

IPO Details	
Opening Date	May 10, 2024
Closing Date	May 15, 2024
Stock Exchange	NSE SME
Lot Size	1,000 Shares
Issue Price	₹140 to ₹147 per share
Issue Size	Aggregating up to 96.29 Cr.
Fresh Issue	Aggregating up to 96.29 Cr.
Offer for Sale	-
Application Amount	₹1,47,000

IPO Objective	
1.	Acquisition of off shore vessel
2.	Funding of Working Capital Requirements
3.	General Corporate Purposes

Pre-Issue Shareholding		
Category	No. of Shares	% of Total Shares
Promoter & Promoter Group	1,55,70,000	86.50%
Public	24,30,000	13.50%

Promoter(s) of the Company	
1.	Capt. P B Narayanan
2.	Shreelatha Narayanan
3.	Arathi Narayanan
4.	Capt. Jeevan Krishnan Sanjeevan

Competitive Strengths	
1.	Established Brand Name and Reputation
2.	Diversified Fleet
3.	Experienced Management Team
4.	Proven Ability To Acquire Vessels at Optimal Price and Deploy Vessels
5.	Quality In-House Management of Operations and Cost Competitive Vessel Management

Company Background	
○	ABS Marine Services Limited was incorporated in 1992 with its registered office in Vepery, Chennai, Tamil Nadu.
○	The company offers vessel management, commercial and crew management. Along with that, it provides Port Services, Ship Management and Marine Services.
○	The company caters these services to Government, PSUs, Port Authorities and other Private companies.
○	The company had 468 employees under its payroll as of the date of filing the RHP.

Market Capitalization (In Cr.)	
Pre-Issue	Post-Issue
₹ 265	₹ 361

Financial Summary (In Lacs.)			
For the Period Ended	Mar-22	Mar-23	Mar-24
Total Assets	16,663.28	17,552.50	18,481.00
Net Assets	8,370.01	9,352.42	11,717.39
Total Borrowing	6,114.77	4,866.29	4,567.97
Total Revenue	8,283.98	11,380.78	13,801.90
Profit After Tax	809.44	952.74	2,355.42

Tentative Timeline	
Opening Date	May 10, 2024
Closing Date	May 15, 2024
Basis of Allotment	May 16, 2024
Initiation of Refunds	May 17, 2024
Credit of Shares to Demat	May 17, 2024
Listing Date	May 21, 2024

Company Background and Analysis

ABS Marine Services Limited was incorporated in 1992 and headquartered in Tamil Nadu, India. The company is led by Capt. P B Narayanan, a veteran with over 40 years of experience in the shipping industry. ABS Marine Services started with managing two offshore vessels and has grown to a fleet of 18 vessels as of December 31, 2023.

This includes:

- 5 owned vessels: 2 advanced offshore vessels and 3 Harbour Crafts for Indian ports.
- 1 long-term chartered specialized multipurpose offshore vessel.
- Management of an additional 12 vessels for government, public sector, private companies, and port authorities.

The Operational areas of the Company are:

- Ship Management –
 - a) Crew Management
 - b) Technical Management
- Ship Owning –
 - a) Harbour Crafts
 - b) Anchor Handling Towing Supply Services
 - c) Multipurpose Offshore Support Vessel
 - d) DP – 2 Offshore Vessels
- Port Services
- Marine Services –
 - a) Chartering
 - b) Ship Inspections, Survey and Certificate Liasoning
 - c) Ship Sale and Purchase
 - d) New Build and Ship Conversion Supervision
 - e) Dry Dock Service
 - f) SBM Inspection Repair Maintenance and Operation

The following table details the contribution to revenue of contracts with customers –

(Amt. in Lakhs)

Particulars	Fiscal 2024		Fiscal 2023		Fiscal 2022	
	Revenue	In %	Revenue	In %	Revenue	In %
Government	7,449.35	54.00	5,291.37	46.00	3,117.04	38.00
Public Sector Undertakings	5,346.34	39.00	2,930.15	26.00	2,989.64	36.00
Others	1,006.21	7.00	3,159.20	28.00	2,177.29	26.00
Total	13,801.89	100	11,380.72	100	8,283.97	100

ABS Marine Services Limited caters to a diverse clientele including the Government of India, large industrial companies, public sector undertakings, port authorities, and private entities. The company has established strong relationships with government agencies, as evidenced by 10 strategic contracts, which range around 3 to 5 years, that contribute to their revenue stream. Notably, a significant contract with the Ministry of Earth and Science (MoES) is responsible for a substantial 23.5% of their operating revenue.

The net proceeds of the company would be utilized by the company majorly to buy new offshore vessels which will directly be used to boost the company's revenue and part of those net proceeds will be used to fund the Working Capital requirement to maintain the day-to-day operations of the company.

Business Strategies

1. Focus on Government related contracts:

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

2. Improve operating efficiency, quality of service and overall competitiveness:

The company plans to be more competitive by: Buying newer ships to save on costs and meet environmental goals as it will reduce the average age of the fleet, Investing in technology to make their existing ships more efficient, Tracking environmental impact to meet upcoming regulations.

3. Leverage strong relationships with customers:

The company plans to sharpen their competitive edge through a three-pronged strategy: acquiring younger, more efficient vessels, investing in green technologies to meet environmental targets, and implementing an ESG data management system. They will further solidify their market position by exceeding customer expectations, leveraging existing relationships to expand services, and offering integrated maritime and logistical solutions that cater to the evolving needs of their clientele.

4. Maintain diversity in contracts and customers:

ABS Marine Services aims to maintain a diversified customer base by offering short, medium, and long-term charters (ranging from 1 to 9 years) to private companies, government organizations, and major ports. This strategy minimizes risk by reducing dependence on any single client and ensures their vessels remain operational throughout market fluctuations.

5. Identify and pursue additional strategic alliances:

The company is open to strategic partnerships that create value. They are looking to collaborate with companies that could enhance their business, fleet, or profitability. These partnerships could involve expanding their service offerings or even increasing their fleet size, both domestically and internationally.

6. Continue to manage vessels internally and not outsource to third parties

ABS Marine Services prioritizes in-house vessel management for a holistic view of operations, cost control, and faster response to vessel needs. This, they believe, contributes to their high-quality fleet maintained at competitive costs.

7. Focus on Vessel Acquisition & time charter contracts

The company plans to acquire vessels and secure 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.



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Enabling Your Path To Success

Competitive Scenario and Peer Mapping

Competition

The maritime industry is fiercely competitive, with success hinging on factors like charter rates, vessel capabilities, and crew reputation. Companies face local, regional, and global competitors, some with larger fleets, greater financial resources, and established reputations. Government preferences for local companies can create disadvantages for smaller or foreign companies trying to win contracts. Additionally, if competitors expand into existing operating regions, increased supply could threaten market share for established players. Both suppliers and customers have high bargaining power, high threats of new entrants, low threats of substitutes, and intense competitive rivalry. The industry's mature life cycle means competition centres on efficiency and cost, while its sensitivity to business cycles highlights the impact of economic fluctuations. The experience curve suggests larger players may hold a cost advantage.

Peer Analysis:

Note: The Peer Analysis for the FY24 is not done due to the unavailability of Financial Data from the peer companies.

The comparison of the key performance indicators of the listed peers as of Mar-22 is given below –

Particulars	ABS Marine Services Limited	Seamec Limited	Shipping corporation of India Ltd
	31st Mar 2022	31st Mar 2022	31st Mar 2022
Net Profit Margin	12%	24%	17%
EBITDA Margin	28%	50%	34%
Return on Capital Employed	3%	11%	13%
Return on Equity	10%	6%	6%
EPS (INR)	4.50	32.73	0.26

The comparison of the key performance indicators of the listed peers as of Mar-23 is given below –

Particulars	ABS Marine Services Limited	Seamec Limited	Shipping corporation of India Ltd
	31st Mar 2023	31st Mar 2023	31st Mar 2023
Net Profit Margin	9%	8%	15%
EBITDA Margin	25%	34%	30%
Return on Capital Employed	11%	4%	11%
Return on Equity	11%	2%	7%
EPS (INR)	5.29	12.98	0.44

Industry Overview

Exhibit 1: Cargo Traffic and Market Share of Ports.

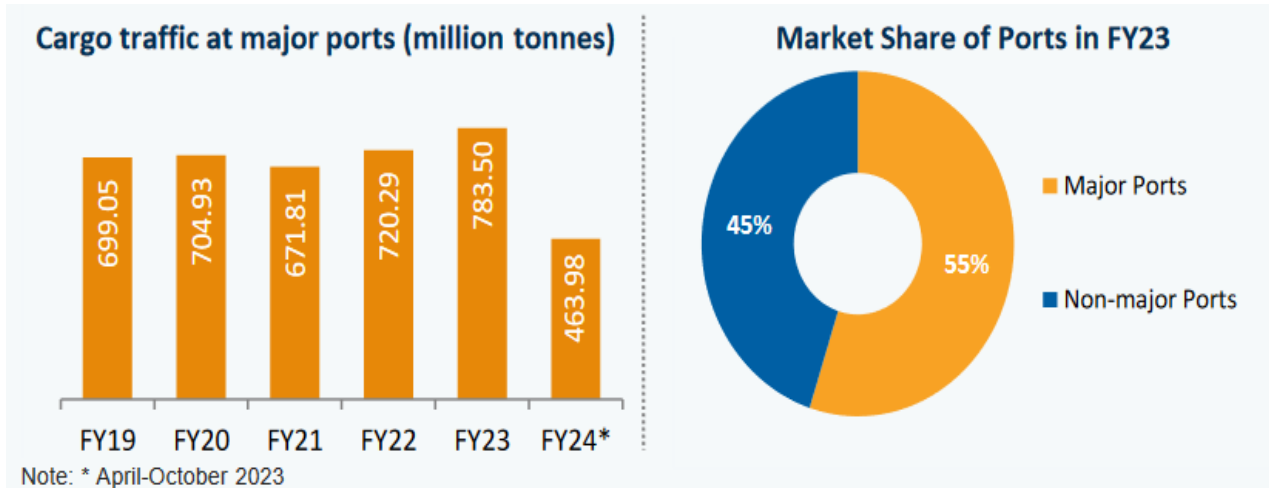
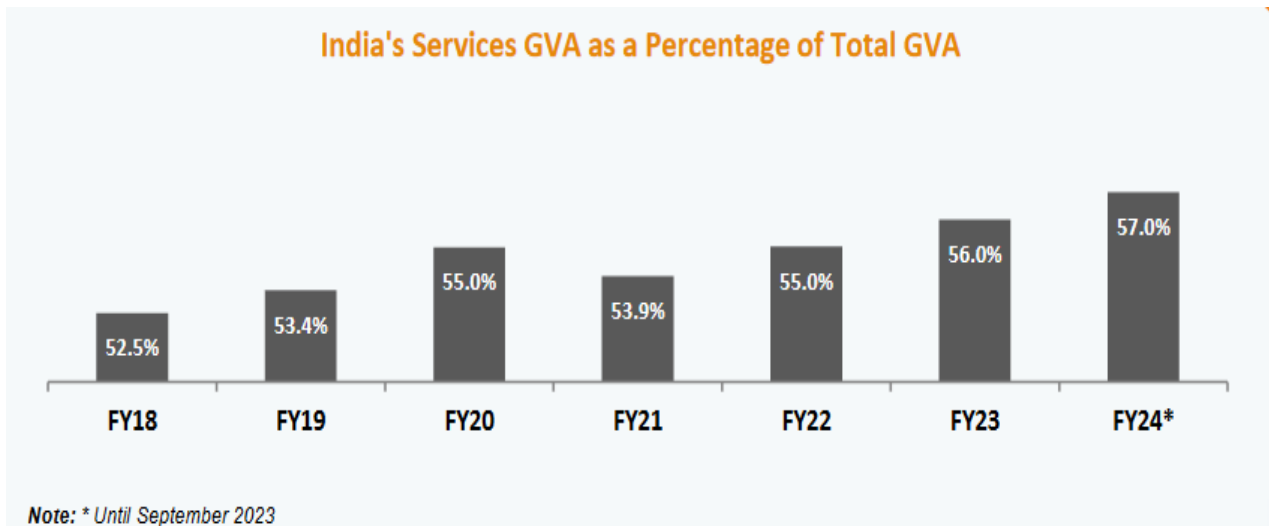


Exhibit 2: Contribution of Services in India’s GVA.



(Source: Ibef.org)

Indian Maritime Industry Overview

Strategic Significance:

- India's vast coastline (7,517 km) holds a strategic location on global shipping routes.
- The maritime sector fuels India's trade, handling approximately 95% of volume and 70% of value.
- India ranks as the world's 16th largest maritime country and holds a dominant 30% global share in the shipbreaking industry.

Key Strengths & Initiatives:

- **Shipbreaking Leadership:** India houses the world's largest shipbreaking facility at Alang.
- **Government Support:** Initiatives like the Maritime India Vision 2030 (150+ initiatives) and the Sagar Mala Program (\$123 Bn investment) prioritize port modernization, logistics development, and coastal community upliftment.
- **Port Infrastructure:** The nation boasts 12 major ports (Jawaharlal Nehru Port Trust being the largest) and over 200 non-major ports, facilitating trade and connectivity.
- **Investment Opportunities:** The government welcomes 100% FDI (Foreign Direct Investment) in the maritime sector, attracting global participation in its growth.

Focus Areas & Recent Developments:

- **Sustainable Growth:** The "Maritime Amrit Kaal Vision 2047" emphasizes green initiatives like the Green Port Guidelines and the establishment of the National Centre of Excellence in Green Ports and Shipping.
- **Logistics & Digitalization:** Efforts like the National Logistics Portal (Marine) streamline processes and boost efficiency for stakeholders.
- **Blue Economy Expansion:** India's first international cruise liner launch and the world's longest river cruise (MV Ganga Vilas) highlight growth in maritime tourism.
- **Improving Global Standing:** India's international shipping ranking has notably climbed to 22nd from 44th in 2014.

Additional Insights:

- India's ship recycling industry is among the world's top 5.
- Public-private partnerships (PPPs) play a crucial role in developing port infrastructure, with numerous projects worth billions of dollars underway.

Overall, the Indian maritime industry presents a dynamic landscape with significant growth potential driven by strategic location, government backing, evolving infrastructure, and a focus on sustainability and social inclusivity.

(Source: Prospectus)

Key Managerial Personnel

Capt. P B Narayanan, aged 67 years, is one of the promoters and 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, aged 42 years, is one of the promoters and the Whole Time Director of the Company. A Master Mariner with 12 years sailing experience on-board various types of ships including, bulk carriers, oil tankers, gas carriers and offshore vessels.

Shreelatha Narayanan, aged 64 years, is one of the promoters and the Non- Executive director of the Company. She is a Post Graduate Diploma holder in Special Education and has around 32 years of experience in managing the affairs of the Company.

Arathi Narayanan, aged 38 years, is one of the promoters, the Director and Chief Financial Officer of the Company. She is an honours' graduate in law, postgraduate in Maritime Law. She oversees administrative & legal affairs, while implementing system change by leveraging technology to suit the need.

Leona Ambuja, aged 38 years, is the Independent Director of the Company. She is a Commerce Post Graduate from Osmania University. She has enriched 12 years of experience in Statutory and Internal Audit of Private Organizations, banks and public sector companies and Preparation of project reports for Fund raising.

Saikrishna Ganesh, is the Company Secretary and Compliance Officer of the Company. He is an Associate member of the Institute of Company Secretaries of India. He has rich experience in the fields of Company Law and Compliance matters for over six years.

Chellasamy Rajendran, aged 61 years, is the Independent Director of the Company. He holds a Diploma in Civil Engineering. He has 39 years of rich experience and deep knowledge in all the key areas of civil engineering viz., structural design, planning and construction of works, project management, maintenance of prestigious buildings, e-governance, administration, contract and financial management.

Capt. Oniel V Dhir, is the Chief Executive Officer of the Company. He holds a degree in Bachelor of Science in Nautical Sciences and an Executive Masters in Business Administration from S.P Jain Institute of Management and Research. Capt. Oniel V Dhir brings with him around 30 years of experience in the Offshore Industry.

Rajkumar Vigneshwar, is the Chief Technical Officer of the Company. A Chief engineer and has 15 years of experience on Tankers and Bulk Carriers – he is responsible for the technical supervision of vessels. He is also in charge of Quality, Safety & Environmental Systems.

Surilsubbu Vasudevan, aged 68 years, is the Independent Director of the Company. He is a fellow Member of the Institute of Company Secretaries of India and holds a Post Graduate in Commerce and is a Chartered Financial Analyst (CFA). He also holds a L.L.B. Degree, and a Post Graduate in Law. He has rich experience of around 25 years in the Finance Industry and brings with him on hand practical banking experience.

To conclude, the company has 4 Individual promoters and all of them have good experience related to their respective fields and in the Industry as well. The Remaining Directors of the company also have vast knowledge and experience in their respective fields which can help in the overall growth of the company.



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Financial Snapshot

Profit and Loss Statement				(In Lacs)
Particulars	FY 22	FY 23	FY 24	
Revenue from Operations	7,163.01	11,157.51	13,515.68	
Other Income	1,120.97	223.27	286.22	
Total Income	8,283.98	11,380.78	13,801.90	
Expenses				
Direct Expenses	4,160.00	7,387.33	7,787.38	
Employee Benefits Expenses	566.67	631.27	623.27	
Finance costs	450.25	474.97	483.81	
Depreciation and Amortization expense	1,625.26	1,327.17	1,351.23	
Admin & Other Expenses	460.34	332.05	923.92	
Total Expenses	7,262.52	10,152.79	11,169.61	
Earnings Before Interest, Taxes, Depreciation & Amortization	1,976.00	2,806.86	4,181.11	
EBITDA Margin	28%	25%	31%	
Profit/(Loss) before exceptional items and tax	1,021.46	1,227.99	2,632.29	
Exceptional items	-	-	-	
Profit/(Loss) before tax	1,021.46	1,227.99	2,632.29	
Tax Expense				
Current Tax	110.68	304.69	801.64	
Deferred Tax	73.00	-98.38	-710.55	
Total Tax Expense	183.68	206.31	91.09	
Profit/(Loss) for the year before minorities interest	837.78	1,021.68	2,541.20	
Minorities share of interest	28.34	68.94	185.78	
Profit/(Loss) for the year	809.44	952.74	2,355.42	
Net Profit Margin	10%	8%	17%	

Balance Sheet				(In Lacs)
Particulars	FY 22	FY 23	FY 24	
EQUITY AND LIABILITIES				
1. Shareholders' funds				
Share Capital	1.00	1.00	1,800.00	
Reserves and surplus	8,369.01	9,351.42	9,917.39	
Total Equity	9,080.13	10,131.48	12,682.23	
Minority Interest	710.12	779.06	964.84	
2. Non-current liabilities				
Long Term Borrowings	4,427.08	2,897.41	2,681.96	
Other Long Term Liabilities	0.75	0.75	0.75	
Long term Provisions	72.13	87.29	78.37	
Total Non-current liabilities	4,499.96	2,985.45	2,761.08	
3. Current liabilities				
Short-term borrowings	1,687.69	1,968.88	1,886.01	
Trade payables				
(i) MSME	8.09	8.95	0.31	



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Balance Sheet		(In Lacs)	
(ii) Other than MSME	893.74	1,684.35	499.29
Other current liabilities	477.38	753.82	323.99
Short-term provisions	16.29	19.57	328.09
Total Current liabilities	3,083.19	4,435.57	3,037.69
Total Liabilities	7,583.15	7,421.02	5,798.77
Total Equity and Liabilities	16,663.28	17,552.50	18,481.00
ASSETS			
1. Non-current assets			
Property, Plant & Equipment and Intangible Assets			
I) Property, Plant & Equipment	9,132.69	8,579.95	8,175.82
ii) Intangible Assets	6.14	5.41	3.23
Good will on consolidation	1.40	1.40	1.40
Deferred Tax Assets (Net)	169.52	264.81	975.32
Long term Loans and Advances	1,393.14	911.91	959.80
Other Non-Current Assets	20.23	2,366.49	2,068.62
Total Non-Current assets	10,723.12	12,129.97	12,184.19
2. Current assets			
Current Investments	3,082.45	533.16	1,055.00
Inventories	-	-	-
Trade receivables	1,266.48	2,421.30	3,205.90
Cash and cash equivalents	1,158.19	1,824.86	705.73
Short-term loans and advances	433.04	643.21	1,330.18
Other Current Assets	-	-	-
Total Current assets	5,940.16	5,422.53	6,296.81
Total Assets	16,663.28	17,552.50	18,481.00

Cash Flow Statement		(In Lacs)	
Particulars	FY 22	FY 23	FY 24
Net Cash Flow from Operating Activities	1,517.7	464.95	1,155.66
Net Cash Flow from Investing Activities	1,470.03	1,941.21	-1,517.79
Net Cash Flow from Financing Activities	-2,897.55	-1,723.44	-782.14



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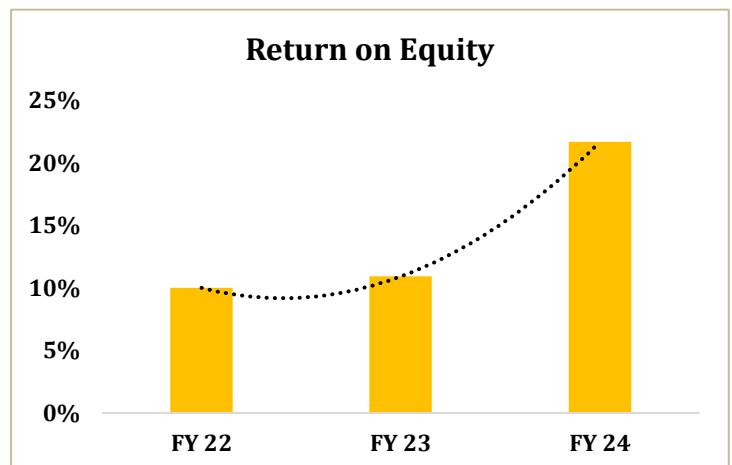
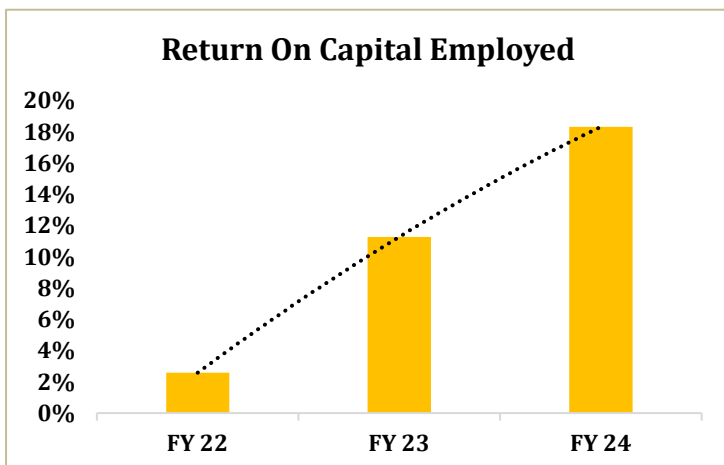
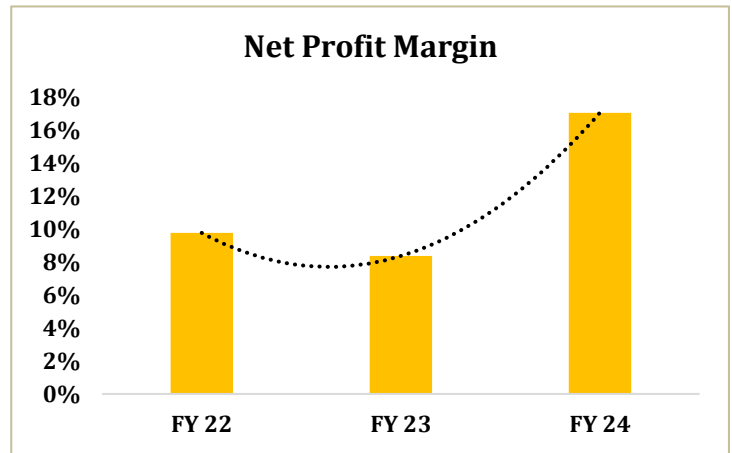
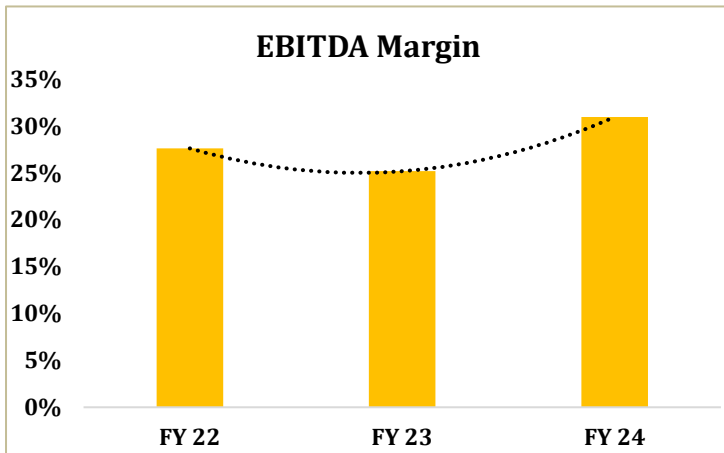
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Ratio Sheet			
Particulars	FY 22	FY 23	FY 24
Per Share Data			
Diluted EPS	4.50	5.29	13.09
BV per share	34.09	38.10	47.73
Operating Ratios			
EBITDA Margins	27.59%	25.16%	30.94%
PAT Margins	10.11%	8.98%	18.41%
Inventory days	-	-	-
Debtor days	64.54	79.21	86.58
Creditor days	45.95	55.39	13.49
Return Ratios			
RoCE	2.58%	11.28%	18.32%
RoE	10.01%	10.92%	21.69%
Valuation Ratios*			
EV/EBITDA	6.74	4.42	3.73
Market Cap / Sales	5.04	3.23	2.67
P/E	32.67	27.79	11.23
Price to Book Value	4.31	3.86	3.08
Solvency Ratios			
Debt / Equity	0.73	0.52	0.39
Current Ratio	1.93	1.22	2.07
Quick Ratio	1.93	1.22	2.07
Asset Turnover	0.43	0.64	0.73
Interest Coverage Ratio	0.78	3.12	5.85

*Valuation Ratios are calculated using the current Issue Price.

Financial Charts



For additional information and risk profile please refer to the company's Offer Document



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Key Risk Factors

1. PSUs and Government clients contribute to majority of the revenue (forming 39% and 54% of total revenue respectively as of FY 2024).
2. The company has had a negative cash flow from operating activities for the FY23 and may continue to have so in future.
3. Top five customers contributed 88.71% and 87.99 % of total revenue from operations for year ending 31 March, 2024 and 2023 respectively. Any loss of business from them may adversely affect the revenues and profitability.

Track Record of Lead Manager

The lead manager to the issue is GYR Capital Advisors Private Limited. A table has been set below highlighting the details of the IPO of the last 10 companies handled by the Lead Manager in recent times –

GYR Capital Advisors Private Limited –

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	Naman In-Store (India) Limited	25.35	89.00	Apr 02, 2024	111.00
2.	Koura Fine Diamond Jewelry Limited	5.50	55.00	Mar 14, 2024	51.40
3.	Thaai Casting Ltd	47.20	77.00	Feb 23, 2024	215.00
4.	Maxposure Limited	20.26	33.00	Jan 23, 2024	97.00
5.	Kay Cee Energy & Infra Limited	15.93	54.00	Jan 05, 2024	285.00
6.	Trident Techlabs Limited	16.03	35.00	Dec 29, 2023	359.00
7.	Maitreya Medicare Limited	14.89	82.00	Nov 07, 2023	175.00
8.	Basilic Fly Studio Limited	66.35	97.00	Sep 11, 2023	357.00
9.	Srivari Spices and Foods Limited	9.00	42.00	Aug 18, 2023	351.00
10.	Essen Speciality Films Limited	66.33	107.00	Jul 06, 2023	151.00

The company has had 10 mandates in the past year (2023) and has 5 Mandates till now in the current Year.

*CMP for the above-mentioned companies is taken as of 9th May 2024.

As per the offer document, from the above-mentioned mandates, all the mandates have opened at premiums on the listing date.



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Recommendation

The company has been in this business since 1992 and thus has vast experience in the industry. The management overview of the company is satisfactory as the promoters and the directors have good experience in their respective fields and in the industry.

The P/E on the of the company is 11.23 Times which makes it undervalued, since Sector P/E is 27.6 Times.

The company exhibits a strong financial performance trend, with significant improvements in profitability across all key metrics (net profit margin, EBITDA margin, ROCE, and ROE) from FY22 to FY24. This improved profitability is further supported by positive cash flow generation and improved liquidity and solvency ratios. Additionally, the peer analysis demonstrates the company's outperformance compared to competitors within the shipping industry. The company has most of its revenue on a contract basis from the government and other players and has well-diversified services to offer. While the overall performance is positive, the sudden jump in revenue from FY23 and PAT margins raises slight concerns. But, with the business being sustainable we recommend to **APPLY** to this IPO.



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