

SEAMEC Ltd

Initiating Coverage

16 Mar 2026

Spark Initiating Coverage Reports – Rebooted!

Outlining the framework from our desk

In our new, rejuvenated approach to publishing fundamental research ideas, we aim to balance a traditional, time-tested framework with a contemporary and hopefully refreshing segue into stock-picking. Accordingly, our Initiating Coverage reports will be presented in five sections: **(1) Forensic Analysis, (2) Business Assessment Scores, (3) Valuation Framework, (4) Stock Buzz & Influencing Factors, and (5) Technical Analysis.**

This report is underpinned by three key beliefs: (1) Technical analysis, when combined with fundamentals, leads to better stock calls; (2) business assessment should be separated from valuation frameworks so that equity research can calibrate the mix objectively when making stock calls; and (3) reactions to “buzz” and other factors that influence price action must be identified and given due regard when timing stock calls, particularly in the current environment where information flow is incessant.

Forensic Analysis

Drawing on the time-tested, but often neglected, practice of drilling into historical annual reports, we dedicate the opening section to the **Analytical Perspective** gleaned from this exercise. A helpful forensic overlay provides a clearer view of the company’s **historical operating performance, balance sheet behaviour, cash flow quality & governance structure.** By anchoring the analysis in reported numbers and disclosures, this section helps assess earnings quality and risk before progressing to any forward-looking calls with conviction.

Business Assessment Scores

To address the question of whether a company’s business can emerge as a long-term winner, we draw on Porter’s Five Forces framework to examine key aspects such as revenue models, pricing risks, market positioning, and competitive moats. Our financial analysis and estimates are anchored in our assessment of both the company’s current performance and its long-term potential. To ensure that this assessment remains objective and not influenced by subjective judgment, we employ a scoring model that captures the key drivers of business quality across five composite vectors. The resulting scores form the basis of our call on the business.

Valuation Framework

We have often observed how markets can make target multiples appear like the proverbial rabbits out of a hat. To avoid the temptation of retrospectively justifying valuations alongside the broader market, we returned to first principles while designing our Valuation Framework. Anchored in market, peer, and historical absolute benchmarks, our valuation scores incorporate Economic Value Added, return profiles, growth prospects, and leadership positions, mapped against relevant valuation multiples. Ultimately, the central question remains: given everything we know about the business, markets, and peers, does the current pricing appear attractive? This question forms the bedrock of stock-picking in equity research.

Stock Buzz & Influencing Factors

The **Buzz Chart & Liquidity Chart** track stock-specific news flow, events, and market activity to help identify **periods of elevated attention or sentiment shifts**, complementing fundamental and valuation analysis.

Technical Analysis

The report also includes a **Technical Analysis** section to capture prevailing price trends, momentum, and key support-resistance levels, offering additional insight into **market timing and near-term market behavior.**

Source: Company, Midas Research

Report in Gist (1/2)

Last Day Close
Rs. 1,321

1Y TP
Rs. 1,647

1Y Upside
25%

Rating
BUY

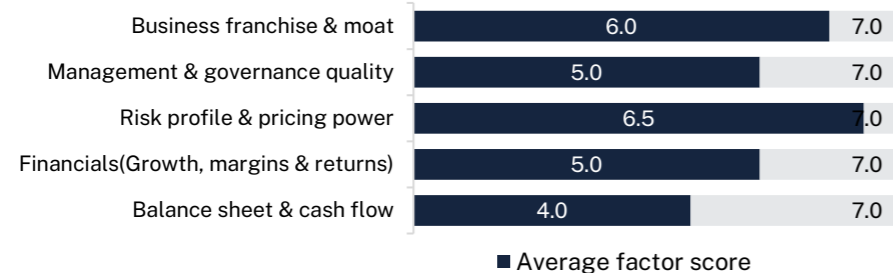
SEAMEC Ltd.- About the company

- SEAMEC Ltd (Seamec) is a leading provider of Diving Support Vessels (DSVs) in the offshore oilfield industry, with operations in India and overseas.
- The company operates Multi-Support Vessels (MSVs) that offer marine, construction, and diving services to offshore oilfield operators, along with bulk carrier vessels used for commodity transportation.
- Seamec's clientele includes leading players such as Oil and Natural Gas Corporation (ONGC), L&T Hydrocarbon Engineering, James Fisher, and Mermaid.
- In 2014, Seamec became a subsidiary of HAL Offshore Ltd. (Himachal Alkalies Limited), thereby integrating into the MM Group.

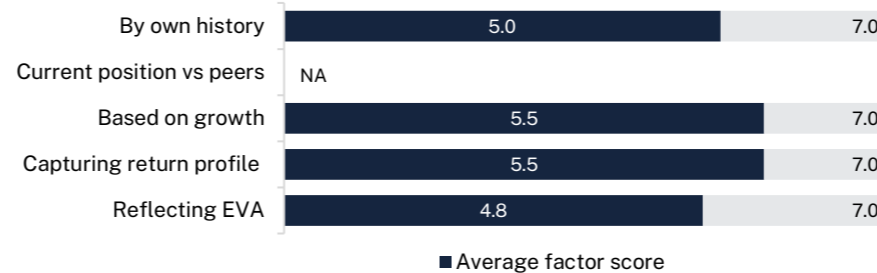
Forensic Analysis

SEAMEC's forensic analysis shows a 23% revenue CAGR (FY22-25), strong operating cash flow to PAT conversion (120%-160%), and normalising working capital days (~80). The auditor has issued a clean report. Director pay is conservative (~1% of PAT), though related-party exposure remains notable, with 18.9% of revenue from parent HAL Offshore and Rs. 26 cr (4% of revenue) in management fees to MMG Advisors (Promoter entity).

Business Assessment Scores



Valuation Framework



Financials and Estimates Summary

Particulars (Rs cr)	Revenue	EBITDA %	PAT %	EPS	RoE %	RoCE %	PE	EV/EBITDA	Mcap/Sales
2024	729.3	33.2%	16.5%	47.1	13.2%	8.8%	28.1	14.1	4.6
2025	651.8	32.8%	13.5%	35.3	8.7%	6.8%	37.5	14.5	5.2
2026E	855.4	39.8%	23.5%	79.2	16.6%	12.8%	16.7	9.9	3.9
2027E	926.1	45.8%	25.1%	91.3	16.1%	16.5%	14.5	7.2	3.6
2028E	1,060.7	46.5%	22.7%	94.8	14.3%	13.9%	13.9	7.3	3.2

16 Mar 2026

Industry **Oil & Gas Shipping**

Key Stock Data

Bloomberg	SEAM IN
Shares o/s (cr)	2.5
Market Cap (Rs cr)	3,359
52-wk High/Low	1447/753
20D ADV (In '000)	124
Index	BSE SmallCap
F&O	N

Latest Shareholding (%)

	Dec 25	Sep 25	Jun 25
Promoters	72.7	72.7	72.7
Institutions	7.5	7.4	9.1
Public	19.8	19.9	18.2
Pledge	0.0	0.0	0.0

Stock Performance (%)

	1M	6M	12M
SEAM IN	-4.7	37.8	38.4
BSESML INDEX	-9.2	-15.2	-8.6

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Source: Company reports, Bloomberg, Midas Research

Report in Gist (2/2)

Stock Buzz & Influence Factors

- The stock has historically shown a strong positive correlation to offshore capex sentiment and ONGC tendering cycles. Upticks in ONGC's exploration budget announcements or new contract awards have consistently driven sharp re-ratings, while policy delays or tender deferrals have triggered disproportionate sell-offs.
- Crude oil price movements act as a lead indicator for market sentiment; rising Brent prices improve the offshore capex outlook and lift SEAMEC's valuation multiples, while oil price weakness compresses the stock even before any fundamental earnings impact materializes.
- Fleet expansion announcements (e.g., Seamec Swordfish, OSV Seamec Diamond) initially weigh on the stock as the market prices in capex burden, margin dilution, and mandatory dry-docking downtime before deployment. However, once vessels clear dry dock and utilisation ramps up, the stock has historically re-rated sharply.
- Periodic statutory dry-docking and monsoon-led vessel downtime create predictable yet sentiment-sensitive periods of revenue softness. Quarterly deployment-day disclosures remain a key catalyst: positive utilisation surprises drive outsized moves, while scheduled dry-dock quarters create short-term volatility around results.
- Government policy signals around domestic offshore production targets and energy security initiatives act as a broader sentiment tailwind, with the stock benefiting from thematic flows into the offshore services basket alongside peers.

Technical Outlook

- SEAMEC is currently consolidating after a strong rally, with the stock trading near a downward trendline resistance at Rs. 1,390-1,450. A decisive breakout above this zone could trigger the next leg of the uptrend, while Rs. 1,240 (50-DMA) and Rs. 1,090 (100-DMA) are expected to act as key downside support levels.



CONTENT

Research Rebooted

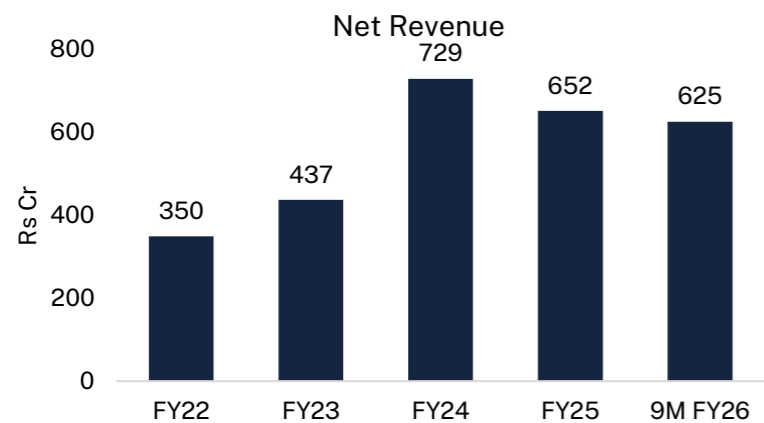
Report in Gist

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1 - Forensic Analysis (1/2)

Quality of earnings drives valuation quality

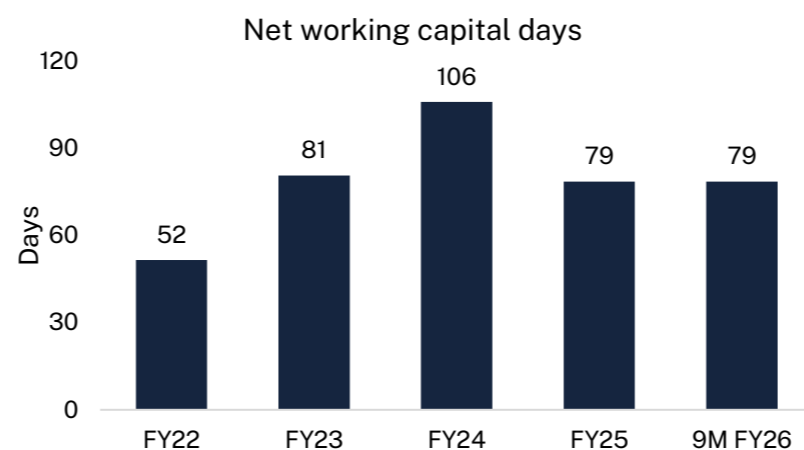
Net revenue (Rs cr)



Earnings quality

- Revenue grew at a 23% CAGR from FY22–FY25, demonstrating strong growth. The momentum carried into 9MFY26.
- The dip in FY25 was primarily due to **fewer deployment days of the SEAMEC Princess and Swordfish vessels**.
- The sharp recovery and continued growth in **9MFY26 indicate a clear reversal in trend**, supported by new long-term contracts and the addition of vessels.

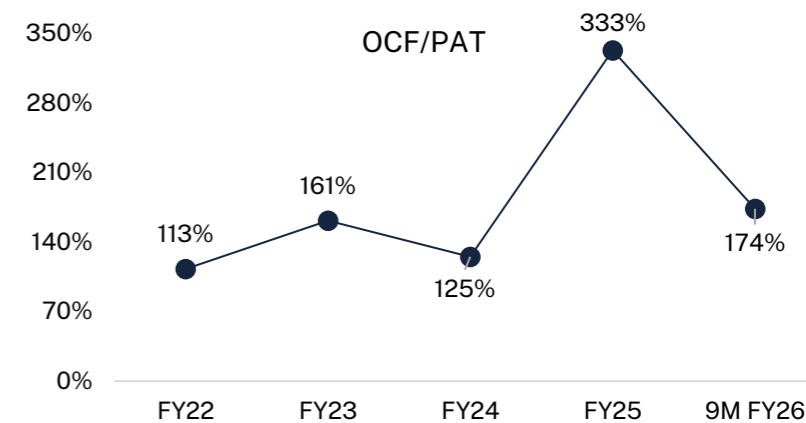
Net working capital days



Working capital intensity

- Net working capital (NWC) days for **SEAMEC** remained elevated due to a sharp increase in receivable days in FY24, which reached 142 days. This has now normalized to 84 days.
- The earlier increase had created working capital pressures; however, the moderation to **~80 days in 9MFY26** reflects **management's focus on improving working capital efficiency**.

Operating cash flow/PAT



Cash flow integrity

- SEAMEC has historically demonstrated strong OCF/PAT generation.
- The sharp rise in OCF/PAT in FY25 was driven by the normalization of NWC days.
- The company aims to maintain OCF/PAT in the range of 120%–160%, indicating improved cash flow stability and more efficient operating cash generation.

1 - Forensic Analysis (2/2)

Quality of earnings drives valuation quality



Auditor and disclosure quality

- The auditor has issued a clean audit report, stating that the company has disclosed the information required under the Companies Act, 2013, in the prescribed manner and that the financial statements give a true and fair view in conformity with Indian Accounting Standards.
- M/s. T R Chadha & Co LLP, Chartered Accountants, were reappointed as the statutory auditor of the company in 2022 for a period of 5 years.



Management remuneration & governance assessment

- The remuneration of Naveen Mohta, Whole-Time Director, stood at 1% of PAT (Rs. 92 lakh), indicating reasonable alignment with the company's profitability.
- In comparison, compensation to Rakesh Ayri, (Ex) Chief Executive Officer, remained below 1.4% of PAT, reflecting a conservative and balanced non-executive pay structure. The salary structure of the new CEO will be disclosed in the FY26 annual report.
- Nearly 18.9% of total revenue in FY25 was derived from transactions with the parent, HAL Offshore, highlighting a significant related-party business exposure.
- The company also paid a management fee of Rs. 26 cr (4% of revenue) to MMG Advisors (Promoter entity), representing a notable 30% of FY25 PAT.

Source: Company, Midas Research

2 - Business Assessment Scores



Business Assessment Scores - Summary

Business franchise and moat: 2.1

SEAMEC operates in a niche subsea IMR segment, with scale leadership, long-standing relationships with ONGC & multi-year contracts that provide revenue visibility. Vessel ownership offers a competitive edge, while stringent certifications and high capex create entry barriers, supporting a moat rating of **6.0/7.0**.

Management and governance quality: 2.2

The company scores well on the board committee independence, management continuity, controlled promoter remuneration, and the absence of stock-based compensation. However, frequent board-level churn and significant related-party revenue concentration pose risks, limiting the rating to **5.0/7.0**.

Risk profile and pricing power: 2.3

Strong structural moat with high entry barriers and no real substitutes, offset by concentrated buyer power that compresses pricing through competitive tenders, capping full pricing power. This supports a rating of **6.5/7.0**.

Financials (Growth, margins & returns): 2.4

There is significant growth potential as new ships come online, coupled with an increase in lucrative long-term and overseas contracts. However, risks such as vessel breakdowns and geopolitical tensions could materially impact the business. This results in a rating of **5.0/7.0**.

Balance sheet and cash flow: 2.5

SEAMEC maintains a conservative balance sheet with low leverage and strong operating cash flow generation, providing adequate liquidity to support vessel acquisitions. However, free cash flow remains cyclical due to the capital-intensive nature of vessel investments. This results in a rating of **5.3/7.0**.



SEAMEC Limited – Company Factsheet

Corporate Snapshot	
Company background	<ul style="list-style-type: none"> Seamec Limited, established in 1986 and headquartered in Mumbai, India, is a prominent provider of offshore oilfield services, specializing in diving support vessel (DSV) operations. The company is a subsidiary of HAL Offshore Limited (Already having Multi Support Vessel (MSV) experience of more than 2 decades) and an integral part of the MMG Group, a diversified conglomerate with interests spanning shipping, onshore and offshore EPC contracts, real estate, education, and the food and beverage industry. Under the leadership of Chairman Mr. Sanjeev Agrawal, Seamec has experienced significant growth and diversification.
Business verticals	<ul style="list-style-type: none"> Diving support and subsea services – Provides specialized diving support services, including inspection, maintenance, repairs (IMR), subsea construction, and remotely operated vehicle (ROV) operations for offshore oil and gas infrastructure. Offshore support and marine logistics – Operates Multi-Support Vessels (MSVs) and Offshore Support Vessels (OSVs) to provide platform support, firefighting, pollution control, and emergency rescue services for offshore oilfield operations. Accommodations and offshore infrastructure – Operates accommodation barges to support offshore personnel, providing living and operational facilities near oil rigs and construction sites. Bulk cargo transportation (subsidiary) – Manages bulk carriers that transport commodities such as food staples, industrial products, and raw materials for global trade.
Revenue breakup	<ul style="list-style-type: none"> Offshore assets: 94.7% <ul style="list-style-type: none"> Dry Bulk: 5.3% Domestic: 85.8% Overseas Business: 14.2%
Operating fleet	<ul style="list-style-type: none"> Seamec Limited operates a diverse fleet, including six DSVs – Seamec II, Seamec III, Seamec Princess, Seamec Paladin, Seamec Swordfish, and Seamec Agastya; one OSV – Seamec Diamond; an accommodation barge – Seamec Glorious; and two bulk carriers – Seamec Gallant and Asian Pearl.
Key customers	<ul style="list-style-type: none"> Oilfield Services:  Bulk Carrier Services: 
Promoter background	<ul style="list-style-type: none"> Chairman: Mr. Sanjeev Agrawal is one of the founders of the MMG Group. Over the last 26 years, he has played a key role in scaling and diversifying the group's business interests in various fields, including offshore vessels for complex subsea activities, food & beverages, education, hospitality, and real estate.

Category (Dec'25)	% Share
Promoter Group	72.7
FII	3.4
DII	4.1
Others (Public)	19.8
Total	100.0

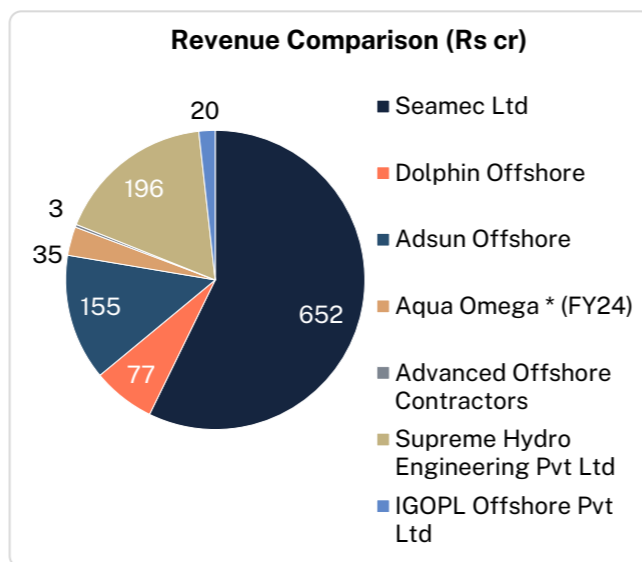
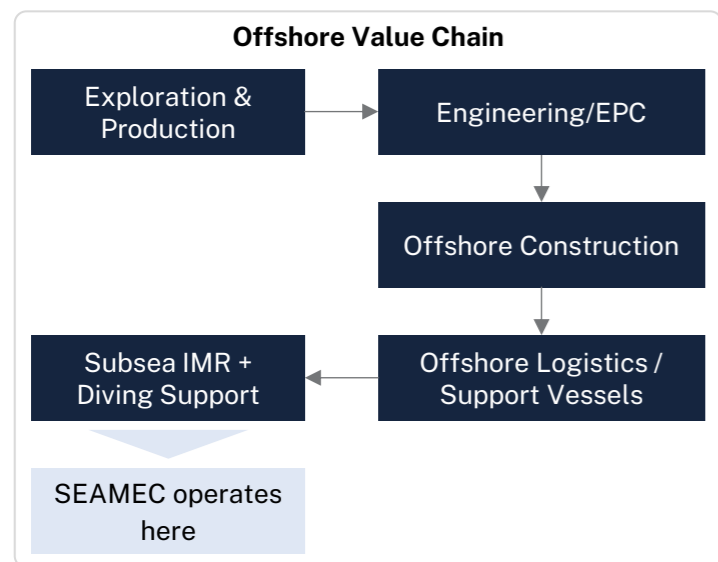
Key Metrics	FY22	FY23	FY24	FY25	9MFY26
Revenue (Rs cr)	349.6	437.2	729.3	651.8	625
Gross Profit (Rs cr)	233.6	274.2	455.6	421.3	380
Gross Margin (%)	66.8	62.7	62.5	64.6	60.8
EBITDA (Rs cr)	129.1	126.4	242.2	213.7	240.5
EBITDA Margin (%)	36.9	28.9	33.2	32.8	38.5
PBT (Rs cr)	84.8	27.6	120.0	106.8	161.8
PBT Margin (%)	24.3	6.3	16.5	16.4	25.9
PAT (Rs cr)	83.7	33.6	120.7	87.9	149.8
Net Worth (Rs cr)	748.5	790.3	911.4	1,007.9	NA
Net Debt (Rs cr)	-170.5	-148.5	47.7	-261.4	NA
Invested Capital (Rs cr)	845.3	772.8	1,081.6	1,079.5	NA
Total Assets (Rs cr)	970.6	1,064.1	1,407.6	1,379.2	NA
RoE (%)	11.2	4.2	13.2	8.7	NA
RoCE (%)	5.2	1.6	8.8	6.8	NA

Source: Company, Midas Research

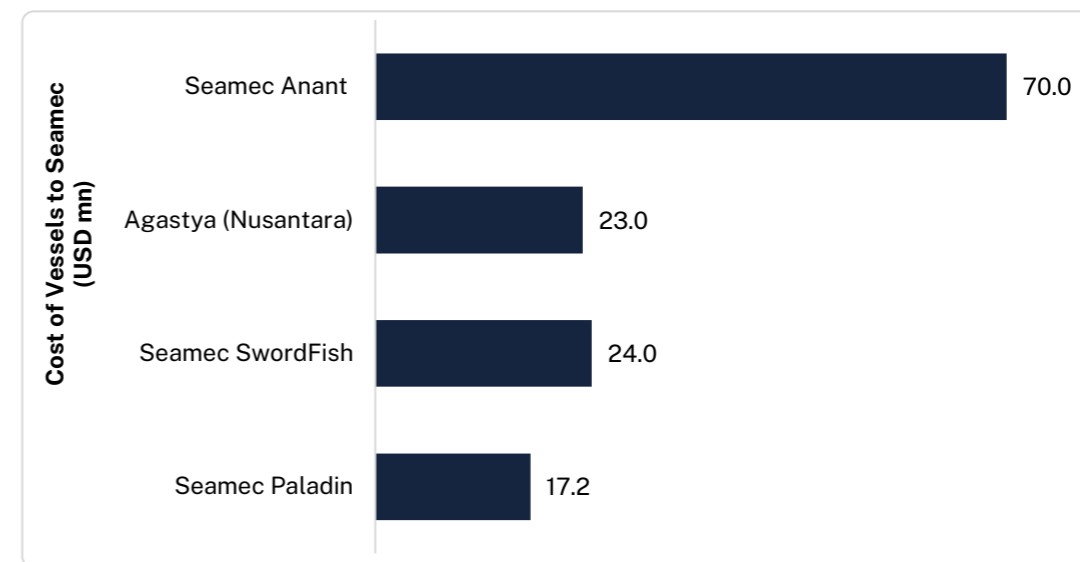
2.1 - Business Franchise & Moat (1/2)

Operates in a niche subsea IMR segment, with scale leadership, long-standing relationships with ONGC, and multi-year contracts that provide revenue visibility. Vessel ownership offers a competitive advantage, while stringent certifications and high capital expenditure create entry barriers.

India's subsea Inspection, Maintenance & Repair (IMR) segment is niche; within it, SEAMEC commands the majority of industry revenues



Vessel ownership – Capex intensity creates a barrier to entry, while SEAMEC’s owned fleet drives 40% EBITDA margins



- The subsea IMR and diving support segment operates at the specialized end of India’s offshore services industry, with fewer than 10 active domestic players compared to 15–20+ in the more commoditized offshore logistics/OSV segment.
- SEAMEC accounts for ~57% of combined revenues among domestic subsea IMR players, exceeding the total scale of all peers combined.
- Even among the few peers in this segment, most operate solely as service contractors and do not own specialized diving support vessels. They typically bid for contracts and charter vessels from the open market as needed, contributing manpower and execution capability rather than assets.
- SEAMEC is the only Indian player to own a fleet of large Diving Support Vessels. Asset ownership thus determines which contracts can be bid for, the scale of operations, and the economics that can ultimately be earned.

- Vessel acquisition costs range from ~USD 17mn–70mn for second-hand MSVs, while new builds can cost ~USD 100 mn. Specialized vessels take 2.5–3 years to construct, and with only ~250 DSVs globally and negligible new supply, there is virtually no off-the-shelf market for these assets.
- This capital intensity explains why most domestic peers remain service contractors. In contrast, SEAMEC has invested ~Rs. 700 cr in capex in the past 3-4 years and is committing another ~Rs. 600 - 650 cr, along with a broader Rs. 1,000 cr investment plan with DG Shipping to acquire a new vessel.
- Asset ownership compounds returns over time. Older, largely depreciated vessels continue generating cash flows that fund new acquisitions. Unlike service contractors that charter vessels and earn thin spreads, SEAMEC’s sustained asset ownership supports structurally higher profitability (~40% EBITDA margins) and a competitive position that is difficult to replicate.

Source: Company, Midas Research

2.1 - Business Franchise & Moat (2/2)

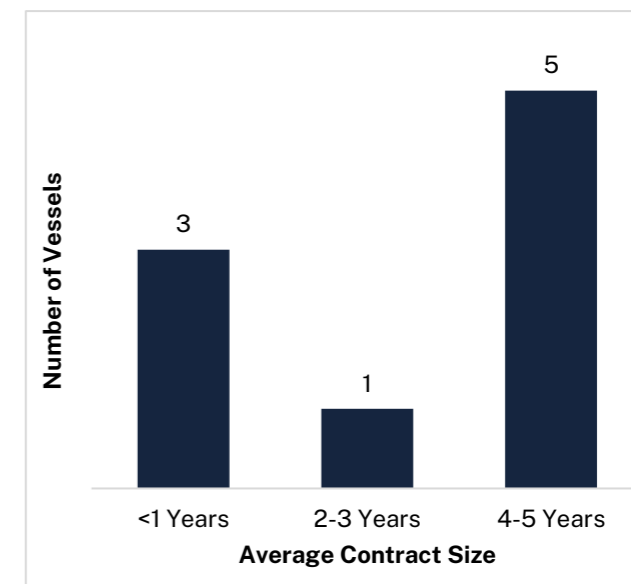
Long-standing execution with ONGC and stringent vendor qualification create high client stickiness



- ONGC contributes ~70% of SEAMEC's revenue, reflecting a long-standing operational relationship in offshore subsea services.
- Offshore fields require vessels that meet strict specifications on water depth, crane capacity & dynamic positioning (DP) class; moreover, vendors must undergo extensive technical qualification & safety audits.
- Once qualified and operationally embedded, switching contractors involves significant transition costs and operational risk, reinforcing SEAMEC's incumbency advantage and strengthening its business franchise.

A diversified fleet deployed across long-term and project contracts provides revenue visibility and reinforces SEAMEC's business franchise

Name	Average Contract Size
Glorious Barge	<1 Years
Swordfish	2-3 Years
Agastya	4-5 Years
Anant	4-5 Years
Nusantra	4-5 Years
Seamec Princess	<1 Years
Seamec Paladin	4-5 Years
Seamec 3	<1 Years
Seamec 2	4-5 Years
Seamec Diamond	3 Years



- Core vessels operate under long-term contracts of ~4–5 years, providing medium-term revenue visibility and stable utilization.
- Other vessels operate on shorter project-based deployments, allowing SEAMEC to capture additional offshore work while maintaining fleet utilization.
- This mix of long-term visibility and flexible fleet deployment strengthens SEAMEC's business franchise.

Source: Company, Midas Research

2.2 - Management & Governance Overview

5.0

7.0

The company scores well on the board committee independence, management continuity, controlled promoter remuneration, and the absence of stock-based compensation. However, two key concerns weigh on the rating: frequent board-level churn (six director changes in ~two years) and significant related-party revenue concentration (15.3% from group entities).

✓: Positive ✓: Neutral ✗: Negative

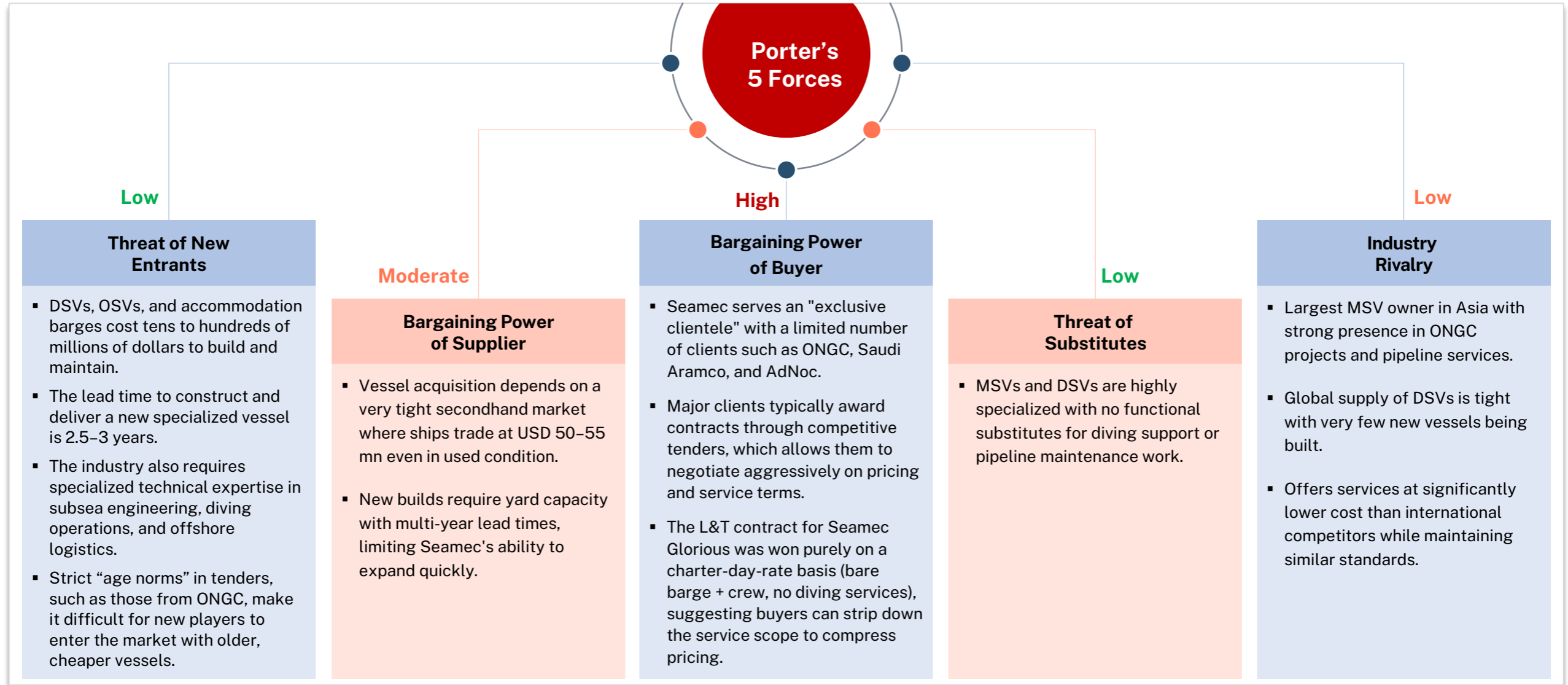
Rating	Corporate Factsheet
✓	<p>Board of directors-independence & diversity</p> <ul style="list-style-type: none"> The Board of Directors comprises eight members, including one Executive Director (Mr. Naveen Mohta), two Non-Executive Non-Independent Directors (Mr. Sanjeev Agrawal and Mr. Rajeev Goel), and three Non-Executive Independent Directors (Mrs. Ruby Srivastava, Mr. Raghav Chandra and Dr. Amarjit Chopra), CFO (Mr. Vinay Kumar Agarwal) and Company Secretary & Compliance Officer (S N Mohanty). Of the three Independent Directors, one is a woman. The board is largely composed of seasoned professionals. Notably, Mr. Sanjeev Agrawal, a Non-Executive Non-Independent Director, is also a founder promoter of the MM Group, to which the company belongs. Additionally, Mrs. Deepti Agrawal, the chairman's spouse, is a shareholder and a related party.
✗	<p>Board of directors-changes in directors</p> <p>We observed multiple changes in the constitution of the BoD -</p> <ul style="list-style-type: none"> Mrs. Ruby Srivastava: Appointed as an Additional Director on May 24, 2023, to replace Dr. Sangeeta Pandit, who resigned citing personal and professional commitments. Mr. Deepak Shetty: Ceased to be a Director on May 14, 2024, upon the completion of his first five-year term. Mr. Raghav Chandra appointed as an Additional Director effective May 15, 2024. Mr. Surinder Singh Kohli, ceased to be a Director on Aug 10, 2024, upon completion of his second consecutive term. Mr. Amarjit Chopra, appointed as an Independent Director for five years, effective Aug 8, 2024. Mr. Subrat Das, ceased to be a Director on Feb 11, 2025, following the withdrawal of his nomination by the parent company, HAL Offshore. Mr. Rajeev Goel, appointed as a Non-Executive Director on Feb 11, 2025, nominated by HAL Offshore.
✓	<p>Board of directors-independence in board committees</p> <ul style="list-style-type: none"> The Audit Committee comprises four members, out of which three are Independent Directors. The Nomination and Remuneration Committee comprises four members, out of which three are Independent Directors.
✓	<p>Changes in key managerial personnel</p> <ul style="list-style-type: none"> Mr. Rakesh Ayri was appointed CEO effective May 28, 2024, and removed from the position effective August 19, 2025, citing non-performance. There have been no changes to the CFO and Company Secretary in the last two years.
✓	<p>Management continuity</p> <ul style="list-style-type: none"> Mr. Naveen Mohta is under a five-year contract effective September 1, 2021, to August 31, 2026. M/s T.R. Chadha & Co. LLP has served as the company's auditor since 2017. They are currently in their second five-year term, which will expire at the conclusion of the 40th AGM in 2027.
✓	<p>Promoter remuneration</p> <ul style="list-style-type: none"> Whole-Time Director Mr. Naveen Mohta's remuneration for FY24-25 was Rs. 92 lakh, representing ~0.76% of consolidated PAT. Non-Executive Directors receive no remuneration from the company other than sitting fees for attending board and committee meetings.
✓	<p>Promoter holding</p> <ul style="list-style-type: none"> HAL Offshore (70.36%), Promoter Group: Mr. Sanjeev Agrawal (1.56%) and Mrs. Deepti Agrawal (0.39%)
✓	<p>Stock-based compensation</p> <ul style="list-style-type: none"> Nil, The company does not operate a stock option scheme.
✓	<p>Related-party transactions</p> <ul style="list-style-type: none"> As of FY25, 18.9% of standalone revenue is contributed by HAL Offshore. Management guidance towards addressing this is viewed positively.

Source: Company, Midas Research

2.3 - Risk Profile & Pricing Power

6.5 7.0

Strong structural moat: high entry barriers, no real substitutes, and the lowest-cost operator in the segment. The key risk is concentrated, powerful buyers (ONGC, Aramco, ADNOC), who can compress pricing through competitive tenders, limiting full pricing power.

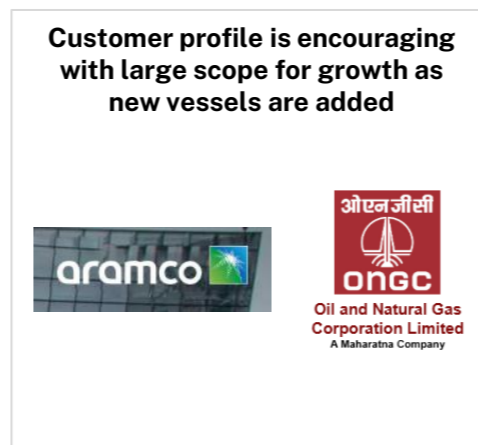
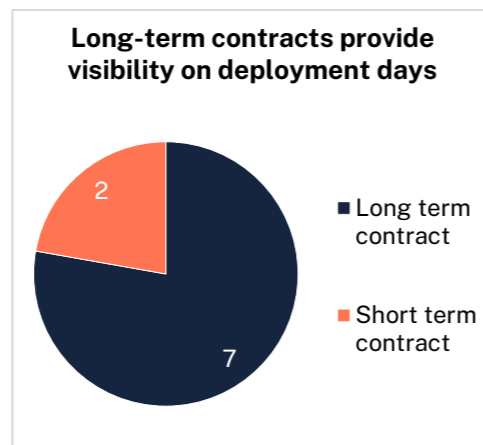
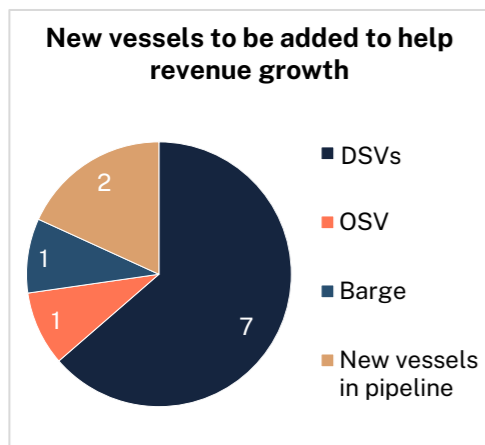


Source: Company, Midas Research

2.4 – Financials (1/2)

Vessel addition & long-term contracts to drive revenue

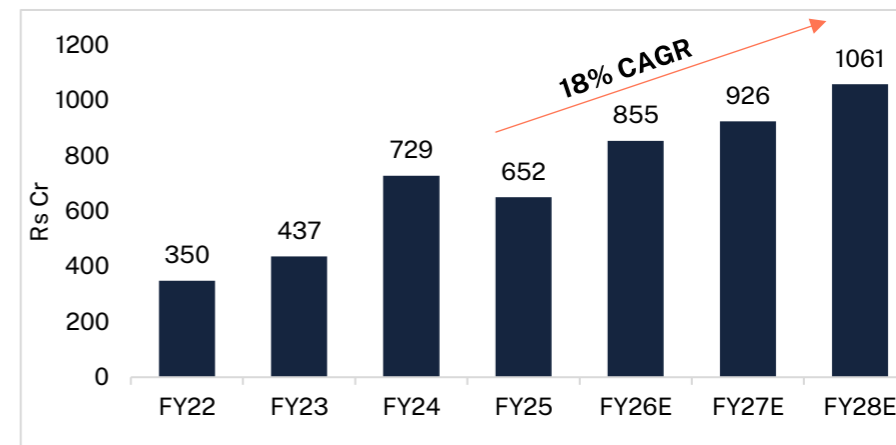
SEAMEC is one of the few players in India with these capabilities



5.0 7.0

There is significant potential for growth as new ships come online, an increase in lucrative long-term contracts, and overseas contracts. However, there is a risk of vessel breakdowns and geopolitical tensions that could severely impact the business.

To result in significant revenue growth (Rs cr)



Sr No	Vessels	Vessel Type	Build Year	Acquiring Year	Age	Contracted	Term
1	SEAMEC II	DSV	1982	1993	43	Yes	Long-term
2	SEAMEC III	DSV	1983	1993	42	Yes	Short-term (70 days)
3	SEAMEC PRINCESS	DSV	1984	2006	41	Yes	Long-term (2 years)
4	SEAMEC SWORDFISH	DSV	2007	2023	18	Yes	Long-term (2 years)
5	SEAMEC PALADIN	DSV	2008	2021	17	Yes	Long-term (5 years)
6	SEAMEC GASTGANYA (NPP NUSANTARA)	DSV	2010	2025	15	Yes	Long-term (5 years)
7	SEAMEC ANANT	DSV	2023	2025	2	Yes	Long-term (5 years)
8	SEAMEC DIAMOND	OSV	2011	2023	14	Yes	Long-term (3 years)
9	SEAMEC GLORIOUS	Barge	2006	2021	19	Yes	Short-term

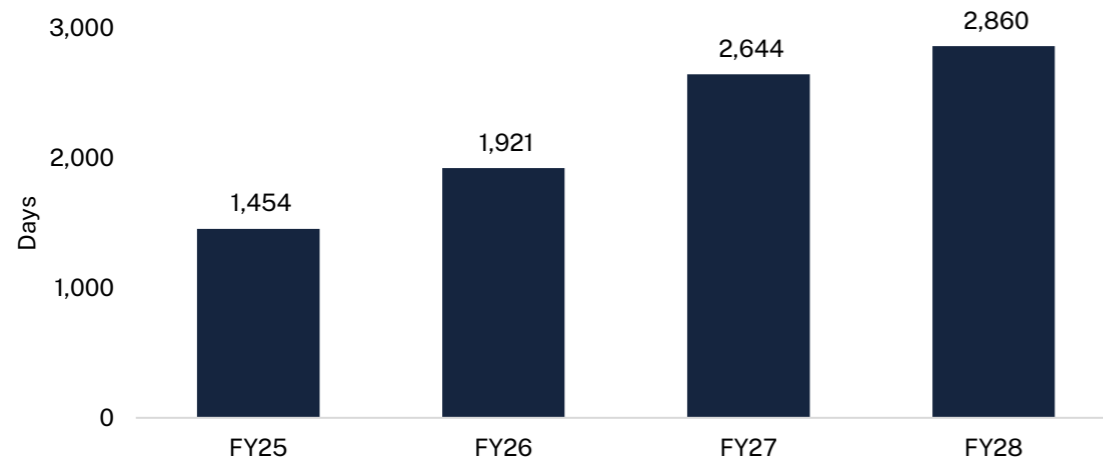
- The company is looking to add new vessels in the next 2-3 years, replacing older vessels and increasing capacities.
- The new vessels will require shorter dry docking, thereby improving deployment days.
- Charter rates are also expected to be significantly higher for the newly-added vessels.

Source: Company, Midas Research

2.4 – Financials (2/2)

Forays into newer industries and robust order book are key growth drivers

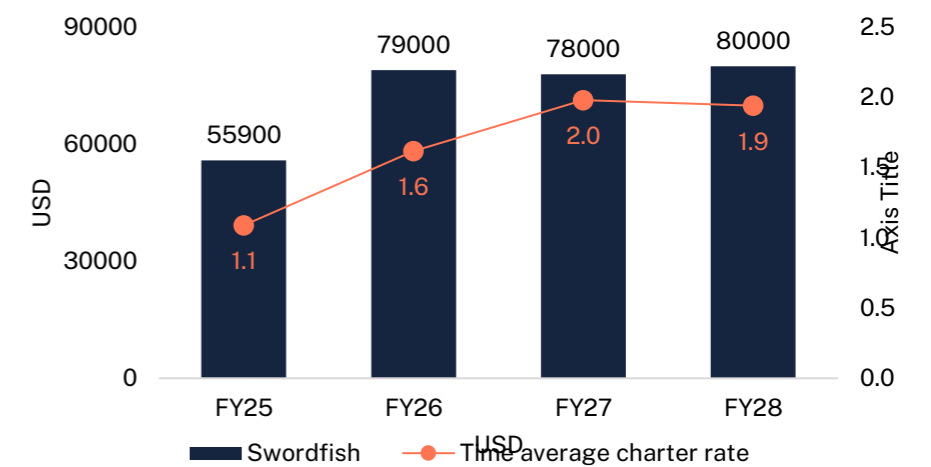
Deployment days steadily rise aided by new vessels and long-term contracts



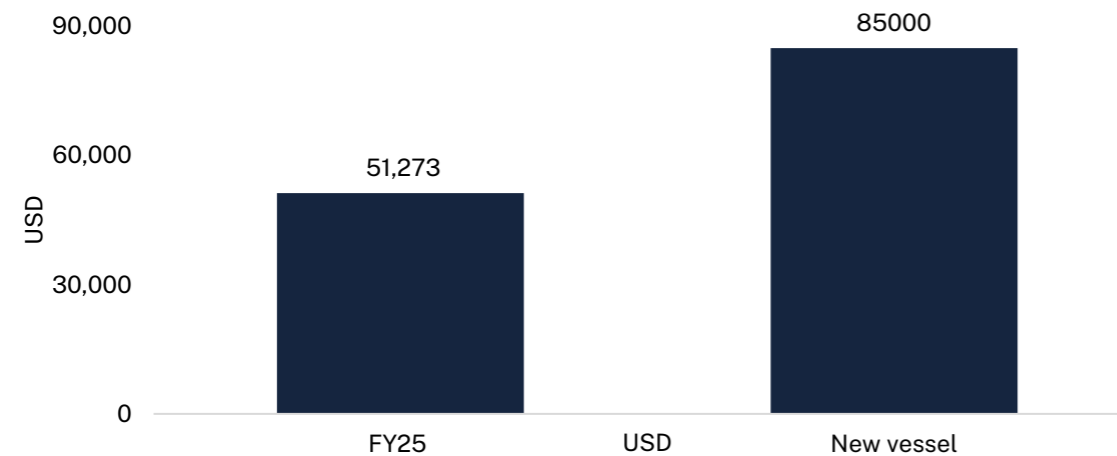
Sharp jump in deployment days likely –

1. Increase in the number of vessels.
2. Newer vessels need dry docking at much shorter intervals, increasing the number of days they can be deployed in a year.

Charter rate of new vessels(E.g, Swordfish) 2x of fleet avg.

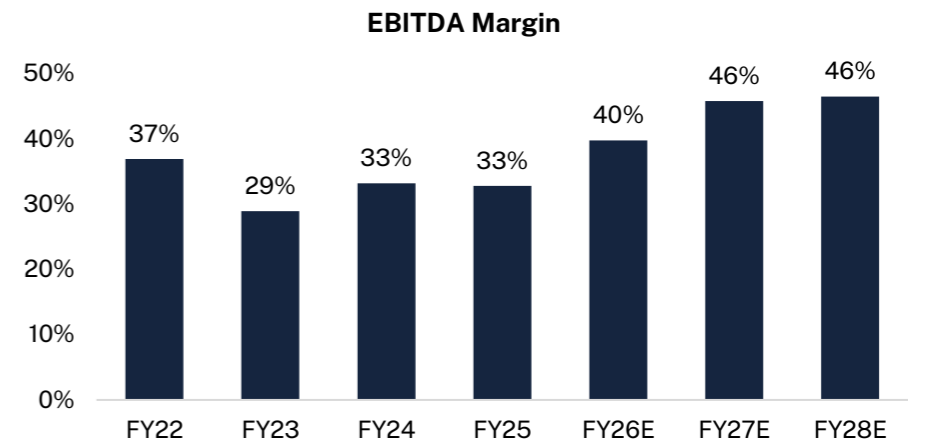


Charter rates of new vessels significantly higher (USD)



As the fleet transitions to newer vessels and replaces older ones, the average charter rate is expected to increase significantly, driving higher operating margins.

This will result in a sharp margin expansion to 46% in FY28E



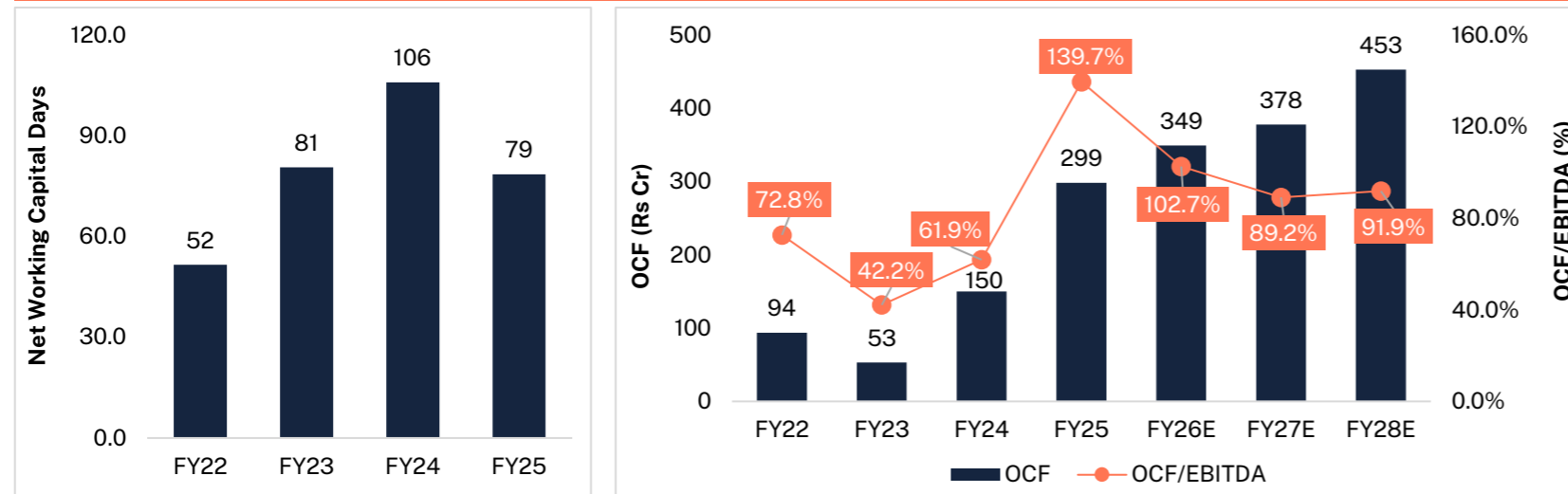
2.5 - Balance Sheet & Cash Flow Analysis

Revenue is vanity, profit is sanity, but cash is reality

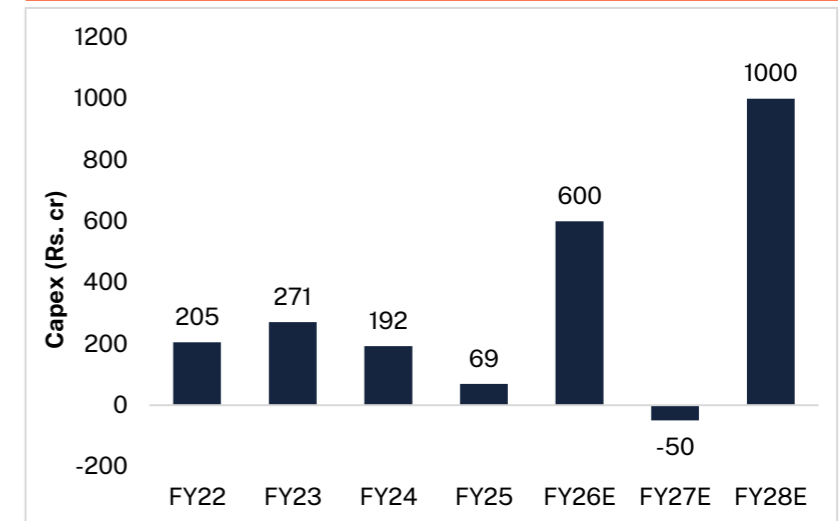
5.3
7.0

Low leverage, limited dependence on debt, and strong OCF-to-EBITDA conversion. However, free cash flow remains volatile due to the capital-intensive nature of vessel acquisitions.

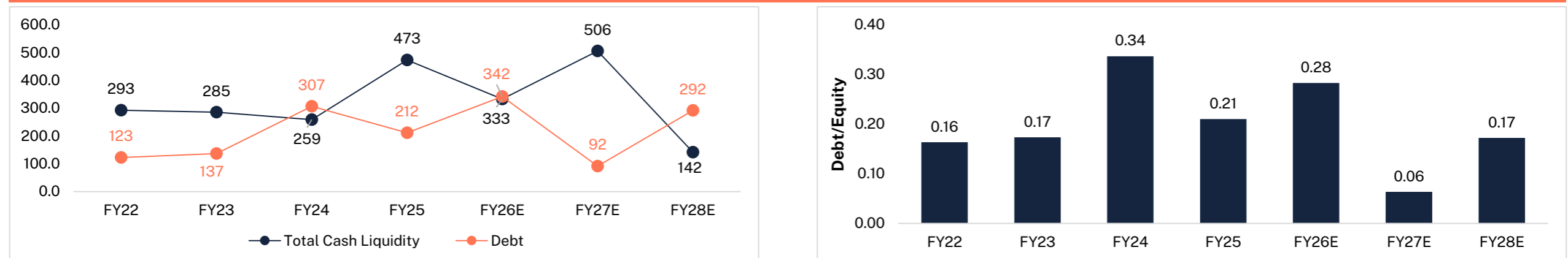
Strong working capital efficiency drives OCF/EBITDA above 100%, expected to normalize post FY25



Significant capex planned in FY26E–FY28E for fleet expansion and vessel acquisitions



Strong liquidity, aided by robust OCF, enables SEAMEC to fund upcoming heavy capex with limited additional debt, resulting in a declining debt-to-equity ratio



Source: Company, Midas Research

3 - Valuation Framework



Valuation Framework - Summary

By Own History:

3.1

Valuation multiples have largely normalized near historical averages following earlier cycle volatility. While earnings visibility is improving, mixed positioning across metrics suggests moderate valuation comfort rather than deep value. Accordingly, we assign a rating of **5.0/7.0**.

Current Position vs Peers:

3.2

SEAMEC has no domestic listed peers operating in the same business.

Based on Growth:

3.3

Strong EBITDA and EPS growth (FY25–28E CAGR ~32%) is driven by fleet expansion and operating leverage. Conservative valuation multiples, despite a robust earnings trajectory, offer a favorable risk-reward profile. Accordingly, we assign a rating of **5.5/7.0**.

Capturing Return Profiles:

3.4

Improving RoE and RoCE confirms that capital is being deployed efficiently. Accordingly, we assign a rating of **5.5/7.0**.

Reflecting EVA:

3.5

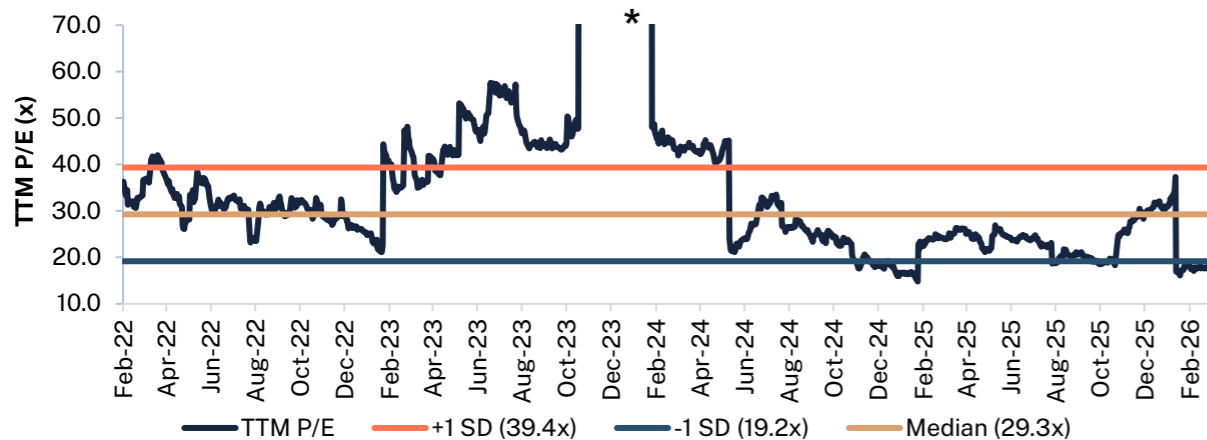
EVA spreads are improving as profitability recovers, supporting valuation normalization. However, historically negative and volatile EVA reflects inconsistent economic value creation, resulting in a moderate rating of **4.8/7.0**.

3.1 – By Own History (in charts)

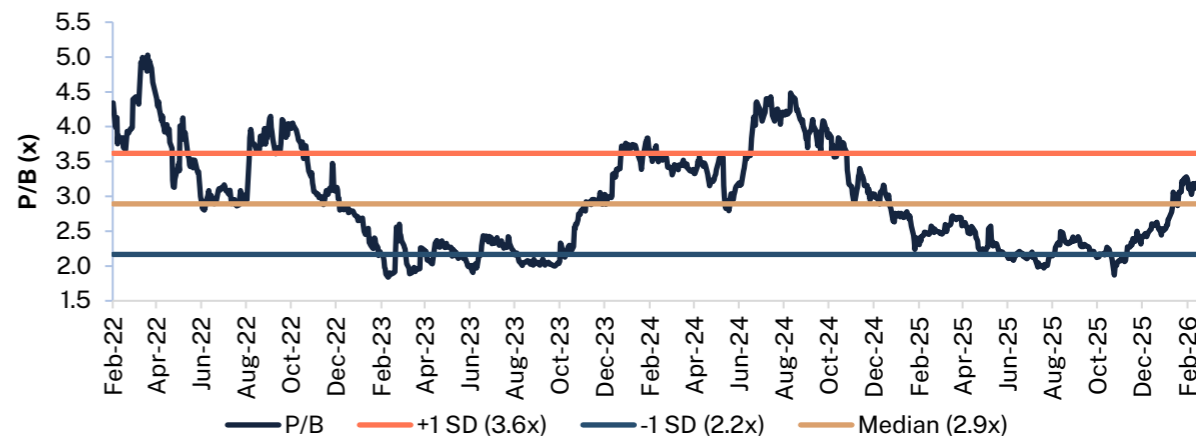
5.0 7.0

Valuation multiples have largely normalized near historical averages following earlier cycle volatility. While earnings visibility is improving, mixed positioning across metrics suggests moderate valuation comfort rather than deep value.

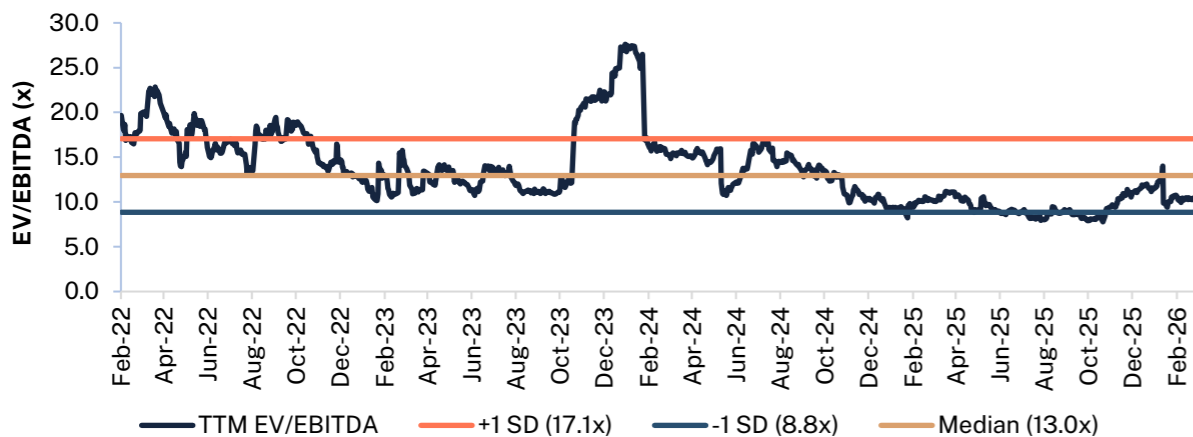
P/E stabilizes near the lower historical band after earnings normalisation



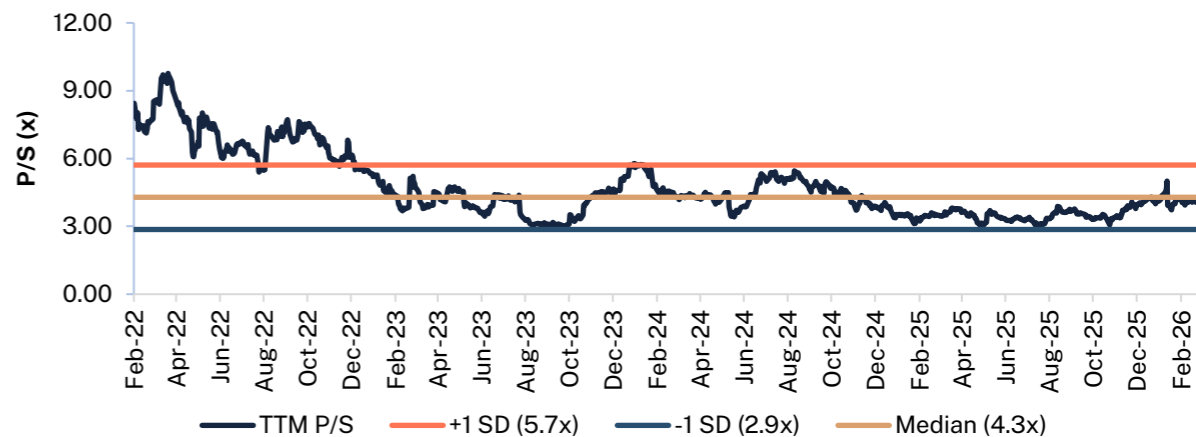
P/B rerates toward the upper end of the historical range as balance sheet strength and returns improve



EV/EBITDA reverted to historical median after FY23 super-cycle spike



Price-to-sales has normalized toward the historical median following the earlier revenue-driven premium valuation



Source: Company, Midas Research, Bloomberg

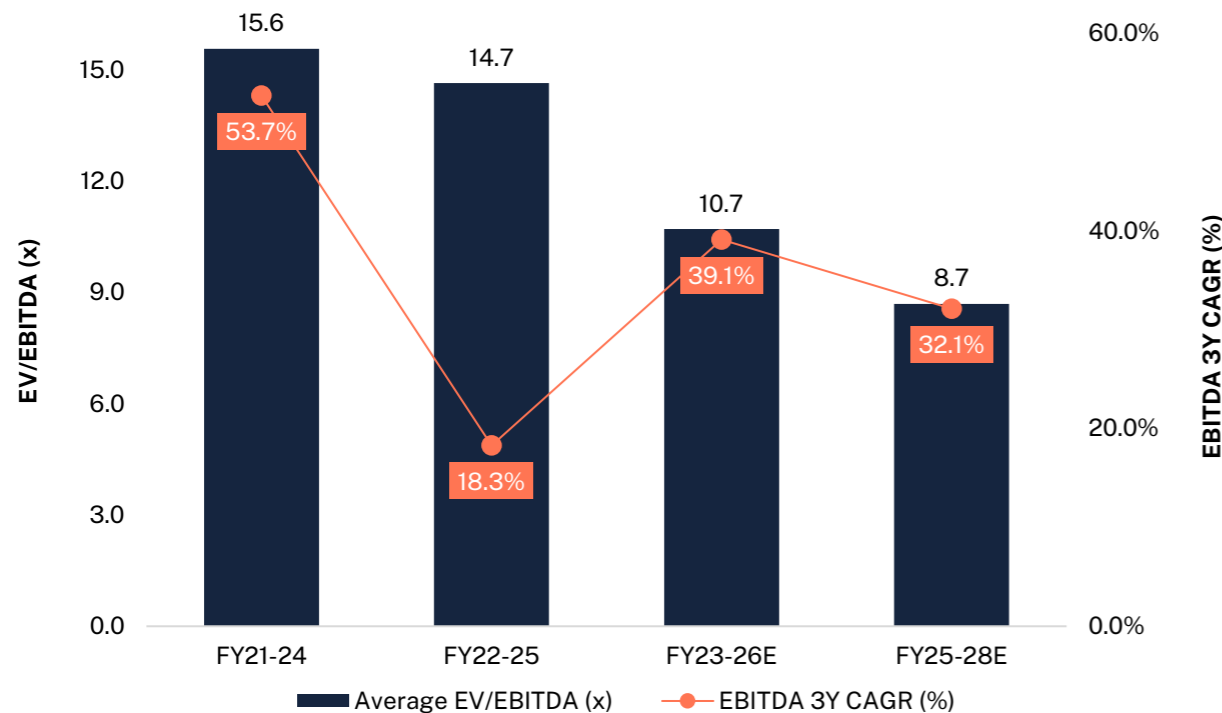
* TTM P/E Multiple went above 500 (Outlier) due to which it is not fully reflected in the graph

3.2 – Based on Growth

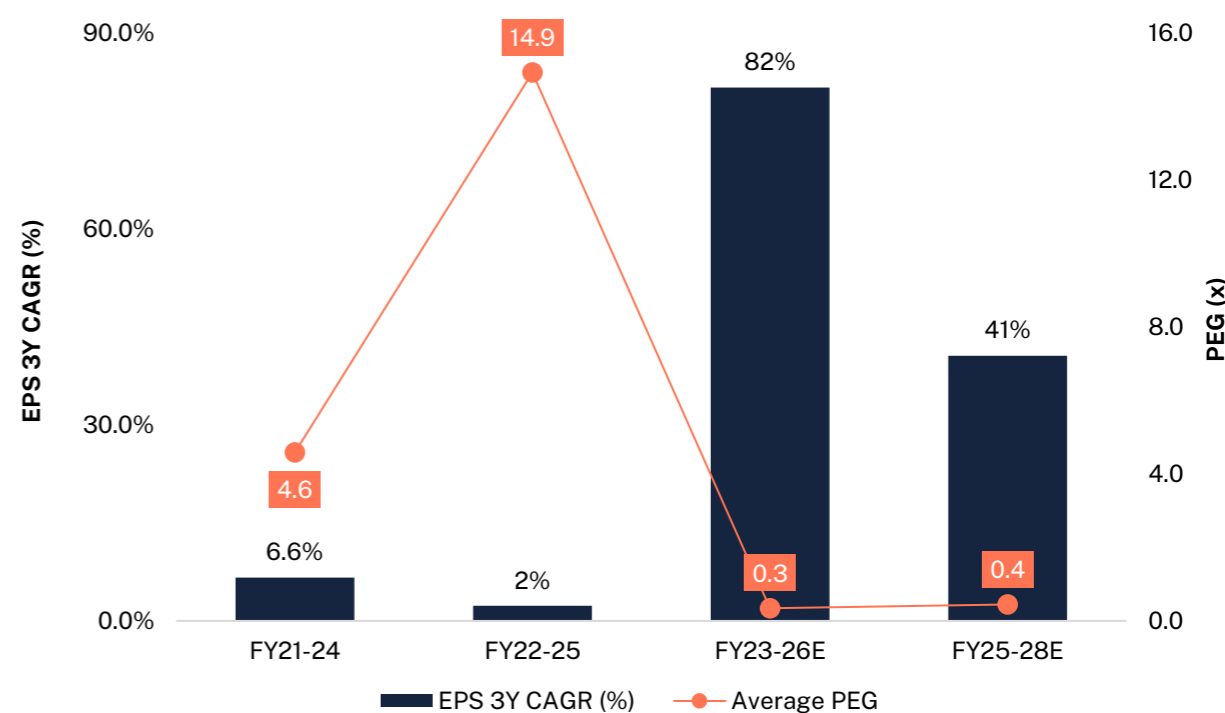


Strong projected EBITDA and EPS growth (FY25–28E CAGR ~32%), driven by fleet expansion and operating leverage, supports a favorable growth outlook. Conservative valuation multiples, despite a robust earnings trajectory, reinforce a healthy risk-reward, warranting a strong growth rating.

Robust EBITDA growth likely, despite conservative EV/EBITDA assumptions



Strong earnings growth expected, led by fleet expansion & operating leverage



- The chart highlights a declining EV/EBITDA multiple alongside strong EBITDA growth, reflecting our conservative valuation framework despite improving earnings visibility.
- EBITDA is expected to grow at ~32% CAGR over FY25–28E, driven by fleet expansion, higher vessel utilization, and improved day-rates.
- As newer vessels contribute to operations, operating leverage and margin expansion are likely to aid earnings growth, even as valuation multiples remain below historical averages.

- EPS growth accelerates meaningfully from FY26E onward, supported by operating scale benefits and improving asset productivity from the expanded fleet.
- Despite strong earnings expansion, valuation multiples remain moderate, indicating that the investment case is mainly led by earnings growth rather than multiple expansion.
- This combination of robust earnings growth and conservative valuation assumptions strengthens the risk-reward profile.

Source: Company, Midas research, Bloomberg

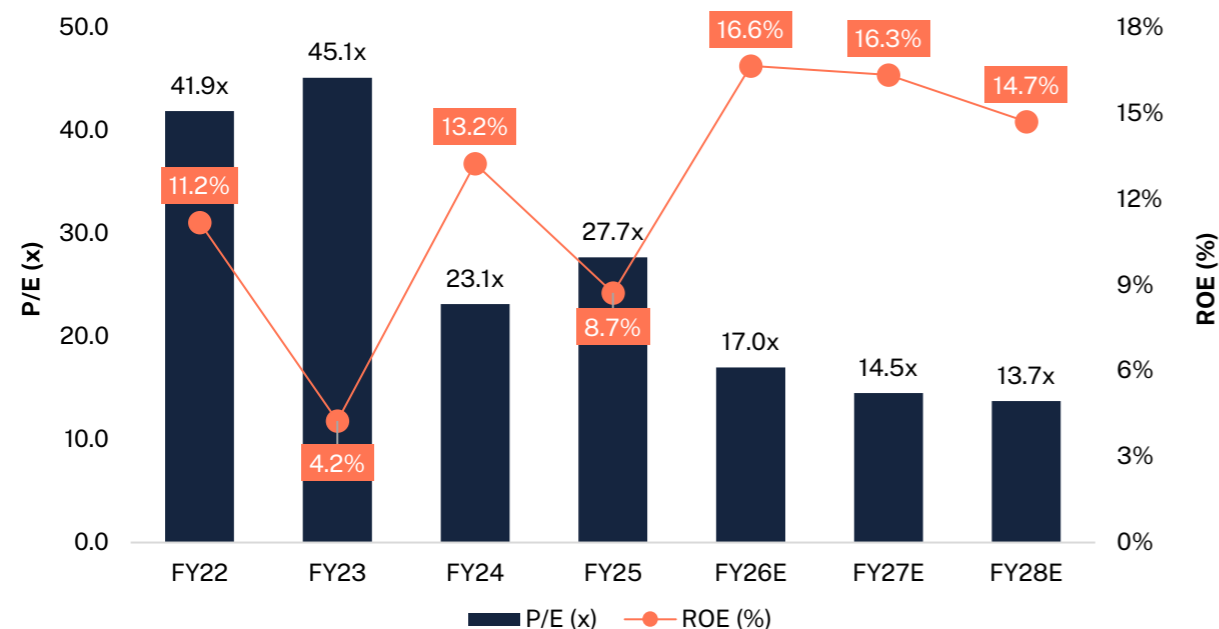
3.3 – Capturing Return Profiles

5.5

7.0

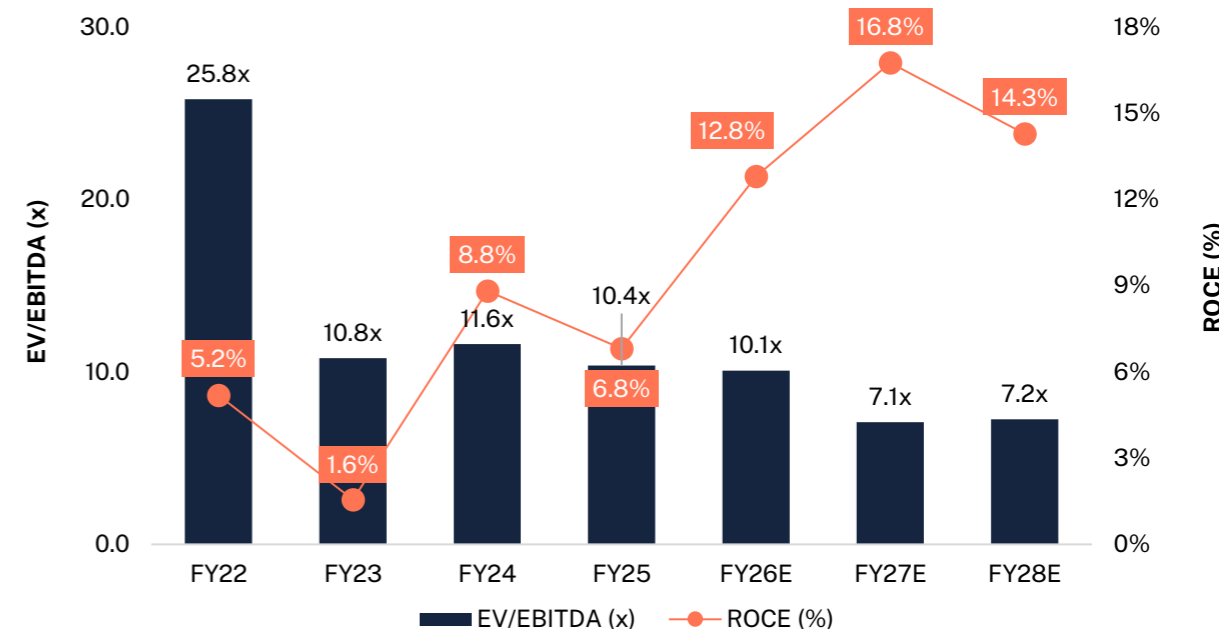
Improving RoE/RoCE confirms efficient capital deployment.

Valuation cycles reflect profitability volatility in a vessel-heavy business



- The sharp spike in P/E during FY22–FY23 reflects earnings compression driven by high depreciation and dry-docking costs from vessel acquisitions and modifications, which also led to lower RoE.
- As deployment days improved in FY24, profitability and RoE recovered meaningfully, resulting in the normalization of valuation multiples.
- Strong PAT performance in 9MFY26 drove a sharp improvement in RoE, bringing the P/E multiple to ~17.0x. Going forward, earnings growth is expected to strengthen while valuation multiples remain moderate, suggesting that future returns will be driven primarily by earnings expansion rather than multiple re-rating.

Improving capital efficiency supports gradual valuation normalization



- The peak in EV/EBITDA during FY22 coincided with low RoCE, reflecting weak capital efficiency amid operational disruptions.
- As RoCE improved in FY24, supported by higher deployment days and better operating performance, EV/EBITDA multiples moderated.
- Over FY26–FY28E, rising RoCE alongside stable EV/EBITDA suggests improving capital productivity while valuation remains conservative.

Source: Company, Midas research, Bloomberg

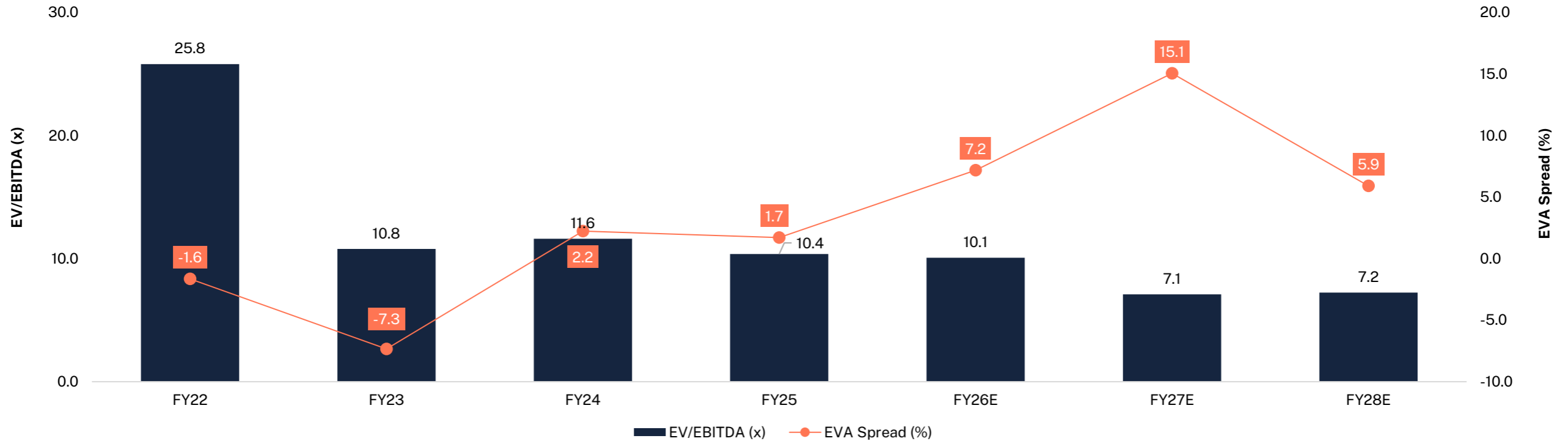
3.4 – Reflecting EVA

4.8

7.0

EVA spreads are improving as profitability recovers, supporting valuation normalization. However, historically negative and volatile EVA reflects inconsistent economic value creation, resulting in a moderate rating.

Improving EVA spread signals strengthening economic profitability



- The decline in EV/EBITDA from FY22 to FY23 coincided with negative EVA spreads, indicating that returns temporarily fell below the cost of capital.
- As EVA spreads turned positive in FY24, supported by improving operating performance, EV/EBITDA multiples stabilized.
- Over the forecast period, expanding EVA spreads alongside stable valuation multiples suggest improving economic profitability.
- The decline visible in FY28E reflects an increase in invested capital due to planned vessel capex, temporarily narrowing the ROIC–WACC spread as new assets begin contributing to operations.

Source: Company, Midas Research

Valuation Rationale

We value SEAMEC at 9x FY28E EV/EBITDA to arrive at a target price of Rs. 1,647 (incl. dividends), implying a 25% 1-year upside

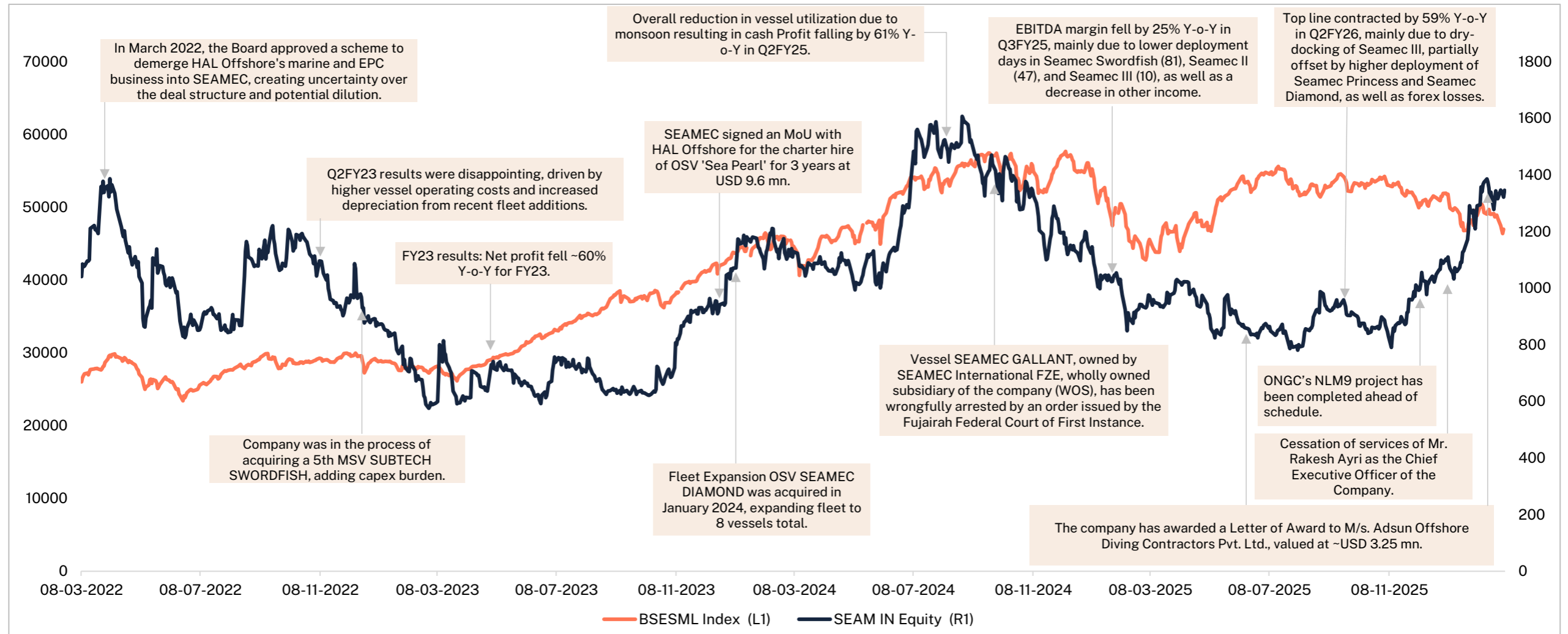
Why do we use EV/EBITDA as the valuation metric?

- SEAMEC operates in a capital-intensive offshore services business, where vessel ownership forms the core operating asset, making enterprise value a more accurate reflection of the company's asset base.
- EV/EBITDA neutralizes differences in capital structure and better captures operating performance, enabling a more relevant comparison with global offshore service peers.

Rationale for 9x EV/EBITDA multiple

- SEAMEC is the only listed player in India's subsea IMR and diving support segment, making its historical trading multiples a more relevant benchmark than peer comparison.
- The stock has historically traded at a median EV/EBITDA of ~13.0x, within a range of ~9x-17x. Our target multiple of 9x implies a discount to the historical lower band.
- Despite projecting robust EBITDA growth of ~32% CAGR over FY25-28E, we apply a conservative target EV/EBITDA multiple of 9x, implying ~25% upside and underpinning our positive investment view.

4.1 - Stock Buzz & Influencing Factors



The cyclical nature of the industry and fuel (oil) prices, which are typically treated as pass-through costs, causes fluctuations in charter rates. Moreover, periodic dry-docking reduces vessel availability, resulting in revenue variability.

Source: Company, Midas Research

4.2 - Stock Buzz & Influencing Factors

Follow the money

MF	Dec-25		Sept-25	June-25
	Shares held	Month change %	Shares held	Shares held
Nippon Life India Trustee Ltd-A/C Nippon India Small Cap	3.58%	-	3.58%	3.58%
Lic MF Flexi Cap Fund	-	-	-	1.49%
Total MF	4.08%	0.33	3.75%	6.17%
FII	3.36%	0.26%	3.62%	3.25%

Promoter Shareholding	Dec-25	Sept-25	June-25
Hal Offshore Limited	70.77%	70.77%	70.36%
Sanjeev Agrawal	1.56%	1.56%	1.56%
Deepti Agrawal	0.39%	0.39%	0.39%

1. Mutual Fund Shareholding

- Mutual fund ownership stood at 4.08% as of December 2025, up 0.33% from the previous quarter. The primary institutional holder, Nippon Life India Trustee Ltd – A/C Nippon India Small Cap Fund, holds a 3.58% stake. The presence of a well-known small-cap fund indicates moderate institutional confidence in the company's growth prospects.

2. Exit of LIC MF Flexi Cap Fund

- LIC MF Flexi Cap Fund, which held 1.49% stake in June 2025, appears to have exited its position by the December 2025 quarter. The absence of this holding in later quarters suggests portfolio rebalancing by the fund or profit booking. Despite this exit, overall mutual fund shareholding remains stable due to holdings from other funds.

3. Trend in Institutional Ownership

- Overall institutional ownership shows stability, with mutual funds at 4.08% and foreign institutional investors (FIIs) at 3.36% in December 2025. FIIs recorded a slight increase of 0.26% during the quarter, suggesting incremental interest from foreign investors. The combined institutional participation of over 7% provides a moderate level of institutional backing for the company.

4. FII Participation

- Foreign Institutional Investors hold 3.36% stake as of December 2025, slightly higher compared to 3.25% in June 2025. This gradual increase indicates steady foreign investor participation, which can often reflect improving sentiment or expectations of future growth in the company.

- The high promoter stake above 70% signals strong promoter commitment and alignment with shareholder interests. Stable promoter ownership over multiple quarters also suggests confidence from the promoters in the company's long-term prospects.
- The company's shareholding structure is characterized by dominant promoter ownership, moderate institutional participation, and stable mutual fund presence. Such a structure typically provides strategic stability through promoters while allowing gradual institutional participation, which could increase as the company scales or attracts broader investor interest.

5. Promoter Holding Stability

- Promoter shareholding remains strong and stable at around 72%, led by Hal Offshore Limited holding 70.77% stake. Individual promoters Sanjeev Agarwal (1.56%) and Deepti Agarwal (0.39%) have maintained consistent ownership across the observed periods, indicating no dilution or promoter selling during the period.

Source: Trading View, Midas Research

5 - Technical Outlook

Positive structure intact; consolidation likely before continuation of the uptrend



Technical View

- SEAMEC has been in a strong uptrend over the past five months after finding support near Rs. 750. Since then, the stock has reclaimed all its key moving averages and rallied ~55%, reflecting improving price momentum and a stronger technical structure.
- However, after the sharp run-up, the stock appears extended from its longer-term moving averages, particularly the 100-DMA and 200-DMA, suggesting the possibility of near-term consolidation. In line with this, the stock has been moving sideways over the past few weeks, facing resistance from a downward-sloping trendline that has capped further upside.
- A decisive breakout above the Rs. 1,390–1,450 range, which aligns with this trendline resistance, could trigger the next leg of the uptrend.
- On the downside, immediate support is placed at the 50-DMA around Rs. 1,240, while stronger support is expected near the 100-DMA at Rs. 1,090. As long as the stock holds above these levels, the broader uptrend remains intact.

Oil & Gas Shipping

Reco/View

Buy

Last Day Close

Rs. 1,321

RESEARCH ANALYST

Viswanath AVR

viswanath.avr@sparkcapital.in

Source: Trading View, Midas research
 1-Year TP: 1-Year Target Price

SEAMEC Ltd

Midas
 Equities and Research

Financial Summary

All figures in Rs cr

Particulars	FY24	FY25	FY26E	FY27E	FY28E
Profit & Loss					
Revenue	729.3	651.8	855.4	926.1	1,060.7
Gross profit	455.6	421.3	535.8	626.4	719.5
EBITDA	242.2	213.7	340.3	424.0	493.0
Depreciation	134.8	130.6	141.7	170.9	218.2
EBIT	107.4	83.1	198.6	253.1	274.8
Other Income	28.9	30.4	45.0	10.0	10.0
Interest expense	16.3	15.5	20.0	5.3	17.0
Exceptional items	0.0	8.8	0.0	0.0	0.0
PBT	120.0	106.8	223.7	257.8	267.8
Reported PAT (after minority interest)	120.7	87.9	201.3	232.0	241.0
Adj PAT	119.7	89.6	201.3	232.0	241.0
EPS (Rs.)	47.1	35.3	79.2	91.3	94.8
Balance Sheet					
Net Worth	911.4	1,007.9	1,209.2	1,441.2	1,682.3
Total debt	306.9	211.8	341.8	91.8	291.8
Other liabilities and provisions	189.2	159.6	164.5	175.1	183.1
Total Net worth and liabilities	1,407.4	1,379.2	1,715.4	1,708.1	2,157.1
Gross Fixed assets	1,205.0	1,274.1	1,874.1	1,924.1	2,924.1
Net fixed assets	701.7	639.6	1,097.9	977.0	1,758.8
Capital work-in-progress	0.6	0.0	0.0	0.0	0.0
Investments	123.0	333.1	183.1	33.1	33.1
Cash and bank balances	136.1	140.1	149.5	372.9	10.1
Loans & advances and other assets	0.0	0.0	0.0	0.0	0.0
Net working capital	169.4	148.8	162.3	191.9	214.0
Total assets	1,407.6	1,379.1	1,715.4	1,708.1	2,157.1
Capital Employed	1,218.3	1,219.6	1,551.0	1,533.0	1,974.0
Invested Capital (CE - cash - CWIP)	1,081.6	1,079.5	1,401.4	1,160.0	1,964.0
Net debt	47.7	-261.4	9.2	-314.3	248.6
Cash Flows					
Cash flows from Operations (Pre-tax)	153.7	316.0	371.8	404.5	480.9
Cash flows from Operations (post-tax)	150.0	298.5	349.4	378.7	454.1
Capex	-322.3	-53.9	-600.0	-50.0	-1,000.0
Free cashflows	-172.3	244.6	-250.6	328.7	-545.9
Free cashflows (post interest costs)	-188.6	229.1	-270.6	323.4	-562.9
Cash flows from Investing	-317.6	-164.9	-450.0	100.0	-1,000.0
Cash flows from Financing	141.6	-111.7	110.0	-255.3	183.0
Total cash & liquid investments	136.2	140.1	149.5	372.9	10.1

Particulars	FY24	FY25	FY26E	FY27E	FY28E
Growth ratios (%)					
Revenue	67%	-11%	31.2%	8.3%	14.5%
EBITDA	92%	-12%	59.3%	24.6%	16.3%
Adj PAT	263%	-25%	124.7%	15.3%	3.9%
Margin ratios					
Gross	62%	65%	62.6%	67.6%	67.8%
EBITDA	33%	33%	39.8%	45.8%	46.5%
Adj PAT	16%	14%	23.5%	25.1%	22.7%
Performance ratios					
Pre-tax OCF/EBITDA	63%	148%	109.2%	95.4%	97.5%
OCF/IC (%)	14%	28%	24.9%	32.6%	23.1%
RoE (%)	13%	9%	16.6%	16.1%	14.3%
RoCE (%)	9%	7%	12.8%	16.5%	13.9%
Fixed asset turnover (x)	0.61	0.51	0.5	0.5	0.4
Total asset turnover (x)	0.52	0.47	0.5	0.5	0.5
Financial stability ratios					
Net Debt to Equity (x)	0.1	N.a.	0.0	N.a.	0.1
Net Debt to EBITDA (x)	0.2	N.a.	0.0	N.a.	0.5
Interest cover (x)	6.6	5.4	9.9	48.1	16.2
Working capital days	106	79	79	79	79
Valuation metrics					
Fully Diluted Shares (Cr)	2.5	2.5	2.5	2.5	2.5
Market cap (INR Cr)			3,358.6		
P/E (x)	28.1	37.5	16.7	14.5	13.9
P/OCF(x)	22.4	11.3	9.6	8.9	7.4
EV (Rs.Cr) (ex-CWIP)			3,367.8		
EV/ EBITDA (x)	14.1	14.5	9.9	7.2	7.3
EV/ OCF(x)	22.7	10.4	9.6	8.0	7.9
FCF Yield	-0.1	0.1	-0.1	0.1	-0.2
Price to BV (x)	3.7	3.3	2.8	2.3	2.0
Dividend pay-out (%)	0.0%	0.0%	0.0%	0.0%	0.0%
Dividend yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%
Cash as a % of CE	12.6%	13.0%	10.7%	32.1%	0.5%

Source: Company, Midas Research

Key Risks



High client concentration with ONGC

Heavy reliance on ONGC makes revenue vulnerable to changes in its capex plans or contract timelines



Asset-heavy business model

High capex and periodic dry-docking drive elevated depreciation and earnings lumpiness



Ageing fleet & deployment volatility

Unplanned breakdowns cause variable deployment days, compressing margins and disrupting cash flows

Source: Company, Midas Research

Glossary

CAPEX	Capital Expenditure
DSV	Diving support vessel
OSV	Offshore support Vessel
CAGR	Compounded Annual Growth Rate
CMP	Current Market Price
EBIT	Earning Before Interest and Tax
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortization
EPS	Earnings Per Share
EV	Enterprise Value
FCF	Free Cash Flow
P/E	Price to Earnings
PBT	Profit Before Tax
RoE	Return on Equity

RoCE	Return on Capital Employed
RoIC	Return on Invested Capital
R&D	Research and Development
PBT	Profits Before Tax
ROA	Return on Assets
DTL	Deferred Tax Liabilities
IMR	Inspection, Maintenance & Repair
CF	Cash Flow
MSV	Multi Support Vessel
RM	Raw Material
CoGS	Cost of Goods Sold
Crs	Crores
DCF	Discounted Cash Flow

Source: Company, Midas Research

Annexures



Business Verticals – Diving Support Vessels

Seamec's **Diving Support Vessels (DSVs)** provide critical subsea services for offshore oil and gas operations. Their primary role is to ensure **asset integrity** and regulatory compliance for offshore installations operated by Exploration and Production (E&P) companies. Skilled divers, supported by Remotely Operated Vehicles (ROVs), perform **underwater inspection, maintenance, and repair (IMR) activities** to maintain the structural and operational efficiency of subsea assets. Equipped with **firefighting and pollution control** systems, these vessels also support **emergency response and rescue operations**. In addition, they assist **offshore drilling and production activities**, maintain **Single Buoy Mooring (SBM) systems**, and safeguard the integrity of underwater infrastructure.



SEAMEC II

Built Year: 1982
Procurement Year: 1993
Gross Tonnage: 4,503



SEAMEC III

Built Year: 1983
Procurement Year: 1993
Gross Tonnage: 4,327



SEAMEC PRINCESS

Built Year: 1984
Procurement Year: 2006
Gross Tonnage: 11,121



SEAMEC PALADIN

Built Year: 2008
Procurement Year: 2021
Gross Tonnage: 5,648



SEAMEC SWORDFISH

Built Year: 2007
Procurement Year: 2023
Gross Tonnage: 5,372



SEAMEC AGASTYA

Built Year: 2010
Procurement Year: 2025
Gross Tonnage: 5,001

Age of fleet and replacement plan

- Seamec II & Seamec III – Built in 1982 and 1983, respectively. Both vessels are over 40 years old and are scheduled for retirement and replacement by FY28.
- Seamec Princess – Built in 1984 and over 39 years old. The vessel remains operational but is scheduled for replacement by FY30.
- Seamec Paladin – Built in 2008 and around 17 years old, making it relatively newer in the fleet.
- Seamec Swordfish – Built in 2007 and 18 years old, remaining relatively modern and efficient.
- Seamec Agastya – Built in 2010 and 15 years old, the most recently built vessel in the fleet.

Contract position

- Three DSVs are on long-term contracts with E&P players like ONGC, ensuring steady utilization.
- Two vessels operate on short-term contracts, which may lead to periodic gaps in deployment.
- New vessels are being acquired, expected to secure contracts at higher charter rates.
- A new vessel (Agastya) will be deployed for next four years with ONGC through HAL Offshore.
- Management indicated that it is in discussions regarding the renewal of contracts for a couple of vessels, with significant discussions ongoing with EPC contractors.

Business Verticals – Other Vessel Types



Seamec Diamond
Built Year: 2011
Procurement Year: 2023
Gross Tonnage: 1,922



SEAMEC GLORIOUS (BARGE)
Built Year: 2006
Procurement Year: 2021
Gross Tonnage: 8,950



SEAMEC GALLANT
Built Year: 2011
Procurement Year: 2017
Category: Handymax
Gross Tonnage: 32,289



ASIAN PEARL
Built Year: 2003
Procurement Year: 2020
Category: Handymax
Gross Tonnage: 27,989

APPLICATIONS

- **Offshore support vessels (OSVs)** are specially designed ships for the logistical servicing of offshore platforms and subsea installations, from installation through the full-service life of offshore fields.
- They play a critical role in transporting supplies and materials to offshore locations, as well as supporting the installation and maintenance of offshore infrastructure. Their versatility allows them to be configured for a wide range of offshore projects.

- **Accommodation barge** is a specialized watercraft designed for transporting goods and commodities on navigable waterways such as rivers and canals.
- Its distinctive flat-bottomed structure allows it to navigate shallow waters, making it well-suited for inland transportation.
- One of the key features of barges is their significant cargo capacity, ranging from a few hundred to several thousand tons. This makes them highly cost-efficient for transporting bulk cargo.

- **Bulk carriers** are specialized vessels designed for the efficient transportation of large quantities of dry bulk cargo, including commodities like coal, iron ore, and grains.
- SEAMEC GALLANT is operated through its wholly-owned subsidiary, Seamec International FEZ, while ASIAN PEARL is operated through its step-down subsidiary, SEAMATE Shipping FZC.

Disclaimer (1/2)

Absolute Rating Interpretation

BUY	Stock expected to provide positive returns of >15% over a 1-year horizon	REDUCE	Stock expected to provide returns of <5% – -10% over a 1-year horizon
ACCUMULATE	Stock expected to provide positive returns of >5% – <15% over a 1-year horizon	SELL	Stock expected to fall >10% over a 1-year horizon

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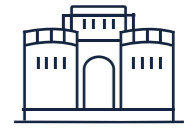
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