ABS Marine Services Ltd — Jun 2026 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

Result: Strong Beat **One-line:** ABS Marine has successfully transitioned into a high-margin asset owner, delivering a massive 196% PAT growth in FY26, though the thesis now shifts from "growth through acquisition" to "execution through utilization" as debt peaks.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance / Prior Quarter	Strong Beat	FY26 Revenue (□319.13 Cr) and EBITDA Margin (47.28%) significantly exceeded the H2 FY25 guidance of □135-140 Cr (H1) and 40-45% margins.	□
Earnings Quality	High (Core driven)	CFO (□167.62 Cr) is 2.07x PAT (□80.80 Cr). High depreciation (□35.33 Cr) and tonnage tax benefits support cash conversion.	□
Guidance Confidence	Neutral	Management's FY27 revenue growth guidance of 10% is extremely conservative compared to the capacity added.	□
Management Credibility	Strong	Management delivered on the IPO promise of fleet expansion (*Hades*, *MPSV* acquisitions) and margin expansion.	□
Business Quality Signal	Improving	Transition to DP2-owned vessels has created a significant margin moat (EBITDA margins jumped from 29.6% to 47.3% YoY).	□
Key Q&A Exchange	Q# 12 & 13 — Related Party Profitability	Analyst flagged that *Erin* (related party vessel) appears to generate a loss based on PPT vs Annual Report data; mgmt clarified it's a fee-based ship management model.	□
The Street's Primary Anxiety	Leverage & Utilization	Total debt increased to □377.23 Cr; concerns remain regarding idle time for *Emerald* and *MPSV* during monsoon.	□
Capital Cycle Stage	Investment / Transition	Aggressive fleet acquisition phase is nearing completion; shifting to "Serenity" (MPSV) deployment and contract renewals.	□
Margin Trajectory	Improving	EBITDA margins exited H2 FY26 at 51.46%, suggesting a structural shift due to owned-vessel mix.	□
Pricing Power	Expanding	Management noted fuel-efficiency (5KL/day vs 8-9KL/day for peers) allows for premium charter rates during renewals.	□
FCF Conversion & Quality	Strong	Massive OCF (□167.62 Cr) despite PSU/Govt receivables, driven by high EBITDA and non-cash charges.	□
Competitive Moat Signals	Widening	DP2 specification is now a "standard" for oil majors, filtering out older DP1 or non-DP fleets.	□
Balance Sheet Strength	Adequate	Debt-to-Equity rose to 1.21x (from 0.77x); Interest coverage remains healthy at 3.8x but down from 7.56x.	□
Working Capital Efficiency	Stable	DSO increased to 112 days (calculated) vs ~110 days, remaining within PSU-contract norms.	□
Mgmt Guidance Track Record	Reliable	Consistently hitting or exceeding margin and fleet delivery targets since IPO.	□
Key Vulnerability	Idleness Risk	*Emerald* and *MPSV* are currently not earning; high fixed costs (interest/depreciation) could hit Q1/Q2 FY27.	□
Management Tone	Confident	Technically focused and conservative; emphasized "bargain hunting" for assets and "fuel efficiency" as a moat.	□

Key Takeaways * **Positives:** ABS Marine is no longer a "Services" business; it is a high-spec Infrastructure play. The massive jump in EBITDA margins (47% FY26 vs 29% FY25) proves the operating leverage of the asset-heavy model. The CFO-to-PAT ratio of 2.0x demonstrates high quality of earnings. The new contract with Hardy Oil for *Hades* (Artemis) provides long-term visibility. * **Negatives:** The "expansion at any cost" phase has driven debt from □26 Cr to □377 Cr in 24 months. While interest coverage is currently safe, any delay in deploying the new *MPSV* or re-chartering *Emerald* (idle since mid-May) will weigh on quarterly earnings. The related-party profitability of the vessel *Erin* remains an area of minor accounting opacity. * **The Street's Focus:** Analysts are fixated on the "monsoon gap" and the re-chartering rates for *Ocean Diamond* and *Emerald*. Management's claim of fuel-efficiency (saving 3-4 KL of diesel/day) is the key pricing power argument to watch. * **Forward Watchpoint:** Deployment of the *MPSV* (Serenity) in H2 FY27. At a guided rate of □15-20 Lakh/day, this vessel alone could add ~□25-30 Cr to the top line in a half-year.

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2. BUSINESS PERFORMANCE

2A. KEY METRICS *DATA SOURCE: PPT figures are primary. Concall used for commentary.*

Metric	Current FY26	YoY Change	Trend	Mgmt Commentary
Total Income (□ Cr)	322.64	↑ 75.0%	↑	Growth driven by addition of *Ocean Diamond* & *Emerald* and *Celestial* full-year contribution.
Revenue (□Cr)	319.13	↑ 77.4%	↑	Driven by Volume (owned fleet expansion) and Realization (DP2 premium rates).
EBITDA (□Cr)	152.55	↑ 179.2%	↑	Massive expansion due to higher mix of high-margin owned vessels.
EBITDA Margin %	47.28%	↑ 1,763 bps	↑	H2 margins reached 51.46%; benefits of asset-heavy pivot.
PAT (□Cr)	80.80	↑ 196.5%	↑	Includes minority interest; PBT grew 136% to □86.36 Cr.
EPS (□)	32.59	↑ 184.9%	↑	Based on expanded equity base post-IPO.
ROCE (%)	15.0% (Est)	↑	↑	Improving as H2 FY26 assets began generating full revenue.
Cash Flow (OCF) (□Cr)	167.62	↑ 273%	↑	High earnings quality; OCF exceeds EBITDA (□152.55 Cr).
Net Debt (□Cr)	328.89	↑ 84%	↓	Debt peaked to fund $15M acquisition of *Hades* and *MPSV*.
Interest Coverage (x)	3.80	↓ 49.7%	↓	Decreased due to higher interest on expansion debt (Prior Q was 7.56x).
Working Capital (DSO)	112 Days	→	→	Receivables at □98.44 Cr; consistent with PSU/Govt billing.

2B. SEGMENT BREAKDOWN

Segment	Revenue (FY26 ₹Cr)	Rev Share (%)	Margin (%)	Trend	vs Co. Avg	Key Development
Ship Owning	~239.35	75%	60-65%	↑	Higher	Now the core driver; 75% of revenue from owned vessels.
Ship Management	~63.83	20%	15-20%	→	Lower	Managing 36+ vessels; includes port services and research vessels.
Port Services	~15.95	5%	25-30%	→	Average	Fixed long-term (7+2 yr) contracts for patrol boats/tenders.

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery	Risk Flag
Guidance	Revenue	10% Growth for FY27.	**Likely Beat.** Requires ~₹351 Cr. H2 FY26 run-rate is already ₹366 Cr.	Delivered FY26 targets.	Low
Guidance	Margins	45% - 50% EBITDA Margin.	**Feasible.** Owned fleet contributes 75% rev at ~65% segment margins.	Exceeded FY26 guidance.	Low
Guidance	Capex Plan	7-10 vessels over 2-3 years.	**Moderate.** Requires further leverage or equity; 2 vessels added in FY26.	Delivered *Hades* & *MPSV*.	Moderate
Strategy	Cap Allocation	70:30 Debt/Equity model.	Current Debt/Equity at 1.21x is slightly above the 0.70x internal target.	Followed IPO plan.	High
Macro	Vessel Supply	Global OSV order book <3%.	Supports high charter rates (₹15-20 Lakh range) for new *MPSV*.	N/A	Low
Strategy	Utilization	330 operational days/year.	Calculated on ~90% utilization to allow for maintenance/dry-dock.	Maintained in FY26.	Moderate

4. ANALYST Q&A

Q#	Relevance (1–5)	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility (1–5)	Verdict
1	4.5	Rahil Dasani, MAPL	Contract Stickiness	Business Overview	Why are vessels like *Diamond* and *Emerald* shifting vendors instead of repeating with the same clients?	Management explained they moved to higher-rate contracts (e.g., L&T) and are now negotiating for post-monsoon (October) deployments. Strategic shifts to higher-margin charters are prioritized over client stickiness alone.	None	4.0	Clear and strategic
2	5.0	Rahil Dasani, MAPL	Utilization	Financials	Are *Emerald* and *Ocean Diamond* currently idle given their contracts ended recently?	*Diamond* is still finishing work (ending in ~1 month), but *Emerald* has been idle since mid-May for dry-docking and re-charter negotiations. Q1 FY27 earnings will face a drag from the *Emerald* idleness period.	None	5.0	Specific and transparent
3	4.0	Rahil Dasani, MAPL	Pricing Power	Business Overview	Will the high charter rates (□17-22 Lakh/day) from L&T repeat or decrease?	Management expects rates to hold or improve due to extreme fuel efficiency (5KL vs 8-9KL consumption), saving charterers ~□6-8 Lakh/ day in fuel. Fuel efficiency is	None	4.5	Quantified argument

Q#	Relevance (1–5)	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility (1–5)	Verdict
						being used as a primary lever for pricing power.			
4	4.5	Rahil Dasani, MAPL	New Vessels	Capex and Allocation	What is the status and contract value for the two new vessels (*Hades* and *MPSV*)?	*Hades* (Artemis) is being flagged in Chennai and has a 5-year contract with Hardy Oil at ~□6 Lakh/day. This provides immediate long-term revenue visibility for the new asset.	None	5.0	Specific timeline given
7	3.5	Rahil Dasani, MAPL	Expansion Plan	Capex and Allocation	What is the fleet expansion plan for the remainder of the year?	Management is looking for "bargains" but intends to stick to the target of adding a couple more vessels this year. The pace of growth is opportunistic rather than fixed.	None	3.0	Vague but consistent
8	4.0	Rahil Dasani, MAPL	Specialized Vessels	Business Overview	Is *AM Passion* seeing rate increases as a stimulation vessel?	The vessel has completed its first year with Schlumberger (SLB) at $16,000/day and will increase to $19,000/day in FY28. Margin expansion for this asset is "locked-in" for	None	5.0	Clear and quantified

Q#	Relevance (1–5)	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility (1–5)	Verdict
						the next two years.			
10	4.5	Apoorv Bandi, Whitestone	New Assets	Capex and Allocation	What was the cost and deployment plan for the new *MPSV*?	The vessel was purchased in South Africa for part of a $15M package; it needs dry-docking in India before starting H2 FY27 charters. The delay in H1 revenue from this asset is a near-term margin headwind.	None	4.0	Directional with evidence
11	3.5	Yogansh Jeswani, Mittal Analytics	Guidance	Management Commentary	Why is the FY27 revenue guidance so low (10%)?	Management stated they prefer to be "very conservative" and perform better than guidance. The 10% target appears to be a floor that ignores potential upside from the new *MPSV*.	None	3.0	Conservative/ Hedged
12	4.5	Rahil Dasani, MAPL	Related Party	Governance	Why is the charter income for *Erin* lower than the hire charges paid to the related party?	Management clarified that ABS gets a 15-20% manning/ship management fee on the vessel, rather than owning the charter risk. The PPT figures may have caused	Data reconciliation	3.0	Deflected — key signal

Q#	Relevance (1–5)	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility (1–5)	Verdict
						confusion regarding the gross vs net revenue reporting.			
13	4.0	Rahil Dasani, MAPL	Demand	Management Commentary	What is the quantum of the upcoming ONGC tender?	ONGC is expected to tender for ~20 vessels "anytime soon," which ABS will actively bid for. Massive industry demand from ONGC supports high utilization expectations for the owned fleet.	Exact date	3.5	Directional

PATTERN FLAGS & SENTIMENT Analyst questioning focused heavily on **Asset Utilization** and **Charter Transitions**. There is clear anxiety regarding the "idle gap"—specifically *Emerald* sitting at anchorage and the *MPSV* needing dry-docking. Analysts were skeptical of the 10% revenue guidance, suspecting it to be an ultra-conservative floor given that the company added two significant vessels. The friction point regarding the vessel *Erin* (related party) highlighted a minor lack of clarity in segment reporting that will likely resurface.

Analyst Sentiment Verdict: Generally positive but cautious regarding near-term (Q1/Q2 FY27) earnings volatility. Analysts were impressed by the FY26 margin beat but remain watchful of the debt serviceability as interest costs jumped significantly. Management's technically-grounded responses on fuel efficiency and vessel specs improved their credibility as "mariners first, financiers second."

5. WHAT CHANGED vs PRIOR QUARTER

What Changed	Prior Quarter (H2 FY25)	This Quarter (H2 FY26)	Direction
EBITDA Margin	34.8%	51.5% (H2 Only)	↑
Debt Profile	□178.41 Cr	□377.23 Cr (Total Borrowings)	↓
Owned Vessel Mix	55% of Revenue	75% of Revenue	↑
Tax Rate (Effective)	~25%	1.5% - 2.0% (FY27 Est)	↑
Interest Coverage	7.56x	3.80x	↓
New Contract Visibility	*Celestial* / *Anokhi* focus	*Hades* (5-yr) / *MPSV* (Pending)	↑
Revenue Guidance	H1 FY26: □135-140 Cr	FY27: 10% YoY growth	→
Fleet Age Strategy	Acquisition phase	Replacement/Trading mindset mentioned	↑

STOP HERE.