



SEAMEC LIMITED

A member of **MMG**
MM AGRAWAL GROUP

Regd. Office: A-901-905, 9th Floor, 215 Atrium, Andheri Kurla Road, Andheri (East), Mumbai 400 093, India
Tel.: +91-22-6694 1800 • Fax : +91-22-6694 1818 • E-mail : contact@seamec.in • CIN : L63032MH1986PLC154910

SEAMEC/NSE/TRANSCRIPT/SMO/1608/2024

August 16, 2024

**National Stock Exchange of India Limited
Exchange Plaza
Plot No. C/1, G Block,
Bandra-Kurla Complex,
Bandra (East)
Mumbai - 400 051**

Trading Symbol: "SEAMECLTD"

Sub: Transcript of Investors/Analyst Earnings concall held on August 12, 2024

Ref:

- a. Regulation 30 (read with Schedule III -Part A) of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations')
- b. ISIN: INE497B01018

Dear Sir / Madam,

In accordance with Regulation 30 read with Schedule III of the Listing Regulations, this is to inform you that the transcript of the concall organized and held on Monday, August 12, 2024, in relation to the Unaudited Financial Results of the Company for the quarter and three months ended June 30, 2024 (Q1 FY25) is hereby enclosed.

The same will also be available on the website of the Company at: <https://www.seamec.in/>

Kindly take the information on record.

Yours Faithfully,

For **SEAMEC LIMITED**

S.N. Mohanty
President - Corporate Affairs, Legal and Company Secretary

Please visit us at : www.seamec.in





“Seamec Limited
Q1 FY '25 Earnings Conference Call”
August 12, 2024



MANAGEMENT: **MR. NAVEEN MOHTA – WHOLE TIME DIRECTOR – SEAMEC LIMITED**
MR. RAKESH AYRI – CHIEF EXECUTIVE OFFICER – SEAMEC LIMITED
MR. VINAY AGARWAL – CHIEF FINANCIAL OFFICER – SEAMEC LIMITED
MR. SUNIL GUPTA – VICE PRESIDENT-STRATEGY AND INVESTORS RELATIONS – SEAMEC LIMITED

MODERATOR: **MR. BALASUBRAMANIAN – ARIHANT CAPITAL**

Moderator: Ladies and gentlemen, good day and welcome to the Seamec Limited Q1 FY25 Conference Call. As a reminder, all the participants' lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star, then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Balasubramanian from Arihant Capital. Thank you and over to you, sir.

Balasubramanian: Thank you, Riya Madam. Hello and good afternoon, everyone. On behalf of Arihant Capital, I welcome you to the earnings call of Seamec Limited for Q1 FY25. And we welcome the management of Seamec Management in this call. This session has two sessions. The first session is followed by opening remarks by the management, followed by Q&A session. Now I'm handing over the call to management.

Naveen Mohta: Good afternoon, everyone. On behalf of Seamec, I am delighted to welcome you to our Q1 FY25 Earnings Call. I am joined today by my fellow colleagues, Mr. Rakesh Ayri, CEO, Mr. Vinay Agarwal, our CFO, and Mr. Sunil Gupta, Vice President, Strategy, and Investor Relations. Let me begin with a brief highlight about our industry. The oil and gas industries face significant challenges, including global economic shifts, evolving regulations, and the advent of new technologies. Despite these obstacles, the industry demonstrated remarkable resilience, successfully addressing the rising energy demand of a robust global economy.

This was achieved through a dual approach, investing in new and low-carbon energy resources while continuing to utilize the traditional ones. Turning our focus to India, we recognize the vital role the oil and gas sector plays in the country's economic development. With energy demands on the rise and supportive government policies in place, the sector presents compelling investment opportunities.

India's energy needs are anticipated to grow at a faster pace compared to many other major economies, underscoring its significant growth potential. Seamec is strategically positioned to leverage this growth. Our core competencies include delivering essential services such as inspection, maintenance repairs, and subsea construction.

This expertise is backed by a fleet of specialized vessels and a highly skilled crew, including proficient diving teams. These resources ensure that the vital support in achieving efficient operations of exploration and production activities for leading companies such as ONGC, Aramco, and ADNOC, etc. is done. During first quarter, while three vessels have operated practically for the full quarter, achieving 95% utilization, Seamec III and Glorious Barge have operated for 103 days due to advent of monsoon during the quarter, which is a regular phenomenon with us.

Our DSV Swordfish operated for 80 days, completing the contract with Zamil Offshore for Saudi Aramco, and is currently under Dry Dock. With the current fleet strength and robust financial health, we are focused to capture many new business opportunities that will arise due to the buoyant market conditions on the back of rising energy demand. Now I would like to hand over

the floor to my colleague, Mr. Vinay Agarwal, who will provide a detailed overview of our financial performance.

Vinay Agarwal:

Good afternoon. Thank you, Naveenji. I would like to extend a warm welcome to everyone participating in today's Q1 FY25 Earning Call. I would now like to walk you through the consolidated financial performance for the first quarter of FY25. Our revenue for the quarter is flat on a year-on-year basis at INR223 crores compared to INR224 crores in Q1 FY24. While the revenue has grown by 5% on a stand-alone basis, the decline is on account of sale of our bulk carrier, Seamec Nidhi, in our Dubai subsidiary. The company received a sale consideration of USD10.5 million and reported a one-time gain on sale of INR8.57 crores during the quarter. The revenue for Q1 FY25 is lower by 7% on a Q-on-Q basis.

Since during Q1 FY25, monsoon starts around 15th May and certain vessels are mandatorily put on off-hire. EBITDA for the quarter increased from INR61 crores in Q1 FY24 to INR81 crores in Q1 FY25, registering a healthy growth of 33%. This has been on account of improved rates of our DSV, Swordfish and sale of unprofitable vessel Seamec Nidhi in our subsidiary. On a stand-alone basis, EBITDA increased by 44% on a year-on-year basis from INR60 crores in Q1 FY24 to INR86 crores in Q1 FY25. Profit after tax on consolidated basis has registered a growth of 59% from INR25.9 crores in Q1 FY24 to INR41.2 crores in Q1 FY25 excluding exceptional income of INR8.7 crores.

At the stand-alone level, profit after tax increased from INR32 crores in Q1 FY24 to INR51 crores in Q1 FY25 excluding exceptional income of INR13 crores in Q1 FY24. You would be happy to know that the company has strong financial health with a net cash surplus of INR92 crores after adjusting the borrowings. The ROCE has improved to 13% and ROE to 15% on a consolidated basis. I now request the moderator to take up questions from our investors. Thank you.

Moderator:

Thank you very much. The first question is from the line of Nirvana Laha from Badrinath Holdings. Please go ahead.

Nirvana Laha:

Hi, thank you so much for the opportunity. I have two or three questions. The first one is, sir, you have mentioned in previous calls that fuel charges are borne by the chartering firms like by ONGC, but when I look at your annual report about 8.2% of our top line for FY24 was fuel expenses. So how to reconcile this?

Naveen Mohta:

Okay. So it is a good question, and it shows that you have gone through our number quite well. But okay - so the reason for this is that when the vessel is chartered purely it is on charter, that charter pays up for the fuel charges, but when we are executing a EPC job. So in that EPC job the fuel is on our account. So as you have been aware that we have been executing an EPC job with L&T for the last two seasons so that's why this fuel cost is coming up on that account and it is for that particular project.

Nirvana Laha:

Got it. So after monsoon also those ships will go back to the same EPC project, right?

Naveen Mohta:

Yes, similar kind of projects are in pipeline. So as and when something is finalized definitely that will be conveyed to stock exchange through the proper mechanism.

Nirvana Laha: Okay, so this fuel cost will continue at this level?

Naveen Mohta: Yes.

Nirvana Laha: Okay. My next question is that in FY24 the company has paid out INR26 crores of advisory fees to a promoter company called MMG Advisors. So, if I look at the PAT level this is about 15% of the FY24 PAT of INR121 crores. So what exactly - what services does MMG Advisors give? And my question is Seamec with so much experience in this field, why does it need external advisory after so many years of successful operation?

Sunil Gupta: Hi, this is Sunil Gupta. So let me tell you basically our Chairman is a Non-Executive Chairman. However, he is instrumental in setting up this business. They are already having a three-decade experience in running offshore activities. So basically it is a mechanism by which a remuneration is given to the corporate wherein some shared services are on group level like the group CFO is attached to Seamec.

The finance team of corporate is attached to Seamec. Corporate HR is also helping Seamec. So there is a shared service concept where there is a pool of employee strength at corporate which is being supporting each of the businesses including Seamec and this kind of management fee was also charged earlier by Technip, when Technip was owning Seamec. So this is nothing new in this business.

Nirvana Laha: Sure, sir. I appreciate the answer but like as a percentage of PAT it seems to be very high. So 15% is not a small number. So two requests one is if the board can look into this and see if any rationalization can be done because typically you know how the market perceives these kinds of transactions. So that is one request.

And the other is if you can give a break-up from next time onwards in the annual report or in the presentation like what are the various cost items. So, thanks on that. The third is you have invested INR55 crores of equity and INR150 crores of loan has been extended for the UK subsidiary. You talked briefly in the last concall about what you want to do. You want to set up a similar business there, but I want to understand what assets were purchased using this very high amount of equity and loan given and there was a INR10 crores interest income recognized in that subsidiary. But even after that the subsidiary has reported an INR18 crores PAT loss. So is there any operations already going on there? Why such a high loss already recognized?

Sunil Gupta: Sure. So Sunil again basically a subsidiary in UK has been set up to expand our business horizons in Europe and that part of the region. The company has invested into purchase of a property which is under construction for forming a global office. However, basis our discussion with investors we are trying to say if we can liquidate portion of that property and only maintain a smaller office and get the money back from that subsidiary.

However, we are actively working on engaging with global offshore fleets and businesses to see if we can capture that side of business as well.

Nirvana Laha: Okay. So my logical question was why did the management of the board not think about a leased office? I mean when you are already challenged for funds and DSV, OSV prices are going up

so high and their assets can earn good amounts. Why was such a decision taken to invest in like building space and expansion?

Sunil Gupta: You are right. So basically please appreciate during this period, prior to this period the company had invested almost INR500 crores in building the vessel strength. Vessels are something that is not freely available in the market. So even if today I have like INR92 crores of cash surplus after net debt I cannot just simply go and book a vessel.

So we are scouting for vessels and as and when we will have right appropriate vessel available in the market, we will definitely increase our fleet strength and definitely we are focused to reduce our non-core assets.

Nirvana Laha: Sir, can you comment on the INR18 crores PAT loss? Why that happened in the subsidiary?

Sunil Gupta: So basically that loss happened because that property was under construction and there was an interest and depreciation charged into that asset.

Nirvana Laha: But the loan is extended by us?

Sunil Gupta: So we had booked interest income here and that subsidiary had shown loss. So there was a notional and which was eliminated on a consolidated basis.

Nirvana Laha: Okay, I will take it up on email if you allow me.

Sunil Gupta: Sure, please, more than helpful.

Nirvana Laha: So at the subsidiary level if I look at the difference between your console and standalone figures for Q1, there is still a INR1 crores loss at the EBITDA level. So, how do you see this going forward for the rest of the year? Will we turn a profit in the subsidiaries, or will we continue to have a loss?

Sunil Gupta: So basically, we have the endeavour to reduce these losses substantially over this year and next year. And in that spirit only we had sold this Seamec Nidhi which was incurring huge loss in subsidiary in the previous year. Going forward also, we are determined to cut down on our expenses and rationalize the operations to ensure that on a overall basis. Seamec results profitable growth to its shareholders.

Nirvana Laha: Sure, sir. I understand the logic for selling Nidhi. That's why I am asking, after selling Nidhi, now at a quarterly level, are we going to be profitable? Do you expect to be profitable at the subsidiary level?

Sunil Gupta: In the exit quarter of this year, we will become profitable because some new contracts are being discussed there also. And we are hoping that some repricing will happen, and the profits will come in from Q4. However, in Q2 and Q3, we will see a reduction in losses going forward.

Nirvana Laha: Sure. And if you allow me, one last question. So, NPP Nusantara, which is going to come in September 2025, in what year was it manufactured and is it a diving support system?

- Naveen Mohta:** Yes, this is Naveen here. So, Nusantara is a diving support vessel, and this is built around 2011.
- Nirvana Laha:** 2011. So, another 10-12 years of life is left.
- Naveen Mohta:** Yes.
- Nirvana Laha:** Okay, thank you. I will come back in the queue. Thank you so much.
- Moderator:** Thank you very much. The next question will be from the line of Pranav from Pioneer Wealth. Please go ahead.
- Pranav:** Yes, I just had a couple of questions, sir. One, with our contract with ONGC, are there any changes? Last time, there were talks of entering into a repricing agreement with them.
- Naveen Mohta:** Pranav, can you come back again because the voice was not that much clear.
- Pranav:** Yes. So, there was a talk about repricing our contract agreements with certain vendors. If I could get some clarity, are we going to reprice our ships?
- Naveen Mohta:** See, repricing of ships will take as and when this existing contract gets over and new contract comes in. So, this is an ongoing phenomenon, and it continues like this every year. So, if there is any contract which is going to get renewed this year, definitely there will be some kind of repricing there.
- Pranav:** So, are we going to renew any contracts this year?
- Naveen Mohta:** There are talks going on, but nothing is certain.
- Pranav:** Nothing is certain. And total, how many ships are under our portfolio as of now?
- Naveen Mohta:** See, there are five DSVs. And there is one accommodation barge and there is one offshore support vessel. So, these are the seven vessels in the Seamec. And then there are two bulk carriers in the overseas subsidiaries.
- Pranav:** And all of them have been leased. Are they leased in India only or are they leased all over the world?
- Naveen Mohta:** No. So, the vessels which are working in the Seamec are working in Indian waters only, except one. The Swordfish which was working with Saudi Aramco. And the bulk carrier, as you know, bulk carriers are operating all over the world.
- Pranav:** All over the world. Got it. And are we looking to acquire any new ships? Is there something that is going on?
- Naveen Mohta:** See, this is a kind of ongoing kind of process. We continue to look for the opportunities wherever it exists. So, if there are some good vessels or good opportunities are available, definitely we are keen to add to the fleet.
- Pranav:** Okay. And any particular type of ships we are trying to take over or depends on the opportunity?

- Naveen Mohta:** This is more dependent on the opportunity.
- Pranav:** Got it, sir. Thank you, sir.
- Moderator:** Thank you. The next question is from the line of Swati from JS Advisors. Please go ahead.
- Swati:** Thank you for the opportunity and I joined a little late. So, I apologize if I ask something that has already been discussed before. I have a few questions. I would like to know how much capex was deployed for NPP Nusantara and what kind of revenue potential we can expect?
- Naveen Mohta:** See, this NPP Nusantara, that deal has been inked as of now at around 24 million. So, this we will be doing sometime in October 25 next year. Out of this 5% has been paid as an advance deposit. And as already told, the vessel has got a good potential due to its age and this vessel is already working in the Indian waters.
- Swati:** Alright, sir. Can we quantify the revenue potential in any way?
- Naveen Mohta:** See, revenue potential as of now, it will be too premature to discuss how much will be the revenue potential. But as I mentioned, it is a diving support vessel. So, the revenue will be in line with the vessels like Seamec Paladin what we are getting similar to that.
- Sunil Gupta:** Just to add what Naveenji just said, basically the contracts are structured in very different manners. And what we try to gauge is when we do a capex, can we get a 5-year payback of the vessels acquisition cost? Just to answer your question, in the current case of Nusantara, we are quite confident that this 5-year payback will be achieved once the Nusantara is acquired by us.
- Swati:** Got it, sir. Thank you. And my next question is regarding Seamec Swordfish, which is deploying in August, I believe. So, what is the day charter rate for that?
- Naveen Mohta:** No. There is no rate, or this charter has been informed or finalized as of yet. So, I don't know from where you got this thing that okay, it is going to be chartered from August onward.
- Swati:** Alright, sir. Fine. I will rejoin the queue. Thank you.
- Moderator:** Thank you. The next question is from the line of Chirag Shah from White Pine Investment Management Pvt. Ltd. Please go ahead.
- Chirag Shah:** Yes, sir. Apologies for repeating the question. But just carrying on that earlier question of shared services, so, sir, can you explain it in slightly more detail? How do you decide what services are to be shared? And how is the compensation decided? I am not questioning the intent, but more of the nitty-gritty of how it has been, because there would be a process of approving and why not own and why shared services.
- There would be a thought process which would be going on and you would have been reviewing it regularly also. If you can just help us understand why certain services are shared and why not own books and how are the nitty-gritties decided on in terms of how do you charge for that?

Sunil Gupta: So, see, the shared services agreement that has happened is basically 4% of the turnover of Seamec. You would appreciate that the company has or 10% of the cash profit, whichever is lower. You would appreciate that during the last year, the company has already done 3x of profits as compared to previous year.

And this year again, we are on a growth path. This requires a continuous focus from the promoter and top management of the group. And there are regular discussions and meetings between the operating management and the corporate management, which ensures that the operations are run seamlessly, growth opportunities are discussed, targeted, and acquired, and the business is increased.

So here, all types of management consultancy, be it on the investments, be it on the operations, on the HR front, legal front, all these discussions happen on a monthly and fortnightly basis, which I am sure that going forward as you see the progress in Seamec profitability would justify this contract in place.

Chirag Shah: Why the question is because the kind of services that we are paying, this indicates there is an executive role involved while you may have termed them as non-executive chairman. But when we look at some of the other entities across businesses, and not just this business, this industry, such high charges are being paid to an executive promoter or executive director or executive chairman. So hence, while the designation is non-executive, the charges that are being paid are of an executive nature. That is the reason the question is coming across. Then why this designation of non-executive?

Sunil Gupta: That is what I am trying to tell you. It is not alone, Sanjeev Agarwalji. It is basically group management advisory fee, wherein the legal advice, the financial advice, the investment advices are given by the relevant financial teams of the corporate management. And this is not pertaining to Sanjeev Agarwal's role into the system. Because he is not the one who can give legal advices or investment or financial advices.

Chirag Shah: So sir, the broader question is why can't you have this kind of people on our own payroll? There has to be some logic, some thought of it, right? So please help us understand that.

Sunil Gupta: So sir, that is what I am trying to tell you. This structure was already there when HAL Offshore had acquired Seamec. Seamec used to give this kind of services, was rendering this kind of services from its parent, TECHNIP Group. So, the same arrangement has been continued as of now.

Chirag Shah: Ok. And there is no need to re-look or revisit this? Fair point.

Sunil Gupta: So it is not about re-looking. What your question is whether there is a reasonable justification. So let me tell you, after all these things, if you see there has been a reasonable growth that the company has already achieved. There is a growth drive which is already in place. And you will see that relevant growth for the interest of the stakeholders will be achieved over the next few years, which will justify this arrangement in place.

Chirag Shah: Sir, we are not questioning that. So please don't get us wrong. The point is you could have all these activities on your own payroll, and you may still pay out the same amount. We are not even debating that. Or even higher, that's fine. For growth, whatever is needed is acceptable. But the arrangement is what can bring in, you may keep on answering this question to somebody else at any point of time. Especially when the size goes up of the organization, this sum will become very big, and this will keep on coming at us. That is the point that we are trying to drive.

Sunil Gupta: Sure, understood. We will see and debate internally on this question, sir. Thank you for raising it.

Chirag Shah: The second point is, if I look at from H2 onwards, our base is going up significantly because of whatever happened in the past in terms of addition as well as the charter rate. So how should one, and generally the kind of business we are, is a seasonal in nature also. At times we get very good rates, and we stagnate. So how should one look at H2, '25 and '26 in general? I understand the macro cyclicalities and risks, but assuming in the status quo, how should one look at it?

Naveen Mohta: See, the best way to look at the number you yourself have answered, there is a cyclical nature of the work or seasonality of the work is there due to this monsoon effect. And part of our fleet is deployed in the work, which work only during non-monsoon period only. So that's why you will, the best way to compare the result or the best way to see that how companies are progressing or doing is to compare on quarterly basis, on year-on-year basis.

Chirag Shah: Yes, I was referring to that only, sir. Y-o-Y itself when I look at your H2 base, if I look at from Y-o-Y perspective, it is going up significantly for strong show that we did in the last session. So how do we look at growth and what will drive the growth? That is the question.

Naveen Mohta: So if we divide the year in two in half years, so H2 will always, H1 and H2 will be having differences. So best way to compare the result is on quarterly basis. So Q4, if you compare with the Q4, will be the best one, followed by then Q1, Q3 and Q2. This is how that seasonality pans out.

Sunil Gupta: Also, just to add what Naveenji said and just to supplement your question, basically there has been an increase in our fleet deployment plan. There has been an increase in our deployment rates. So definitely you will see a decent upside in H2 and next year also.

Chirag Shah: Okay. So, for example, if we did on an average 90 crores of EBITDA in December and March of '24. So Q3 and Q4, if I combine, we have done probably INR90 crores per quarter EBITDA. On that base, what needs to work for us is better rates and more deployment. So, when we are in Q3 and Q4 of '25, we see a reasonable growth. So that is what I was referring to as a question?

Sunil Gupta: Yes. So, there will be a reasonable growth vis-a-vis last year. And as we have been communicating in our previous calls also, the management is focused to deliver a 15-20% CAGR growth over the next many years. And we are currently strongly supported by our balance sheets. So, in case there are opportunities like we have tied up for Nusantara acquisition for next year, we would definitely not shy away from adding more assets to our balance sheet to ensure that there is a profitable growth going year-by-year.

- Chirag Shah:** And would it be right to make an assumption that charter rates, whenever they come up for renewal, we can assume 5% to 10% increase given the current environment? Yes. That is a fair way to look at it?
- Sunil Gupta:** Yes, you can consider.
- Chirag Shah:** And sir, it would be helpful if you can indicate probabilities of any of them coming up for renewal in H2, whether they get renewed. We are not even questioning that, but it helps us to make an understanding on how to look at the H2. You have done extremely well. And that is the question. So expectations keep on going up.
- Sunil Gupta:** Sure. So let me tell you, currently like our two vessels, Seamec III and Seamec Princess, which were on EPC contract shall come up for renewal. And we will see as to what exactly timeline. But in Q3, there will be opportunity of repricing. What will be the repricing? That only time will tell once the contracts are sealed.
- Chirag Shah:** Yes, fair point. That is understood. Thank you. Thank you very much.
- Moderator:** Thank you. The next follow-up question is from the line of Nirvana Laha from Badrinath Holdings. Please go ahead.
- Nirvana Laha:** Thank you so much for giving another opportunity. What is the status of the second OSV that we purchased?
- Sunil Gupta:** Can you please repeat the question?
- Nirvana Laha:** What is the status of the second OSV that we purchased?
- Naveen Mohta:** See, there was an agreement to purchase that second OSV. So far, we have been talking to the seller for the delivery of the vessel. There are some issues going on for that vessel to be delivered, which we are trying to sort out. So, as and when anything is finalized as usual, we will convey to the stock exchanges regarding the delivery of the vessel.
- Nirvana Laha:** Sure. Have we paid out anything already to the proposed seller?
- Naveen Mohta:** So, there was an advance deposit as per the international practice, which was in escrow.
- Nirvana Laha:** Okay. Sure. And you have previously talked about another ship from HAL Offshore moving gradually to Seamec apart from Nusantara. So, any comments on that? What kind of timelines or what is the, is that an owned vessel by HAL Offshore or is that a leased vessel? If it is owned, what is the life, etc.? Some more detail?
- Naveen Mohta:** No, see, this was the management philosophy that we have been discussing that management promoter want to consolidate all the operation in one entity. So, this is the philosophy that they want to do that going forward, if we can be putting all this kind of operation in Seamec. So, that was the thought that is a thought process going on and that will be definitely there.

So, as and when this shifting of vessel takes place to Seamec definitely it will be conveyed back to exchanges. And there is this vessel, which is owned by HAL Offshore only. So, if decision is taken to shift it to Seamec that will definitely be conveyed.

Nirvana Laha: So, which year is it manufactured in, sir this other vessel?

Naveen Mohta: This is a new build vessel.

Nirvana Laha: New build vessel. Yes. Okay. And, sir, apart from Nusantara coming in and maybe in future when HAL takes a decision about moving the second vessel, if I look at your contracts, I can see that GLORIOUS will get renewed sometime in the next financial year. Apart from that, everything else, the EPC contracts will get renewed but everything else seems to be contracted out and therefore there won't be any revenue jump, right? So, one OSV will come in, your GLORIOUS will get recontracted, Swordfish will get recontracted and Nusantara and possibly one more vessel will come in. Are these the only revenue triggers available?

Naveen Mohta: Yes, I think in a year if we are able to get this many things done, what else we can ask for? Surely, we can't get the replacing of all the vessels done in the same year.

Nirvana Laha: Sure. No, I just wanted to confirm that these are the revenue triggers.

Naveen Mohta: See, your understanding is correct and as we have been communicating, we are trying to tie in long-term contracts as well as short-term contracts. So, long-term contracts cannot be done like this. So, already one or two contracts are on long-term. So, they will be repriced only when the end of the contracts are there, and their duration is already known to everyone. So, these are the ones which you have already outlined. These are the ones which are going to get repriced.

Nirvana Laha: Sure. Thank you so much. I will write to you on the issue that we discussed. Please help answer those questions.

Naveen Mohta: Sure.

Nirvana Laha: All the best.

Moderator: Thank you. The next question is from the line of Sunidhi Joshi from JM Capital Advisors. Please go ahead.

Sunidhi Joshi: Hello. Regarding the debt situation, I noticed that we are currently cash surplus on a net-debt basis. So, do we plan to maintain this position going forward? Additionally, considering the future outlook for India's oil and gas sector, could you provide some insight into how you foresee our company's broader future shaping up?

Sunil Gupta: Sure, ma'am. So, basically, the current cash position is very strong. And we believe that going forward, as we have plans for FY '25, '26, '27, we shall be definitely generating reasonably good cash flows. Already, we have committed some capex in FY '25, '26, which is Nusantara. And we would definitely on a look out for similar opportunities to deploy these cash flows. And in case there is additional cash flows, we will maintain some treasury for some opportunity that may arise out of a sudden.

Because we believe markets are very buoyant. And India has a long growth story, which, with the vision of the Prime Minister is lot of focus on Make in India. So, a lot of focus will be there on internal generation of energy demands. And we will help Indian energy companies in maintaining the infrastructure with our strength of asset field.

Sunidhi Joshi: Okay, fair enough. And can you give us a sense of the current order book visibility? How does the order book compare to the same period last year? And what is your expectation for order inflow in the near term?

Sunil Gupta: Ma'am, we don't have order books. We have confirmed contracts as Naveenji mentioned. Most of the contracts are running. And in the previous discussion also, the gentleman had fairly answered which are the contracts that are coming up for repricing or renewal in the current year or next year. So, it's a contract-to-contract period not order book.

Sunidhi Joshi: Okay, fine. And I don't know if this question was taken. I was away for a while. But can you explain what kind of capex are you planning in the next two to three years? And what is the funding mix for that?

Sunil Gupta: Ma'am, as we mentioned one capex for sure which is tied up is acquisition of Nusantara for \$24 million. We have healthy cash positions. And we would be looking for acquiring more fleets. It all depends on the secondary market based on which availability is decided and prices are decided. But in case there will be availability, we will definitely acquire more assets. Our cash flows give us the confidence that most of it will be funded from internal accruals and in case some debt is taken that will also be repaid in the coming years because of the enhanced revenues and the profitability.

Sunidhi Joshi: Okay, thank you, sir.

Sunil Gupta: Thank you, ma'am.

Moderator: Thank you. The next question is from the line of Kartik Bhat, who is an individual investor. Please go ahead.

Kartik Bhat: Yes. Sir, so based on my understanding of the industry, so I think for E&P activities that happen up to 100 meters or so I think the divers are used and beyond that there are machines that are being used. So I just wanted to understand how a fair amount of E&P activities will happen from the upstream companies involving going into greater depths, maybe more than 100 meters and so on? So how technically equipped or is there any technical superiority that you have with respect to both these angles, human element as well as the machine element, especially if it were to involve going in greater depths?

Naveen Mohta: Yes. See, as far as the company is concerned, we have the specialized vessels from which divers can go into the water and do the work. And similarly, we have got the vessels which are capable, or which are equipped to work for the deeper water. So company has got both kind of vessels which can work on these kind of things.

Kartik Bhat: Okay. And how is the revenue contribution likely to be from other customers, other than ONGC? So currently, I think the majority of the revenue comes from ONGC, which is good. I mean, is there any plan or intent to reduce the client concentration risk, so to say? So I mean, will ONGC continue to have the same share of concentration in next two to three years also or will it get revised slightly maybe?

Sunil Gupta: This is a very dynamic situation. As we informed last time, one of our vessel was deployed in international waters in Saudi Aramco. So we have opportunities coming up on both international waters and domestic waters. We will see which are more profitable opportunities and we would like to tap them. In that, probably we may say some amount of shift may happen from ONGC. However, we do not see any concentration risk because our vessels and our crew and diving teams are experts in the area. They have delivered almost more than three decades of services to ONGC. And in case ONGC needs our services, we will continue to give it, and we don't find any concentration risk.

Kartik Bhat: Okay. And sir, since you mentioned the Saudi Aramco bit, so when we look at maybe enquiries overseas markets, so what are the top two, three things that they primarily look at? How do they decide to select one company out of maybe three or four, comparing maybe Seamec with a local company there as well?

Sunil Gupta: So basically, the health of the vessel, the experience of the company, the financial strength of the company, these are the major considerations that are looked at by any person who take us on hire.

Kartik Bhat: Okay. Got it. And sir, I was just going through the Annual Report and there is a mention of diversification into tunnel construction project for high-speed rail project at Vapi I believe. So what are your thoughts on this? What is the rationale behind it? Are we planning to pursue this further as well?

Sunil Gupta: We had tried to do some diversification by getting this project. But as of now, we would like to focus on our core activities, which is diving support services and subsea construction where our expertise lies.

Kartik Bhat: Okay. Sure, Thanks.

Moderator: The next question for today is from the line of Swati from JS Advisors.

Swati: Thank you for the Opportunity. I would like to know what are the current deployment days in the average day rate for the quarter. And my second question is regarding the OSV industry. Could you share some details about that and what the future plan is over the next five years in regards to that?

Sunil Gupta: Ma'am, I think that deployment, Mr. Naveen has already explained for Q1. And as he rightly said, three of our vessels are on off hire because of monsoon. So deployment keeps changing depending on the nature of work and the type of contract. And same is the case with regard to the rates. In case of a subsea construction contract, it is a lump sum job.

In case of DSVs, it can be full-service contract with diving support or a bare boat arrangement. So talking about such rates here would not justify. As an investor, what you need to look at is with the healthy mix, are we able to improve our bottom line and continue to grow the company, which is our endeavour for our investors. I hope I am able to clear you.?

Swati: Yes Sir. Thank you.

Moderator: Ladies and gentlemen, due to time constraints, that was the last question. I now hand over to the management for closing comments.

Sunil Gupta: We thank all our investors who have bestowed confidence in us. We assure that the management is tirelessly working for the profitable growth of the company and for its stakeholders. And going forward as well, we would continue to achieve decent performances and good growth in the years to come. Thank you very much.

Moderator: Thank you. On behalf of Arihant Capital Markets Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.

Sunil Gupta: Thank you.