ABS Marine Services Ltd — FY 2026 Annual Report Analysis

Annual Report Analysis (Consolidated)

Investor Snapshot

#	Analytical point	Sentiment
1	**ABS Marine operates as a high-growth offshore service provider, scaling standalone revenue by 89.38% to □324.51 Cr through aggressive vessel deployment and PSU contract wins.**	—
2	**Operating leverage is evident as OPM expanded to 47%, driven by the ship-owning segment and efficient asset sweating, reflected in ROCE improving from 14% to 21%.**	—
3	**Net margins are supported by a low effective tax rate of 6% due to the Tonnage Tax Scheme, though gains are partially offset by a 455% surge in finance costs.**	—
4	***Profitability is under pressure from heavy interest obligations, with finance costs now consuming 20.7% of EBITDA following the massive expansion of the debt book.***	—
5	***Financial health has deteriorated as total debt escalated to 377 Cr, and management is seeking to further increase borrowing limits to 1,000 Cr.***	—
6	**Cash Flow from Operations (CFO) remains a strength at □168 Cr, delivering a healthy CFO/PAT ratio of 2.07x, indicating strong cash generation from core activities.**	—
7	***Aggressive capacity expansion resulted in 355 Cr of Capex, leading to a deeply negative Free Cash Flow (FCF) of - 187 Cr and strained liquidity.***	—
8	***Earnings quality is obscured by the capitalization of forex losses into asset costs and a rise in receivables older than 6 months to 22.14 Cr without adequate provisioning.***	—
9	***Governance risks are elevated due to a 28.04% RPT concentration, unaudited Singapore operations, and a board structure where independent directors comprise less than 50%.***	—
10	***Off-balance sheet risk is critical, with contingent guarantees exploding 636% to 308.80 Cr, a figure nearly equivalent to the company's total annual revenue.***	—
11	The outlook depends on maintaining flawless operational execution and securing timely ONGC contract renewals to service the high-intensity debt-funded growth model.	—
12	Investment View: Watch; while operational momentum is stellar, the combination of extreme leverage and structural RPT dependency necessitates monitoring of the 30% Finance Cost/EBITDA threshold.	—

1. Business overview (In Bullet Points)

- **Business Segments & Revenue Drivers:** ABS Marine operates across four verticals: Ship Owning, Ship Management, Marine Services, and Port Services. Revenue from operations witnessed a massive **89.38% surge to □324.51 Cr** (Standalone), primarily driven by the deployment of newly acquired vessels and the execution of high-value contracts with ONGC and Schlumberger.
- **Asset Strategy & Capacity Additions:** The company has pivoted aggressively toward an asset-heavy model. In FY26, it added four vessels: *Emerald*, *AM Passion*, *Artemis*, and an unnamed new vessel. The acquisition of *Emerald* (contracted in FY25, delivered in Q1 FY26) marks the beginning of this new earning cycle.

- **Industry Position & Growth Drivers:** Management remains bullish on the offshore sector, noting that offshore supplies ~28% of global oil and 30% of gas. The primary growth driver is the sustained upstream CAPEX by PSUs like ONGC, where ABS has secured a foothold.
- **Structural Nuance:** The company frequently acts as the "contractual front" for vessels owned by related parties (Oceandeep and Epsom), capturing management fees and charter spreads rather than full asset ownership returns.
- **Geographical Presence:** Export of services (Ship Management & Charter Hire) accounts for ₹**166.33 Cr**, representing 52.12% of total revenue, indicating high dependency on foreign currency earnings and global shipping cycles.
- **Expansion Plans:** The company is requesting to increase borrowing limits from ₹**600 Cr to ₹1,000 Cr** (a 66% hike) to fund further debt-heavy expansion.

2. Management commentary & outlook

- Management has shifted from "survival/IPO mode" to "aggressive empire-building," signaling high confidence in the offshore cycle's longevity.
- The strategic "Leverage Pivot" is evidenced by the request for a ₹**1,000 Cr borrowing ceiling**, following a year where debt had already surged 290%.
- Management is doubling down on a debt-funded expansion, focusing on "fuel-efficient and technically compliant tonnage" to meet tightening emissions regulations.
- The energy transition is viewed as a medium-term non-threat, with the focus remaining on capturing sustained upstream CAPEX from PSUs.
- A significant structural arrangement is confirmed: contracts with ONGC/Schlumberger are in the name of ABS Marine Services Limited, but vessel ownership resides with Oceandeep Energies/Epsom Shipping.
- Succession risk is noted with the re-appointment of Capt. P.B. Narayanan as CMD for five years, despite him turning 70 in 2027, suggesting a lack of professional succession planning.
- Remuneration for KMPs (CMD +12%, WTD +39%, Executive Director +33%) is now better aligned with the 89% revenue growth, though it continues to outpace median employee growth (14.9%).
- Management Tone: The tone is aggressively expansionary and highly confident, yet remains insular and "family-first." The listed entity is increasingly serving as a service vehicle for promoter-owned assets, placing the company on a high-stakes treadmill where any delay in PSU contract renewals could trigger a liquidity crisis.

3. Financial analysis

3.1 Financial statements

P&L statement (□Cr)

Line item	Mar 2026	Mar 2025
Sales	319	180
Sales Growth %	77	33
Expenses	170	130
Manufacturing Cost %	0	62
Employee Cost %	3	0
Other Cost %	50	10
Operating Profit	149	50
OPM %	47	28
Other Income	4	4
Exceptional items	0	0.10
Other income normal	3.52	4.36
Interest	31	6
Depreciation	35	13
Profit before tax	86	37
Tax %	6	25
Net Profit	81	27
Minority share	-1	0
Exceptional items AT	0	0
Profit excl Excep	81	27
Profit for PE	80	27
Profit for EPS	80	27
Profit Growth %	196	11
EPS (□)	32.59	11.05
Dividend Payout %	0	0

Balance sheet (□Cr)

Line item	Mar 2026	Mar 2025
Equity Capital	25	25
Reserves	287	206
Borrowings	377	178
Long term Borrowings	331	139
Short term Borrowings	46	40
Other Borrowings	0	0
Other Liabilities	53	23
Non controlling int	10.56	9.77
Trade Payables	10.69	4.41
Advance from Customers	0	0.10
Other liability items	32.14	9.14
Total Liabilities	742	432
Fixed Assets	502	183
Building	0	2.95
Ships Vessels	0	350.38
Equipments	0	0.40
Computers	0	0.39
Furniture n fittings	0	0.17
Vehicles	0	4.45
Intangible Assets	0.10	0.01
Other fixed assets	0	0.39
Gross Block	0	359.14
Accumulated Depreciation	0	175.76
CWIP	1	0
Investments	13	13
Other Assets	225	236
Trade receivables	98	56
Receivables over 6m	0	13.22
Receivables under 6m	0	42.30
Cash Equivalents	48	122
Loans n Advances	70	24
Other asset items	8	35
Total Assets	742	432

Cash flow statement (□Cr)

Line item	Mar 2026	Mar 2025
Cash from Operating Activity	168	45
Profit from operations	152	51
Receivables	-43	-23
Payables	6	3
Loans Advances	22	-10
Operating borrowings	6	21
Other WC items	29	13
Working capital changes	20	3
Direct taxes	-4	-9
Cash from Investing Activity	-332	-235
Fixed assets purchased	-355	-114
Fixed assets sold	0	0
Investments purchased	-1	-2
Investments sold	0	0
Interest received	2	4
Dividends received	0	0
Other investing items	21	-122
Cash from Financing Activity	162	193
Proceeds from shares	0	86
Proceeds from borrowings	192	112
Repayment of borrowings	0	0
Interest paid fin	-31	-6
Net Cash Flow	-3	3
Free Cash Flow	-187	-69
CFO/OP	115	108

Key ratios

Line item	Mar 2026	Mar 2025
Debtor Days	113	113
Inventory Days	0	0
Days Payable	0	0
Cash Conversion Cycle	113	113
Working Capital Days	37	73
ROCE %	21	14

3.2 Financial analysis summary

- **Revenue** from operations grew by 77.22% to ₹319.00 Cr, a surge primarily driven by a 133% increase in Charter Hire Charges to ₹237.43 Cr, which directly correlates with the ₹350.73 Cr addition to the Ships asset class within the Gross Block.
- **OPM %** expanded significantly from 28.00% to 47.00% due to operating leverage, yet the translation to PAT was moderated by Finance Costs surging 455% to ₹30.86 Cr following the drawdown of new term loans for vessel acquisitions, as reflected in the ₹192.00 Cr Proceeds from borrowings in the Cash Flow Statement.
- **Other Expenses** reveal emerging operational pressures, with Liquidated Damages increasing from ₹1.35 Cr to ₹6.96 Cr and the recognition of ₹2.39 Cr in Bad Debts, signaling potential service delivery delays or credit quality deterioration despite the top-line growth.
- **Trade Receivables** increased by 77.31% to ₹98.44 Cr, perfectly mirroring Revenue growth, but the quality of the Balance Sheet is impacted by ₹22.14 Cr in receivables aged over 6 months and ₹3.46 Cr in undisputed balances older than 3 years, maintaining a high Cash Conversion Cycle of 113 days.
- **Fixed Assets** reached ₹502.00 Cr following a ₹355.00 Cr Capex outlay, while Capital Advances exploded 113x to ₹49.08 Cr, indicating a massive pipeline for further vessel acquisitions that will likely increase future Depreciation and Finance Cost loads.
- **Total Debt** escalated to ₹377.00 Cr, with a heavy concentration in secured term loans from SBI and RBL Bank; these are backed by personal guarantees from four directors and corporate guarantees, highlighting high contagion risk despite the growth in Net Worth to ₹312.00 Cr.
- **CFO** improved to ₹168.00 Cr, resulting in a strong CFO/PAT ratio of 2.07x, yet Free Cash Flow remained deeply negative at -₹187.00 Cr as the company remains dependent on external financing to fund its aggressive asset expansion.
- **Other Liabilities** include a sharp 18x increase in Dues to Related Parties to ₹22.24 Cr, suggesting the company is utilizing related-party credit to manage working capital while simultaneously generating 15.54% of its Revenue (₹49.60 Cr) from the same related entity, Oceandeep Energies.
- **ROCE %** improved to 21.00% from 14.00%, indicating that the new vessel additions are being sweated efficiently, although the company's policy of capitalizing foreign exchange losses on long-term ship loans defers P&L impact and inflates the Fixed Assets value.
- **Contingent Liabilities** present a significant risk as Guarantees exploded by 636% to ₹308.80 Cr, an off-balance sheet exposure nearly equal to total Revenue, which could severely impact Net Worth if subsidiaries or related parties default.
- The effective tax rate remains low as the company operates under the **Tonnage Tax Scheme**, transferring ₹18.83 Cr to the Tonnage Tax Reserve, which supports PAT margins but requires strict adherence to asset utilization and reserve maintenance rules.
- **Other Assets** analysis shows a massive 113x jump in Capital Advances to ₹49.08 Cr, indicating a major vessel acquisition pipeline, while Security Deposits reduced to ₹1.69 Cr following refunds from completed port contracts.
- **Other Expenses** include Professional Charges of ₹8.56 Cr, which is unusually high for an SME-platform entity, and a 10x increase in Forex Loss (Net) to ₹1.33 Cr on operations.
- The dominant financial theme of the year is a high-intensity, debt-funded capital expansion where massive revenue and **EBITDA** growth are being utilized to service a ballooning debt book and significant off-balance sheet risks, leaving the company with negative Free Cash Flow and high structural dependency on related parties.

3.3 Contingent liabilities & commitments

- **Guarantees:** Exploded by 636% YoY to ₹**308.80 Cr**. This is a massive off-balance sheet exposure nearly equaling annual revenue, creating extreme contagion risk if subsidiaries or related parties default.
- **Custom Duty:** ₹**1.15 Cr** remains in appeal; litigation is slow-moving but the amount is relatively low.
- **Capital Commitments:** Reported at ₹**0.00 Cr**, though Capital Advances of ₹49.08 Cr suggest imminent commitments not yet formalized.

3.9 Earnings quality & forensic checks

#	Check	Impact	Status	Notes detail
1	PAT vs CFO trend	Profit ↓ — earnings overstate cash	—	CFO/OP at 115% looks good, but massive Capex of ₹355 Cr leads to deep negative Free Cash Flow.
2	Receivables & channel-stuffing signal	Revenue ↑↓ — high credit risk	—	Note 15A: ₹22.14 Cr receivables are >6 months; ₹3.46 Cr are >3 years without aggressive provisioning.
3	Revenue timing	Revenue ↑ — aggressive accrual	—	Note 6: Revenue recognized on accrual basis for time charters; correlated to massive inorganic fleet expansion.
4	Revenue from related parties %	Revenue ↑↓ — concentration risk	—	Note 27: High dependency on Oceandeep for charter hire; raises questions on arms-length pricing.
5	Inventory vs revenue growth	Neutral — service sector model	—	Not applicable for a pure shipping and service provider; costs are captured in ship running expenses.
6	Inventory valuation method change	Neutral — no inventory held	—	Accounting policies confirm focus on SLM depreciation for vessels.
7	Exceptional items in operating profit	Profit ↑ — negligible impact	—	P&L shows no distortion from one-off items in the current reporting period.
8	Depreciation rate vs useful life policy	Profit ↑ — aggressive capitalization	—	Note 9: Forex fluctuations on long-term loans are added to asset cost, deferring P&L impact.
9	Provision reversals boosting PAT	Profit ↑ — lack of prudence	—	Note 15A: Significant aged receivables "considered good" despite being overdue for over 36 months.
10	Tax rate consistency	Profit ↑ — tax shield benefit	—	Note 16: Transfer of ₹18.83 Cr to Tonnage Tax Reserve under Section 115VT reduces tax outflow.
11	CWIP age and stalling projects	Neutral — low exposure	—	Most Capex (₹355 Cr) has been successfully converted into operational "Ships" during the year.
12	Deferred tax asset recognition	Profit ↓ — DTA utilization	—	Note 11: Utilization of DTA indicates the company is now generating sufficient taxable shipping profits.
13	RPT quantum and trend	Profit ↓ — liquidity strain	—	Note 8/27: Increasing reliance on related party credit and advances (₹21.94 Cr) to fund operations.
14	Dividend paid vs FCF adequacy	Neutral — cash conservation	—	Company is correctly prioritizing debt servicing and Capex over shareholder payouts.
15	Auditor Transparency Gap	Neutral — Subsidiary Audit	—	Reliance on unaudited financial statements for ABS Marine Singapore Pte Ltd (Loss of ₹1.32 Cr).
16	Guarantee Contagion	Profit ↓ — Contingent Risk	—	636% surge in off-balance sheet guarantees for subsidiaries/RPs, nearly equaling annual revenue.
17	Operational Efficiency	Profit ↓ — Liquidated Damages	—	415% increase in penalties signals potential operational inefficiencies or vessel downtime.

4. Management & governance

A. Auditor Report & Key Audit Matters * **Audit opinion type:** Unqualified (Clean). * **Tonnage Tax Scheme:** The company operates under Section 115VT, transferring □**18.83 Cr** to the Tonnage Tax Reserve. This significantly lowers the effective tax rate but requires strict adherence to asset utilization and reserve maintenance. * **Forex Capitalization:** The company capitalizes foreign exchange fluctuations on long-term loans related to ships into the cost of the asset. This forensic choice defers P&L volatility to the balance sheet, inflating PPE value. * **Other Matter:** Reliance on unaudited financial statements for the Singapore subsidiary (*ABS Marine Singapore Pte Ltd*) persists, creating a transparency gap in the consolidated audit. The subsidiary reported a loss of □**1.32 Cr**. * **Auditor Fees:** Professional Charges spiked to □**8.56 Cr** from □5.37 Cr. For an SME-platform entity, this quantum is unusually high and warrants scrutiny regarding non-audit fee independence.

B. Related Party Transactions | Party | Relationship | Nature | Amount (□Cr) | Concern | | :--- | :--- | :--- | :--- | :--- | | Oceandeep Energies Pvt Ltd | KMP Influence | Charter Hire Charges (Paid) | 49.60 Cr | ***Captive Sourcing Risk*** | | Oceandeep Energies Pvt Ltd | KMP Influence | Net Advances Provided | 21.94 Cr | ***Cash Siphoning Signal*** | | Oceandeep Energies Pvt Ltd | KMP Influence | Outstanding Dues (Payable) | 20.72 Cr | ***Liquidity Dependency*** | | Epsom Shipping India Pvt Ltd | Subsidiary | Charter Hire Charges (Paid) | 33.63 Cr | ***Internal Cash Circularity*** | | Epsom Shipping India Pvt Ltd | Subsidiary | Corporate Guarantee Given | 25.97 Cr | ***Off-Balance Sheet Risk*** | | Epsom Shipping India Pvt Ltd | Subsidiary | Ship Management Fees (Income) | 6.25 Cr | ***Inter-segment Pricing*** | | Capt. P.B. Narayanan | Promoter/KMP | Remuneration | 0.91 Cr | Standard | | Arathi Narayanan | Promoter/KMP | Rent Paid | 0.24 Cr | ***Asset Leasing from KMP*** |

- **% of Revenue:** 28.04% (□89.48 Cr Total RPT Revenue/Expense / □319.13 Cr Revenue) → **High Concentration**.
- **% of CFO:** 66.32% (□111.42 Cr Total RPT Value / □168.00 Cr CFO) → **Significant Cash Leakage Risk**.
- **Structural Dependency:** Contracts with ONGC are in ABS Marine's name, but vessel ownership resides with Oceandeep Energies, making the listed entity a front-end vehicle for private assets.

C. Shareholding * **Promoters:** 63.86% (Unchanged YoY) * **Public:** 36.14% (Unchanged YoY) * **Pledged Shares:** 0.00% of promoter holding.

D. Board Composition + KMP Compensation * **Total Directors:** 7 | **Independent %:** 42.86% | **Women Directors:** 3. * **KMP Compensation:** * **Capt. P.B. Narayanan (CMD):** □0.91 Cr (+4.6% YoY) * **Capt. Jeevan Krishnan (WTD):** □0.65 Cr (+47.7% YoY) — High growth. * **Arathi Narayanan (Director):** □0.52 Cr (+40.5% YoY) — High growth. * **V.V. Ananthanarayanan (CFO):** □0.39 Cr (+116.7% YoY) — Reflects debt management complexity. * **Family Concentration:** Compensation is highly concentrated within the **Narayanan family**, who also receive rental payments (□0.29 Cr).

F. Capital Allocation & Capex | Action | FY current (□Cr) | FY prior (□Cr) | % of CFO | Signal | | :--- | :--- | :--- | :--- | :--- | | Capex | 355.00 Cr | 114.00 Cr | 211.31% | — | | Net Debt Change | 192.00 Cr | 112.00 Cr | 114.29% | — | | Interest Payments | 31.00 Cr | 6.00 Cr | 18.45% | — | | Dividends | 0.00 Cr | 0.00 Cr | 0.00% | — |

- **CFO Coverage of Capex:** Ratio is **0.47**. The funding gap of □187.00 Cr was bridged entirely through new borrowings.
- **Nature of Capex: Growth Capex**. Acquisition of vessels *Emerald*, *AM Passion*, and *Artemis* drove a □350.73 Cr increase in the Ships gross block.
- **Deployment Efficiency:** Revenue grew 77% while Gross Block grew ~100%, indicating a temporary lag in asset turnover.
- **Key Takeaways:** The □**355.00 Cr deployment** is the primary driver of the 196% PAT growth, but has left the company with a □30.86 Cr annual interest burden.

H. Risks * **Guarantee Contagion: □308.80 Cr** in guarantees for subsidiaries/RPs. Could wipe out 3.8x annual PAT if triggered. (Severity: High) * **Finance Cost Spike:** Interest expense surged 455% to **□30.86 Cr**. Interest now consumes 20% of Operating Profit. (Severity: High) * **Receivable Aging:** Receivables > 6 months rose 67% to **□22.14 Cr**. □3.46 Cr is now > 3 years old without provisioning. (Severity: High) * **RPT Dependency:** ONGC contracts fronted by ABS but vessels owned by Oceandeep. **Loss of RP relationship would halt 15-20% of operations** immediately. (Severity: High) * **Forex Sensitivity:** 52% of revenue is from exports. Realized forex loss jumped 10x to **□1.33 Cr**. (Severity: Medium) * **Liquidated Damages:** Penalties rose 415% to **□6.96 Cr**, signaling operational inefficiency. (Severity: Medium)

5. Scorecard & verdict

Part a: scorecard

Dimension	Rating (1–5)	Delta	Key evidence	One-line rationale
Business quality	3	→	89% Revenue growth; PSU contract concentration	Strong growth but high dependency on PSU contracts and promoter assets.
Financial health	2	↓	D/E surged; CFO < Capex; FCF -□187 Cr	Aggressive debt-funded expansion has strained the balance sheet and liquidity.
Earnings quality	3	→	CFO > PAT (2.07x); Forex capitalization	Strong cash generation from operations, but aggressive accounting on forex and aging receivables.
Management & governance	2	↓	Singapore unaudited; High RPT; Family pay	Structural RPT dependency and transparency gaps in subsidiaries are major red flags.
Capital allocation & earnings visibility	3	→	ROCE 21%; □355 Cr Capex; Negative FCF	Capex is driving revenue, but returns are currently consumed by interest and debt servicing.

Business positives (for this company this year) * **Massive Revenue Growth:** Standalone revenue surged **89.38% to □324.51 Cr**, validating the scalability of the offshore service model. * **Efficient Asset Sweating: ROCE improved to 21.00%** from 14.00%, indicating that new vessel additions are being deployed effectively. * **Strong Cash Generation: CFO improved to □168.00 Cr**, resulting in a healthy CFO/PAT ratio of 2.07x. * **Tax Efficiency:** Utilization of the **Tonnage Tax Scheme** lowered the effective tax rate to 6%, supporting net margins. * **Successful Capacity Addition:** Successfully converted **□355 Cr Capex** into operational "Ships," securing high-value contracts with ONGC and Schlumberger.

Business negatives / concerns (for this company this year) * **Extreme Leverage:** Total debt escalated to **□377.00 Cr**, with finance costs surging 455% to □30.86 Cr. * **Off-Balance Sheet Risk:** Contingent liabilities in the form of guarantees exploded **636% to □308.80 Cr**, nearly equaling total revenue. * **Structural RPT Dependency:** The listed entity acts as a "front" for promoter-owned vessels, with **28.04% of revenue/expense** tied to related parties. * **Transparency Gaps:** The Singapore subsidiary remains **unaudited**, reporting a loss of □1.32 Cr, preventing a full group health assessment. * **Working Capital Stress:** Receivables older than 6 months rose to **□22.14 Cr**, with □3.46 Cr older than 3 years without provisioning. * **Operational Inefficiency: Liquidated damages** increased 415% to □6.96 Cr, signaling potential service delivery penalties.

Overall scorecard summary ABS Marine Services is in a high-intensity, debt-funded growth phase, successfully translating aggressive vessel acquisitions into massive top-line and EBITDA growth. However, the financial strength is compromised by deeply negative Free Cash Flow and a ballooning debt book that consumes 20% of operating profit in interest. Governance remains the primary concern, characterized by a structural dependency on promoter-owned assets, significant off-balance sheet guarantees, and persistent

transparency gaps in foreign subsidiaries. The company is on a stable but high-risk trajectory where operational execution must remain flawless to service its heavy financial obligations.

Part b: governance check matrix

#	Check	Status
1	Audit opinion clean?	—
2	Promoter pledge = 0?	—
3	KMP pay < 5% of PAT?	—
4	RPT quantum < 5% of revenue?	—
5	Board > 50% independent?	—
6	At least 1 woman director?	—
7	No statutory dues outstanding?	—
8	No fraud reported?	—
9	Audit trail enabled?	—
10	Frequent Auditor change	—

Final line: "Total: 8/10 — Governance Rating: 3"

Part c: investor verdict

Thesis: ABS Marine is a high-beta, debt-leveraged play on the Indian offshore cycle, functioning as an operational front-end for promoter-owned assets.

Overall stance: Watch

Rationale: While operational growth is stellar, the combination of extreme leverage, massive off-balance sheet guarantees, and structural RPT dependency creates a high-risk profile that requires monitoring of contract renewals. Re-evaluate when: Debt-to-Equity exceeds 2.5x or if ONGC contract renewals are delayed by more than one quarter. BULL CASE: Successful renewal of ONGC contracts at higher day-rates leading to FCF positivity and debt reduction of >□50 Cr in a single year. BEAR CASE: Triggering of the □308.80 Cr guarantees or a technical failure in a promoter-owned vessel that ABS Marine is contractually liable for. Key monitorable: Finance Cost as % of EBITDA: 20.7% → Watch threshold: >30%.

7. Year-over-year analysis

7.1 Changes

Metric / theme	Summary a status	Summary b status	Forensic takeaway
Capital Allocation	₹114 Cr Capex funded by a mix of IPO proceeds (₹86 Cr) and debt.	₹355 Cr Capex funded almost entirely by new debt (₹192 Cr).	The company has transitioned from equity-supported growth to an aggressive, high-leverage asset acquisition model.
Margin Trajectory	28% OPM; margins were diluted by a 210% spike in sub-chartering costs.	47% OPM; massive expansion driven by operating leverage from newly owned vessels.	Profitability has pivoted sharply upward as the business shifts from service-based management to high-margin asset ownership.
Working Capital	₹13.22 Cr in receivables aged >6 months; 113 debtor days.	₹22.14 Cr in receivables aged >6 months, including ₹3.46 Cr >3 years.	Persistent collection delays and a spike in long-aged receivables indicate deteriorating credit quality or aggressive revenue accruals.
Management Tone	Transitionary and aggressive; seeking a ₹600 Cr borrowing limit.	"Empire-building" mode; seeking a further hike in borrowing limits to ₹1,000 Cr.	Management has adopted a maximum-risk appetite that relies on uninterrupted access to credit and a sustained offshore cycle.
Off-Balance Sheet Risk	₹54.64 Cr in corporate guarantees provided to related parties.	₹308.80 Cr in corporate guarantees (636% YoY increase).	The explosion in contingent liabilities creates a massive contagion risk that could potentially wipe out the company's entire net worth.
RPT Concentration	72.35% revenue concentration from a single related party (Oceandeep).	28.04% RPT concentration; listed entity now acts as a "front" for promoter assets.	While direct revenue concentration has decreased, the structural dependency on leasing promoter-owned vessels remains a core governance risk.

7.2 Persistent patterns

- **Negative Free Cash Flow:** The company remains in a **perpetual cash-burn state**, with massive Capex outlays consistently exceeding Operating Cash Flow in both periods.
- **Structural RPT Dependency:** The listed entity consistently functions as an **operational vehicle for promoter-owned assets**, maintaining deep financial interdependency with Oceandeep Energies.
- **Transparency Gaps:** Management continues to rely on **unaudited financial statements for the Singapore subsidiary**, preventing a full forensic assessment of consolidated health.
- **Zero Shareholder Payouts:** Despite reporting high accounting profits and improved ROCE, the company **consistently pays zero dividends**, retaining all capital to service its ballooning debt.
- **Family-Centric Governance:** Strategic control and KMP compensation remain **tightly concentrated within the Narayanan family**, with compensation growth frequently outstripping median employee raises.
- **Natural Forex Hedge:** The business maintains a **structurally superior foreign exchange profile**, with export earnings and USD-denominated inflows consistently dwarfing foreign currency outflows.
- **Aggressive Accounting Policy:** The company consistently **capitalizes foreign exchange losses into asset costs**, a practice that inflates the Balance Sheet while deferring the impact on the P&L.