

Not Rated

Introduction

ABS Marine Services Limited (AMSL), originally incorporated as a private limited company in 1992, is a shipping company with operations which involve ship owning, ship management, marine services, and port services. As of 31st December 2023, the company had 5 owned vessels comprising of 2 advanced offshore vessels servicing the Oil & Gas sector & 3 Harbour Crafts serving the Indian Ports sector. In addition, as of December 31, 2023, AMSL carried out total ship management of 12 vessels on behalf of Government, public sector undertakings (PSUs), private companies, and port authorities. The Company provides crew management services to a further 24 ships comprising Oil Tankers, Gas Tankers, Bulk Carriers, Passenger Vessels, and High-Speed Crafts. The Company has 468 employees.

Key Business Details

The Company’s business is primarily segmented into the Ship owning, Ship Management, Marine Services, and Port Services segment. A list of AMSL’s owned, chartered, and managed ships given below.

Exhibit 1: Details of AMSL’s Owned, Chartered, and Managed Fleet

Sr. No	Type of Vessel	Number of Vessel	Owned / Ship Management / Chartered
1	DP Anchor Handling Towing Supply Vessel	1	Owned & Managed
2	DP Multi-Purpose Platform Supply Vessel	1	Owned & Managed
3	DP Multi-Purpose Offshore Support Vessel	1	Chartered & Managed
4	Harbour Crafts	3	Owned & Managed
5	DP Ocean Research Vessels	2	Managed
6	Coastal Research Vessels	3	Managed
7	Fishery Oceanographic Research Vessel	1	Managed
8	Bulk Carriers	4	Managed
9	Oil Tankers	10	Managed
10	Passenger Vessels	10	Managed

Source: Company

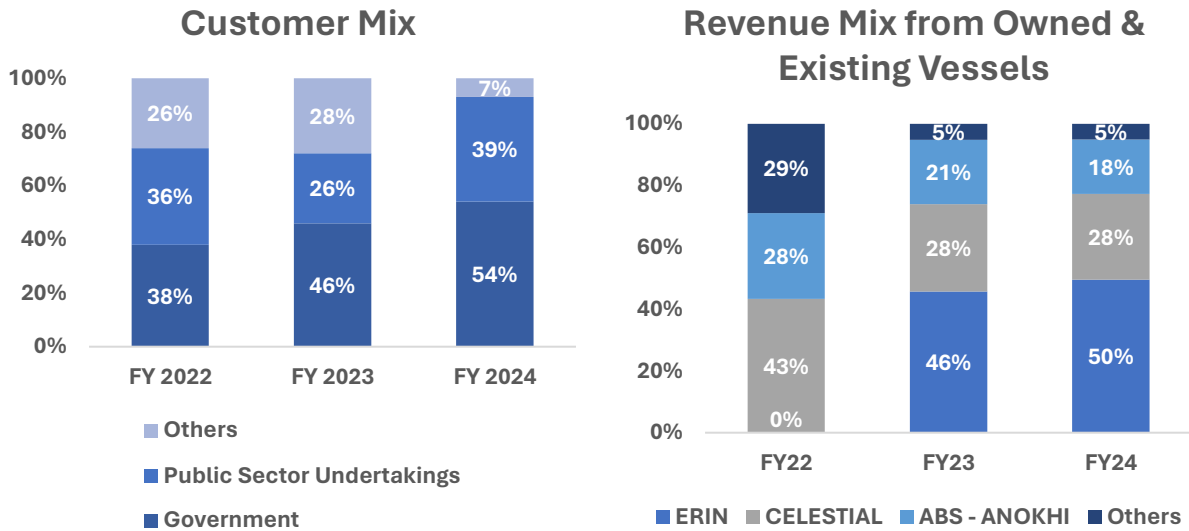
The major services offered by the company in its business segments are as follows:

- **Ship Owning** – Ship owning has been a long-standing segment for the company and remains its core business. Ships are purchased after careful identification and inspection and employed in

the appropriate sector. With 5 owned vessels, AMSL for the time being, caters primarily to the oil & gas and the Indian port sector.

- Ship Management** – AMSL has over 30 years of experience in managing vessels and offers comprehensive management and vital support services for over 30 vessels, including Offshore Vessels serving the Oil & Gas Sector; Research Vessels for the Government of India; Bulk Carriers, Gas Tankers, Oil Tankers for private shipping companies; Passenger Vessels, High Speed Crafts for Government agencies; and Harbour Crafts for Ports. Under ship management, the company’s services include crew management and recruitment, technical management, operations management, catering & housekeeping services, agency coordination, and operation & maintenance of scientific equipment for research vessels.
- Marine Services** – The Company’s marine services include the following: Chartering, Ship Inspections, Survey and Certificate Liasoning, New Build & Ship Conversion Supervision, Ship Sale & Purchase, Dry Dock Service, and Single Point Mooring (SPM) Services.
- Port Services** – Pilot boat for ship pilotage, security boat for patrolling, vessel mooring, oil spill response and maintaining oil spill response equipment, supply of fire tender along with fire personnel for port firefighting services, and harbour tug management & operation.

Exhibit 2: Key Operational/Business Details for AMSL



Source: Company

Exhibit 3: Key Financials for AMSL

Key Performance Indicator	FY 2022	FY 2023	FY 2024	₹ Lakhs
				FY 2022-24 CAGR/Change
Revenue from Operations	7163.01	11157.51	13515.68	37%
Total Income	8283.98	11380.78	13801.89	29%
EBITDA	3096.97	3030.13	4467.33	20%
Net Profit for the Year / Period	809.43	952.74	2355.41	71%
Return on Net Worth (%)	9.67	10.19	20.1	up 10.43 pp
Return on Capital Employed (%)	9.8	11.66	18.67	up 8.87 pp
Debt-Equity Ratio (x)	0.73	0.52	0.39	down 47%

Source: Company; pp – percentage points

The Company, along with robust growth, has managed to improve its profitability over the last couple of years. It has also brought down its debt-to-equity significantly, strengthening its financial position.

Key Business Strengths

Established Brand Name and Reputation

AMSL started operations in 1992 and has been able to establish a reputation and strong customer relationship with various public sector undertakings and the Government.

Diversified Fleet

The Company’s fully owned, chartered-in, totally managed & crewed fleet includes a diverse fleet of vessels which allows AMSL to enter into chartering & ship management arrangements of varying duration with different types of customers.

Fully Integrated

Being a fully integrated company with in-house complete vessel and crew management capabilities helps in utilizing their diverse fleet effectively.

Experienced Management Team

AMSL is led by an experienced and qualified management team with a proven track record of success and knowledge of the Indian and international shipping industry with many of their senior managers being former sailors and captains with years of operational experience.

Proven Ability to Acquire and Deploy Vessels at Optimal Price

The Company typically acquires pre-owned vessels when they believe there is a demand for vessels in any particular segment where they operate. They only purchase well-maintained vessels from international operators post a thorough technical and financial feasibility due diligence.

Quality In-house Management of Operations and Cost Competitive Vessel Management

AMSL follows the practice of managing all seaborne logistics functions, including repair and maintenance, in-house. They believe that this strategy has contributed to maintaining the quality of their vessels at relatively lower costs and has kept repair-related downtime to a minimum.

Business Strategies

Focus on Government Related Contracts

With the Government focused not to be in business, AMSL expects more opportunities to bid for contracts for management of ships owned by various Govt. Entities.

Improve Operating Efficiency, Quality of Service, and Overall Competitiveness

The Company intends to improve their operating efficiency and the capacity of their fleet by buying younger vessels, thereby reducing the average age of their fleet; investing in state-of-the-art efficiency enhancements to meet the International Maritime Organisation (IMO) decarbonization goals; and develop ESG (Environment, Social and Corporate Governance) data collection process and manage risks and opportunities related to sustainable economic development.

Leverage Strong Customer Relationships

As a major portion of their income is generated from repeat clients, AMSL intends to leverage their existing relationships with customers to expand their business.

Maintain Diversity in Contracts and Customers

The Company will continue to employ their vessels for Private and Government organizations, and Major Ports under short, medium, and long-term charters in order to maintain a highly diverse portfolio of customers and charters.

Continue to Manage Vessels Internally

AMSL's practice of in-house management of all activities and not outsourcing it to third parties gives them an end-to-end view of the management of each vessel and the costs involved besides giving them control on how the vessels are managed. They believe that this strategy has contributed to keeping the quality of their vessels high at relatively lower costs, with lower maintenance, and lesser repair related downtime.

Focus on Vessel Acquisition & Time Charter Contracts

The Company will focus on acquiring vessels and securing term contracts to provide support to offshore E&P and wind activities, including towing, anchor-handling and transportation of supplies and personnel, construction, and seafloor evaluation.

Key Risks

Client Concentration

Given that AMSL derives a significant portion of their total revenue from contracts with PSU customers and that they will continue to cater to PSU entities, they are exposed to various risks inherent in doing business with PSU entities which include stricter regulatory requirements, increased competition for tenders, and limited flexibility with respect to pricing. AMSL has entered into 10 strategic contracts with Government agencies out of which, one major contract with the Ministry of Earth and Science (MOES) contributes towards 23.50% of the Revenue from operations.

Industry Details and Growth Drivers

- India is strategically located on the world's shipping routes with a coastline of approximately 7,517 km.
- India is the 16th largest maritime country in the world and the Indian maritime sector contributes to around 95% of the India's trade by volume and 70% by value.
- As of 2021, India owns over 30% global market share in the ship breaking industry and is home to the largest ship-breaking facility in the world at Alang.
- India has 12 major and 200 non-major/intermediate ports (under state government administration).
- The Maritime India Vision 2030 has identified over 150 initiatives to boost the Indian maritime sector. The Vision 2030 was launched by Hon'ble Prime Minister of India in March 2021.
- In 2017, the government launched the ambitious Sagar Mala Program with the vision of port-led development and growth of logistics-intensive industries. Under the program, \$123 Bn would be invested across 415 projects across the following identified components which include Port Modernization and New Port Development, Port Connectivity Enhancement, Port- Linked Industrialization, and Coastal Community Development.
- Both Sagar Mala and Maritime India Vision focus on unlocking additional potential such as annual revenue of \$ 2.7 Bn from extant assets and generating employment, targeting 2 Mn direct and indirect jobs by 2030.
- 100% FDI allowed under both government and automatic route.
- Under public-private partnerships (PPP), there are 58 projects worth ~\$ 5 Bn (INR 40,000 Cr.) under various stages of implementation. Of these, 33 projects of ~ \$3.4 Bn (Rs. 27,000 Cr) are operational whereas 25 projects for over \$1.6 Bn (INR 13,000 Cr) are under implementation. 19

such projects with total investment of ~\$1.1 Bn (INR 8,862 Cr) have been completed in 2021 alone.

- The Global Maritime India Summit, 2023, one of the largest maritime summits in the world, anchored INR 10 Lakh Cr of investment making a significant stride towards achievement of ‘Amrit Kaal Vision 2047’ of INR 80 trillion investment.

Promoter Details

Capt. P B Narayanan is the Managing Director of the Company. A Master Mariner with experience of more than 15 years at sea and 5 years in command of various types of Commercial Vessels. He has more than four decades of experience in the Marine Industry.

Capt. Jeevan Krishnan Sanjeevan is the Whole Time Director of the Company. A Master Mariner with 12 years sailing experience onboard various types of ships including bulk carriers, oil tankers, gas carriers and offshore vessels, he joined ABS Marine Services in 2016 as Manager (Operations).

Shreelatha Narayanan is the non-executive director of the Company. She is a Postgraduate Diploma holder in Special Education and has around 32 years of experience in managing the affairs of the Company. She has been actively involved with CSR activities.

Arathi Narayanan is the Director and Chief Financial Officer of the Company. She is an honours graduate in law, postgraduate in Maritime Law - University of Southampton. She oversees administrative & legal affairs, while implementing system change by leveraging technology to suit the need.

IPO Details

Exhibit 4: IPO Details

Details	
IPO Date	May 10, 2024 to May 15, 2024
Listing Date	On/About May 21, 2024
Face Value	₹10 per share
Anchor Bidding Date	May 9, 2024
Price Band	₹140 to ₹147 per share
Lot Size	1000 Shares
Total Issue Size	6550000 shares (aggregating up to ₹96.28 Cr)
Issue Type	Book Built Issue IPO
Listing On	NSE Emerge
Market Maker portion	410000 shares

Source: Company

Based on the upper end of the price range, the pre and post money valuations (P/E) would stand at 11x and 15x respectively on FY 2024 earnings.

Exhibit 5: Details of Utilisation of Proceeds

Particulars	Estimated Amt. to be Utilised from the Net Proceeds	₹ Lakhs
Acquisition of offshore vessel		Up to 5,500
Funding the working capital requirements of the co.		Up to 2,500
General Corporate Purposes*		N.A.
Total		N.A.

Source: Company; * The amount utilised for general corporate purposes shall not exceed 25% of the Gross Proceeds

Financials

Exhibit 6: Balance Sheet for AMSL

	₹ Lakhs		
Equities & Liabilities	FY 2022	FY 2023	FY 2024
Equity	1.0	1.0	1800.0
Reserves	8369.0	9351.4	9917.4
Net Worth	8370.0	9352.4	11717.4
Minority Interest	710.1	779.1	964.8
Non-Current Liabilities			
Non-Current Borrowings	4427.1	2897.4	2682.0
Long Term Provision	72.1	87.3	78.4
Other Non-Current Liabilities	0.8	0.8	0.8
Total Non-Current Liabilities	4500.0	2985.5	2761.1
Current Liabilities			
Short Term Borrowings	1687.7	1968.9	1886.0
Trade Payables	901.8	1693.3	499.6
Short Term Provisions	16.3	19.6	328.1
Other Current Liabilities	477.4	753.8	324.0
Total Current Liabilities	3083.2	4435.6	3037.7
Total Liabilities	16663.3	17552.5	18481.0
Assets			
Non-Current Assets			
Fixed assets	9138.8	8585.4	8179.1
Long Term Loans and Advances	1393.1	911.9	959.8
Good will on consolidation	1.4	1.4	1.4
Deferred Tax Assets (Net)	169.5	264.8	975.3
Other Non-Current Assets	20.2	2366.5	2068.6
Total Non-Current Assets	10723.1	12130.0	12184.2
Current Assets			
Current Investment	3082.5	533.2	1055.0
Trade receivables	1266.5	2421.3	3205.9
Cash & Bank Balance	1158.2	1824.9	705.7
Short term loan and advances	433.0	643.2	1330.2
Total Current Assets	5940.2	5422.5	6296.8
Total Assets	16663.3	17552.5	18481.0

Source: Company

AMSL's net worth has grown at a healthy CAGR of 18% over the FY 2022-24 period.

Exhibit 7: P&L for AMSL

				₹ Lakhs
Details	FY 2022	FY 2023	FY 2024	FY 2022-24 CAGR/Change
Revenues	7163.0	11157.5	13515.7	37%
Other Income	1121.0	223.3	286.2	-49%
Total Income	8284.0	11380.8	13801.9	29%
Direct Expenses	4160.0	7387.3	7787.4	37%
Employee costs	566.7	631.3	623.3	5%
Other expenses	460.3	332.1	923.9	42%
Total Expenditure	5187.0	8350.7	9334.6	34%
EBITDA	3097.0	3030.1	4467.3	20%
EBIDTA (%)	43.2	27.2	33.1	down 10.2 pp
Finance Costs	450.3	475.0	483.8	4%
Depreciation	1625.3	1327.2	1351.2	-9%
PBT	1021.5	1228.0	2632.3	61%
Tax	183.7	206.3	91.1	-30%
PAT	837.8	1021.7	2541.2	74%
Minority Interest	28.3	68.9	185.8	156%
Total Comprehensive Income	809.4	952.7	2355.4	71%
NPM (%)	10.1	9.0	18.4	up 8.3 pp

Source: Company; pp = percentage points

Revenues, EBITDA, and PAT have growth at a healthy CAGR of 37%, 20%, and 74% respectively over the FY 2022-24 period. Profit margins have also expanded by 8.3 pp over the said period.

Exhibit 8: Cash flow Statement Highlights for AMSL

				₹ Lakhs
Particulars	FY 2022	FY 2023	FY 2024	
Cashflow from Operations	1517.7	465.0	1155.7	
Cashflow from Investments	1470.0	1941.2	-1517.8	
Cashflow from Financing	-2897.6	-1723.4	-782.1	
Net Cash Flow	90.2	682.7	-1144.3	

Source: Company

On the cash flow front, AMSL has managed to generate positive cash flow from operations for the last three years, which is a positive.



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