ABS Marine Services Ltd — Dec 2025 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

Result: Strong Beat (vs H1) **One-line:** ABS Marine is successfully executing a high-margin pivot from ship management to asset ownership, with H2 performance validating that owned DP2 vessels provide the operating leverage necessary to double earnings.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Prior Quarter	Strong Beat	H2 PAT (□19.16 Cr) is 2.3x H1 PAT (□8.09 Cr); EBITDA margins expanded from 23.2% to 34.8%.	□
Earnings Quality	High (Core driven)	Growth driven by commencement of higher-rate contracts (*Celestial*) and return of *ABS Anokhi* from upgrade.	□
Guidance Confidence	Strong	Management provided specific H1 FY26 revenue targets (□135-140 Cr) and a 40-45% EBITDA margin goal.	□
Management Credibility	Strong	Delivered on IPO fleet expansion promises; provided clear technical reasons for H1/H2 margin variance.	□
Business Quality Signal	Improving	Transitioning to high-spec DP2 Platform Supply Vessels (PSVs) creates higher entry barriers and pricing power.	□
Key Q&A Exchange	N/A — PPT_ONLY	No concall conducted or available.	□
The Street's Primary Anxiety	Leverage & Concentration	Concern over debt rising to □300 Cr and 90% revenue concentration among top 10 clients (ONGC/Schlumberger).	□
Capital Cycle Stage	Investment	Active fleet acquisition phase using IPO proceeds and debt to fuel long-term charters.	□
Margin Trajectory	Improving	Asset-owning segment EBITDA margins are 60-65% vs. the legacy service average of ~30%.	□
Pricing Power	Expanding	Tight global supply of OSVs (<3% order book) allows for "elevated" rates upon contract renewals.	□
FCF Conversion & Quality	Strong	CFO (□44.89 Cr) is 1.65x PAT (□27.25 Cr); high non-cash depreciation on owned assets aids cash flow.	□
Competitive Moat Signals	Stable	Long-term contracts (3-5 years) with ONGC and Schlumberger provide high revenue visibility.	□
Balance Sheet Strength	Adequate	Interest coverage is healthy at 7.56x, though net debt is projected to rise for FY26 acquisitions.	□
Working Capital Efficiency	Stable	DSO at ~110 days is consistent with PSU/Government payment cycles.	□
Mgmt Guidance Track Record	Reliable	Post-listing performance aligns with IPO prospectus narrative and upgrade timelines.	□
Key Vulnerability	Asset Concentration	The *Celestial* (Schlumberger) and *Anokhi* (ONGC) contracts are mission-critical; any downtime hits the bottom line.	□
Management Tone	Confident	Technically grounded leadership focused on "term contracts" over spot market volatility.	□

Key Takeaways * **Positives:** The business has reached an inflection point where ship-owning now accounts for ~55% of revenue, generating vastly superior margins (60-65%) compared to third-party management. Technical barriers are rising; upgrading the fleet to DP2 (Dynamic Positioning 2) specs is mandatory for modern oil major contracts, filtering out lower-tier competition. * **Negatives:** Growth is being fueled by significant leverage, with total debt expected to reach ₹300 Cr in FY26. Furthermore, the reliance on a few key vessels (*Celestial*, *Erin*, *Anokhi*) and clients (ONGC, Schlumberger) creates high "binary" risk if a contract is lost or a vessel faces extended unplanned maintenance. * **The Street's Focus:** Investors are watching if the H2 FY25 margin expansion is the "new normal" or a peak. Management's H1 FY26 guidance of 40-45% EBITDA margins suggests further upside as new acquisitions (*Ocean Diamond* and *Emerald*) annualize. * **Forward Watchpoint:** Monitoring the delivery and immediate chartering of the third DP2 vessel acquisition planned for Q1 FY26.

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2. BUSINESS PERFORMANCE

2A. KEY METRICS *DATA SOURCE: Concall not available — Mgmt Commentary column is based on PPT and prior context.*

Metric	Current FY25	YoY Change	Trend	Mgmt Commentary
Total Income (₹ Cr)	184.31	↑ 33.5%	↑	Growth driven by *Celestial* contract (Oct '24) and *ABS Anokhi* return to service.
Revenue (₹Cr)	179.85	↑ 33.1%	↑	Driven by higher realization from DP2 vessels; volume stable but realization improved.
EBITDA (₹Cr)	54.64	↑ 22.3%	↑	Marginal lag vs revenue due to H1 downtime/upgrades; H2 run-rate is significantly higher.
EBITDA Margin %	29.65%	↓ 272 bps	↓	Full-year average suppressed by H1 (23.2%); H2 exited at 34.8%.
PAT (₹Cr)	27.25	↑ 7.1%	↑	Includes higher tax outflow (₹9.26 Cr) vs FY24 (₹0.88 Cr); PBT grew 38.8%.
ROCE (%)	10.29%	↓ 882 bps	↓	Impacted by massive H2 asset deployment (IPO proceeds/Debt); expected to normalize higher.
Cash Flow (OCF) (₹Cr)	44.89	↑ 318%	↑	High earnings quality; CFO exceeds PAT by 64.7% due to high depreciation.
Net Debt (₹Cr)	178.41	↑ 565%	↓	Debt jump from ₹26.8 Cr to fund fleet expansion; peak expected at ₹300 Cr in FY26.
Interest Coverage (x)	7.56	↑ 17.4%	↑	Interest coverage improved despite higher debt due to EBITDA growth.
Working Capital	DSO ~110	→	→	Receivables at ₹55.52 Cr; aligned with PSU/Govt billing cycles.

2B. SEGMENT BREAKDOWN

Segment	Revenue (FY25 ₹Cr)	Rev Share (%)	Margin (Est)	Trend	vs Co. Avg	Key Development
Ship Owning	~99.00	55%	60-65%	↑	Higher	Acquisition of *Ocean Diamond* & *Emerald*; *Celestial* conversion complete.
Ship Management	~60.00	33%	15-20%	→	Lower	Technical/crew management for 36+ vessels; 2,000+ seafarer pool.
Marine & Port Svcs	~21.00	12%	25-30%	↑	Average	New patrol boat and fire tender contracts (Chennai/Vizag ports).

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3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery	Risk Flag
Guidance	Revenue	H1 FY26: ₹135 - ₹140 Cr.	**High.** Requires ₹135 Cr H1 vs ₹102 Cr in H2 FY25 (~32% growth). Achievable via new PSVs.	Delivered IPO fleet expansion.	Low
Guidance	Margins	Target 40% - 45% EBITDA.	**Feasible.** Requires higher mix of owned PSVs (60%+ margins) to offset low-margin mgmt.	H2 margin jump to 35%.	Moderate
Guidance	Capex Plan	Acquire 3rd DP2 vessel in Q1 FY26.	Requires ~₹75-100 Cr additional debt/ equity. Bank ties in place.	Delivered 2 vessels post-IPO.	Low
Strategy	Cap Allocation	Debt/Equity model of 75:25.	Total debt to peak at ₹300 Cr; interest run-rate to reach ~₹20-22 Cr.	Followed IPO plan.	High
Macro	Vessel Supply	Order book <3%; fleet age >20 yrs.	Global supply crunch supports long-term rates for ABS's 12.4 yr avg fleet.	N/A	Low

4. ANALYST Q&A

Section not applicable — investor presentation only. No concall conducted or available.

5. WHAT CHANGED vs PRIOR QUARTER

What Changed	Prior Quarter (H1 FY25)	This Quarter (H2 FY25)	Direction
Revenue (Half-Yearly)	₹81.97 Cr (Implied)	₹102.34 Cr (Reported)	↑
EBITDA Margin	23.2% (Implied)	34.8% (Reported)	↑
PAT (Half-Yearly)	₹8.09 Cr (Implied)	₹19.16 Cr (Reported)	↑
Asset Utilization	*ABS Anokhi* in Dry Dock/DP2 Upgrade	*ABS Anokhi* fully operational on ONGC contract	↑
Contract Commencement	*Celestial* Pending	*Celestial* contributing full half-year (~₹197 Cr total contract)	↑
Fleet Composition	Pre-delivery of new PSVs	*Ocean Diamond* & *Emerald* delivered/contracted	↑
Debt Profile	Low (Pre-acquisition debt)	₹178.41 Cr (Funding for 2 new PSVs)	↓
EBITDA Margin Guidance	~30% (Full-year avg)	40% - 45% (FY26 Target)	↑
Revenue Guidance	Historical baseline	₹135 - ₹140 Cr for H1 FY26	↑

STOP HERE.