.00	33.00
Non controlling int	9.65	7.79
Trade Payables	5.00	16.93
Advance from Customers	0.00	0.00
Other liability items	7.30	8.63
Total Liabilities	185.00	176.00
Fixed Assets -	82.00	86.00
Building	2.95	3.87
Ships Vessels	237.38	224.74
Equipments	0.36	0.30
Computers	0.36	0.32
Furniture n fittings	0.17	0.17
Vehicles	3.92	4.28
Intangible Assets	0.01	0.01
Other fixed assets	0.31	0.31
Gross Block	245.46	234.00
Accumulated Depreciation	163.51	148.13
CWIP	0.00	0.00
Investments	11.00	5.00
Other Assets -	92.00	84.00
Trade receivables -	32.00	24.00
Receivables over 6m	4.76	5.49
Receivables under 6m	27.29	18.72
Cash Equivalents	7.00	18.00
Loans n Advances	9.00	5.00
Other asset items	45.00	37.00
Total Assets	185.00	176.00

Cash Flow Statement (□Crores)

Line Item	Mar 2024	Mar 2023
Cash from Operating Activity -	11.00	5.00
Profit from operations	45.00	29.00
Receivables	-8.00	-12.00
Payables	-16.00	8.00
Loans Advances	-8.00	0.00
Operating borrowings	-1.00	-2.00
Other WC items	3.00	-21.00
Working capital changes	-30.00	-27.00
Direct taxes	-5.00	2.00
Cash from Investing Activity -	-15.00	19.00
Fixed assets purchased	-13.00	-8.00
Fixed assets sold	2.00	0.00
Investments purchased	-5.00	-3.00
Investments sold	0.00	29.00
Interest received	1.00	0.00
Dividends received	0.00	0.00
Other investing items	0.00	0.00
Cash from Financing Activity -	-7.00	-17.00
Proceeds from shares	0.00	0.00
Proceeds from borrowings	0.00	3.00
Repayment of borrowings	-2.00	-15.00
Interest paid fin	-5.00	-5.00
Net Cash Flow	-11.00	7.00
Free Cash Flow	0.00	-3.00
CFO/OP	34.00	10.00

Key Ratios (□Crores)

Line Item	Mar 2024	Mar 2023
Debtor Days	87.00	79.00
Inventory Days	0.00	0.00
Days Payable	0.00	0.00
Cash Conversion Cycle	87.00	79.00
Working Capital Days	40.00	-45.00
ROCE %	20.00	11.00

3.2 Financial Analysis Summary

- **Revenue** grew 21.62% to ₹**135.00 Cr**, driven by a structural pivot where **Ship Management Fees** reached ₹**78.89 Cr** (58.37% of total) from zero in the prior year, while **Charter Hire Charges** declined 30.71% to ₹**55.21 Cr**.
- The cessation of the low-margin **Sale of Fuel** segment (₹**15.20 Cr** in FY23) and the shift toward management models expanded the **OPM %** to **33.00%** from **25.00%**, although this was tempered by a 64.63% spike in **Ship Running and Maintenance** costs to ₹**19.13 Cr**, signaling an aging fleet.
- **Net Profit** surged 150% to ₹**25.00 Cr**, but the quality of this earnings growth is weakened by a negative **Tax %** of **3.00%** (a ₹**7.10 Cr** deferred tax credit) and a non-recurring **Loss on Sale of PPE** of ₹**3.04 Cr**.
- **Working Capital Days** deteriorated sharply from -45 to 40 days as **Trade Receivables** rose 33.33% to ₹**32.00 Cr** and **Trade Payables** were aggressively reduced by 67.38% to ₹**5.00 Cr**, creating a significant liquidity drag.
- The **Cash Flow Statement** reveals poor earnings quality, with **CFO** of only ₹**11.00 Cr** against a **PAT** of ₹**25.00 Cr**, primarily due to a ₹**30.00 Cr** absorption by **Working capital changes**, including a ₹**16.00 Cr** outflow for **Payables**.
- **Fixed Assets** (Net Block) decreased to ₹**82.00 Cr** as **Depreciation** of ₹**14.00 Cr** exceeded **Capex** of ₹**13.00 Cr**; the **Ships Vessels** gross block of ₹**237.38 Cr** is now 66% depreciated, indicating a high probability of significant future capital requirements.
- **Total Debt** remained relatively stable at ₹**46.00 Cr**, but the company faces substantial off-balance sheet risk through a new **Corporate Guarantee** of ₹**30.71 Cr** issued to a related party, nearly matching its total long-term borrowings.
- **Finance Cost** of ₹**5.00 Cr** is linked to a mix of secured port-receivable escrow loans and **Short term Borrowings** of ₹**13.89 Cr** secured against the company's own Fixed Deposits, suggesting inefficient capital utilization.
- **ROCE %** nearly doubled to **20.00%** due to improved operating margins, yet **Net Cash Flow** was negative at **-**₹**11.00 Cr**, forcing the company to rely on its cash reserves, which fell from ₹**18.00 Cr** to ₹**7.00 Cr**.
- Extreme related-party concentration exists with **Oceandeep Energies Pvt Ltd**, involving ₹**22.35 Cr** in **Charter Hire Charges** paid and a ₹**20.11 Cr** receivable balance, which represents a significant portion of **Total Assets** and poses a major liquidity and governance risk.
- **Other Expenses** were impacted by a 250% spike in **Professional Charges** (₹**2.87 Cr**) and the ₹**3.04 Cr** loss on asset sales, which acted as significant margin detractors.
- **Short Term Loans and Advances** spiked 177% to ₹**13.30 Cr**, further tightening liquidity alongside the reduction in **Trade Payables**.
- The dominant financial theme of the year is a **margin-accretive business model transition that is currently decoupled from cash flow generation**, leaving the company reliant on IPO proceeds to fund an imminent and necessary fleet renewal cycle.

3.3 Contingent Liabilities & Commitments

- **Corporate Guarantee:** A new and substantial guarantee of ₹**30.71 Cr** was issued in FY24 to **Oceandeep Energies Pvt Ltd**. This represents a significant off-balance sheet risk nearly equal to the company's total long-term debt.
- **Customs Duty:** A liability of ₹**1.15 Cr** is under appeal. No provision has been made as the matter remains unresolved from the previous year.
- **Capital Commitments:** While not explicitly quantified as a single figure, the **66% depreciation** of the fleet implies a massive implicit capital commitment for vessel replacement in the near term.

3.9 Earnings Quality & Forensic Checks

#	Check	Impact	Status	Evidence	Notes Detail
1	PAT vs CFO trend	Profit ↓ — earnings overstate cash; □14 Cr gap driven by rising receivables and loans.	□	PAT □25 Cr vs CFO □11 Cr	[CFO vs PAT] gap due to □7.84 Cr receivable increase.
2	Receivables & channel-stuffing signal	Revenue ↑↓ — receivables growth outpaces sales; debtor days increased from 79 to 87.	□	Receivables □32 Cr (+33%) vs Sales □135 Cr (+21%)	[Note 15] Receivables > 6m stagnant at □4.76 Cr.
3	Revenue timing	Neutral — revenue recognized over time; absence of customer advances indicates standard billing cycles.	□	Advance from Customers □0.00	[Note 1.a] Revenue from Ship Management recognized as services rendered.
4	Revenue from related parties %	Profit ↑↓ — high RPT concentration; □20.11 Cr receivable from Oceandeep signals significant counterparty risk.	□	□20.11 Cr due from Oceandeep Energies	[Note 28] Extreme concentration with enterprise where KMP has influence.
5	Inventory vs revenue growth	Neutral — zero inventory balance; business model relies on service fees and chartering.	□	Inventory □0.00 in both years	Service sector company with no physical goods inventory.
6	Inventory valuation method change	Neutral — no inventory held; valuation policy is not applicable to service-based operations.	□	Inventory □0.00	No inventory policy required for this business model.
7	Exceptional items in operating profit	Profit ↓ — non-recurring asset sale loss; □3.04 Cr PPE loss drags down reported earnings.	□	Exceptional items -□1.10 Cr; PPE loss □3.04 Cr	[Note 22] Significant non-recurring loss on sale of fixed assets.
8	Depreciation rate vs useful life policy	Profit ↓ — aging fleet risk; 66% of ship assets depreciated, signaling imminent heavy Capex.	□	Gross Block □245 Cr vs Net Block □82 Cr	[Note 10] Ships category is substantially depreciated (approx. 66% consumed).
9	Provision reversals boosting PAT	Profit ↑ — minor provision reversal; □0.08 Cr gratuity reversal provides negligible non-cash PAT boost.	□	Gratuity reversal □0.08 Cr	[Note 27] Reversal suggests over-provisioning or changes in actuarial assumptions.
10	Tax rate consistency + cash tax vs P&L tax	Profit ↑ — tax credit boost; 3% effective rate driven by □7.10 Cr deferred tax adjustment.	□	Tax % dropped from 17% to 3% YoY	[Taxation] Negative tax expense of □7.10 Cr artificially boosted PAT.
11	CWIP age and stalling projects	Neutral — zero CWIP balance; no evidence of stalled capital projects or capitalization delays.	□	CWIP □0.00	No capital work in progress reported for FY 2024.
12	Deferred tax asset recognition adequacy	Profit ↑ — DTA adjustment artificially inflates PAT; □7.10 Cr credit masks lower pre-tax profitability.	□	Tax expense -□7.10 Cr in P&L	[Taxation] Significant DTA reversal/adjustment used to increase net profit.
13	RPT quantum and trend	Profit ↑↓ — extreme RPT exposure; □30.71 Cr guarantee to Oceandeep creates massive off-balance sheet risk.	□	Corporate Guarantee □30.71 Cr; RPT Charter Paid □22.35 Cr	[Note 25/28] Guarantee nearly equals total long-term debt of company.
14	Dividend paid vs FCF adequacy	Neutral — zero dividend payout; company retains limited cash flow to fund operations and debt.	□	Dividend Payout 0%; FCF □0.00	Cash flow primarily utilized for debt repayment and working capital.

#	Check	Impact	Status	Evidence	Notes Detail
15	Auditor Reliance on Unaudited Data	Neutral — Singapore subsidiary statements were unaudited and furnished by management.	□	Assets: □3.03 Cr; Revenue: Nil	[Note 6.a] Auditor deemed non-material but represents a transparency gap.
16	Pending Satisfaction of Charge	Neutral — Failure to file "satisfaction of charge" for a 2016 loan closed in FY21.	□	Charge in favor of Sumitomo Mitsui	[Note 29.viii] Cited "technical reasons" for non-filing with ROC.

4. MANAGEMENT & GOVERNANCE

A. Auditor Report & Key Audit Matters

- **Audit Opinion:** Unqualified (Clean).
- **Key Audit Matters:** Not explicitly defined as KAMs; however, the auditor highlighted reliance on unaudited financial statements for the Singapore subsidiary (**ABS Marine Singapore Pte Ltd**). Assets of □3.03 Cr and Nil revenue were deemed non-material.
- **Internal Financial Controls:** Clean opinion issued, though administrative lapses were noted regarding the failure to file "satisfaction of charge" for a 2016 loan from Sumitomo Mitsui Banking Corporation, despite the contract closing in FY 2020-21.
- **Going Concern:** No adverse remarks; accounts prepared on a going concern basis.

B. Related Party Transactions

Party	Relationship	Nature	Amount (□ Cr)	Concern
Oceandeep Energies Pvt Ltd	KMP Influence	Corporate Guarantee Given	30.71 Cr	***High off-balance sheet risk***
Oceandeep Energies Pvt Ltd	KMP Influence	Charter Hire Charges Paid	22.35 Cr	***Significant revenue leakage***
Oceandeep Energies Pvt Ltd	KMP Influence	Amount Due From	20.11 Cr	***Liquidity lock-up risk***
Capt. P.B. Narayanan	Promoter/ KMP	Remuneration	0.72 Cr	Standard
Epsom Shipping India Pvt Ltd	Subsidiary	Sale of Asset	16.50 Cr	Intra-group transfer

- **RPT Verdict:** Governance Concern □ The scale of inter-dependency with Oceandeep Energies (guarantees, charter hire, and receivables) suggests the listed entity is being used to support the credit profile of a private related entity. RPT Charter Hire alone represents 16.55% of revenue, exceeding the 15% threshold.

C. Shareholding

- **Pledged Shares:** 0.00% (No pledges disclosed in the Annual Report).
- **Equity Structure:** Equity Capital increased from □0.01 Cr to □18.00 Cr, primarily due to a bonus issuance of □17.99 Cr.

D. Board Composition + KMP Compensation

- **Total Directors:** 6 | **Independent %:** 50% (3/6) | **Women Directors:** 3 (Ms. Shreelatha Narayanan, Ms. Arathi Narayanan, Ms. Leona Ambuja).

- **KMP Compensation:**
  - **Capt. P.B. Narayanan (CMD):** □0.72 Cr (1.60% of EBITDA).
  - **Arathi Narayanan (ED & CFO):** □0.108 Cr (0.24% of EBITDA).
  - **Shreelatha Narayanan (NED):** □0.088 Cr (0.19% of EBITDA).
- **Analysis:** Compensation is unusually low relative to the □45 Cr Operating Profit, suggesting either conservative withdrawal or that compensation is routed through related entities like Oceandeep. **Capt. P.B. Narayanan**, **Shreelatha Narayanan**, and **Arathi Narayanan** are members of the same family.

F. Capital Allocation & Capex

Action	FY Current (□Cr)	FY Prior (□Cr)	% of CFO	Signal
Capex	13.00	8.00	118.18%	□
Debt Repayment	2.00	15.00	18.18%	**Positive**
Investments (Financial)	5.00	3.00	45.45%	□
Working Capital Investment	30.00	27.00	272.72%	□
Interest Payments	5.00	5.00	45.45%	□

- **CFO Coverage: CFO (□11.00 Cr)** is insufficient to cover **Capex (□13.00 Cr)**, resulting in a funding gap.
- **Nature of Capex:** Primarily maintenance; the fleet is **66% depreciated**, indicating an urgent need for growth capex.
- **Efficiency:** Revenue grew 21% while Capex increased 62.5%, suggesting rising costs to maintain the existing asset base.
- **Takeaway:** The company is struggling to generate enough cash from operations to fund its own maintenance and working capital, relying on liquidity drawdowns (Cash fell from □18 Cr to □7 Cr).

H. Risks

- **RPT Concentration (High):** 28% of turnover and □30.71 Cr guarantee linked to Oceandeep Energies. Potential for cash siphoning or loss if the related party defaults.
- **Asset Aging (High):** Fleet is **66% depreciated**. Will require massive Capex for vessel replacement, likely increasing debt.
- **Working Capital Stress (Medium):** WC investment (□30 Cr) is nearly 3x the CFO (□11 Cr). Cash reserves dropped by 61% in one year.
- **Contingent Liability (High):** Corporate Guarantee of □30.71 Cr represents off-balance sheet leverage nearly equal to total long-term debt.
- **Taxation Reversal (Medium):** Negative tax expense of □7.10 Cr (DTA reversal) artificially boosted PAT by ~30%.

5. SCORECARD & VERDICT

Part A: Scorecard

Dimension	Rating (1–5)	Delta	Key Evidence	One-line Rationale
Business Quality	3	→	58% revenue from Ship Mgmt; 66% depreciated fleet.	Stable demand in niche offshore but aging assets limit moat.
Financial Health	2	↓	D/E ~0.4x but CFO < PAT; Cash fell 61%.	Low nominal debt is offset by poor cash conversion and liquidity drain.
Earnings Quality	2	↓	CFO □11 Cr vs PAT □25 Cr; □7.1 Cr tax credit.	Profits are heavily supported by non-cash tax adjustments and RPTs.
Management & Governance	2	↓	□30.71 Cr RPT Guarantee; Family-heavy board.	High RPT concentration and off-balance sheet risks for related parties.
Capital Allocation & Earnings Visibility	2	↓	ROCE 20% but FCF □0; Capex < Depreciation.	High returns on paper are not translating to FCF; fleet renewal is overdue.

BUSINESS POSITIVES (for this company this year) * □**[Revenue Growth]:** Consolidated revenue grew 21% to **□135.16 Crore**, showing resilience despite "poor market conditions." * □**[Margin Expansion]: OPM %** improved from 25% to 33% due to the cessation of low-margin fuel sales. * □**[Strategic Pivot]:** Successfully scaled **Ship Management Fees** to **□78.89 Cr** (58% of revenue) from zero in the prior year. * □**[Foreign Exchange]:** Net foreign exchange earner with an inflow of **□38.49 Crore** providing a natural hedge.

BUSINESS NEGATIVES / CONCERNS (for this company this year) * □**[Cash Conversion]: CFO (□11 Cr)** is significantly lower than **PAT (□25 Cr)**, a 56% shortfall. * □**[RPT Risk]:** Issued a **□30.71 Cr** corporate guarantee for a related party, nearly equal to total long-term debt. * □**[Asset Aging]:** Fleet is **66% depreciated**, signaling an imminent and massive Capex requirement. * □**[Earnings Quality]:** PAT was artificially boosted by a **□7.10 Cr** deferred tax credit; effective tax rate was only 3%. * □**[Liquidity Stress]:** Cash and equivalents dropped by **61%** (from □18 Cr to □7 Cr) to fund working capital.

OVERALL SCORECARD SUMMARY ABS Marine Services presents a paradox of high accounting growth and deteriorating liquidity. While the pivot to ship management has successfully expanded margins and ROCE, the business is failing to convert these profits into cash, with CFO trailing PAT by over 50%. Governance is a primary concern due to the massive □30.71 Cr guarantee and high revenue concentration with Oceandeep Energies. The company is currently on a stable-to-deteriorating trajectory, as its aging fleet necessitates a heavy capital cycle that the current cash flow cannot support without the proposed IPO.

Part B: Governance Check Matrix

#	Check	Status	Evidence
1	Audit opinion clean?	□	Unqualified opinion issued.
2	Promoter pledge = 0?	□	No pledges disclosed in AR.
3	KMP pay < 5% of PAT?	□	Total KMP pay is ~□0.91 Cr (<4% of PAT).
4	RPT quantum < 5% of revenue?	□	Charter hire from Oceandeep is 16.55% of revenue.
5	Board > 50% independent?	□	3 out of 6 directors are independent.
6	At least 1 woman director?	□	3 women directors on the board.
7	No statutory dues outstanding?	□	No major defaults reported.
8	No fraud reported?	□	No fraud reported by auditors.
9	Audit trail enabled?	□	Confirmed in Auditor's Report.
10	Frequent Auditor change	□	M/s N.C. Rajagopal & Co. continues.
Final line: "Total: 9/10 □— Governance Rating: 2" (Rating downgraded from 4 to 2 due to the severity of RPT guarantees and concentration).			

Part C: Investor Verdict

THESIS: ABS is a high-margin maritime service provider undergoing a risky transition from a family-run private firm to a public entity with significant off-balance sheet related-party baggage. **OVERALL STANCE:** WATCH **RATIONALE:** Strong operating performance is currently masked by poor cash conversion and high governance risks related to Oceandeep Energies. **RE-EVALUATE WHEN:** CFO/PAT ratio exceeds 0.8x AND the □30.71 Cr corporate guarantee is discharged. **BULL CASE:** Successful IPO funds a new fleet, doubling capacity while maintaining 30%+ OPM. **BEAR CASE:** Default by Oceandeep Energies triggers the □30.71 Cr guarantee, wiping out 1.2 years of PAT. **KEY MONITORABLE:** Trade Receivables from Related Parties: □20.11 Cr → Watch for any increase > □25 Cr.

---

v5-Gemini | *29 pages* | *29 chunks*