

Nov 14, 2013

## The Great Eastern Shipping Company Ltd.

BSE Code: 500620

NSE Code: GESHIP

Reuters Code:

GESC.NS

Bloomberg Code: GESCO:IN

The Great Eastern Shipping Company Ltd (GESHIP) India's largest private sector shipping company with experience and expertise spanning over 6 decades, The company has two main business: shipping and offshore. The shipping business is involved in transportation of crude oil, petroleum products, gas and dry bulk commodities. On September 2013, company took delivery of a 2005 built Medium Range (MR) product tanker "Jag Pranav". With the induction of "Jag Pranav", the Company's fleet stands at 30 vessels, comprising 22 tankers (8 crude carriers, 13 product tankers, 1 LPG carrier) and 8 dry bulk carriers (1 Capesize, 3 Kamsarmax, 4 Supramax) with an average age of 9.0 years aggregating 2.42 mn dwt.

### Investor's Rationale

#### 🌀 Topline grew 17.1% YoY on the back of strong offshore business –

The company has registered a healthy growth in its topline by 17.1% YoY at ₹7,704.2 mn in Q2FY'14 against ₹6,577.9 mn on consolidated basis primarily on account of robust growth in offshore business by 21.3% at ₹4,468.9 mn and in shipping business by 21% at ₹4,368.7 mn. Going forward the company has covered its bulk carriers and product carriers to the extent of around 41% and 55% of their operating day's respectively.

#### 🌀 EBITDA margin expanded 1068bps due to fall in hire of chartered ships and fuel & oil cost –

The EBITDA of the company increased by 47.4% YoY at ₹3,915.9 mn. As a result, OPM also expanded 1,068bps at 50.6% against 39.9% following a gain in foreign currency transaction worth ₹743.7 mn in the September quarter as against a loss of ₹810 mn in the corresponding period last year.

#### 🌀 Bottom-line increased 97.8% YoY, due to strong topline and forex gains –

Net profit Increased by 97.8% to ₹1,606.3 mn in the second quarter ended September 30 on account of the improved performance in topline. Thus NPM improved by 855bps at 20.8% against the 12.2% YoY.

#### 🌀 Focused to maintain growth by fleet addition and technological up gradation –

GESHIP and its subsidiaries currently own and operate 4 Platform Supply Vessels (PSV), 9 Anchor Handling Tug cum Supply Vessels (AHTSV), 2 Multipurpose Platform Supply and Support Vessels (MPSSV), 6 Platform/ ROV Support Vessels (ROVSV) and three 350 Feet jack up rigs. The Company contracted to buy a 1994 built Very Large Gas Carrier (about 49,300 dwt) with delivery in H1FY2015. Additionally, the Company placed an order for 2 new building Kamsarmax dry bulk carriers (about 81,600 dwt each). Both the vessels are expected to be delivered during H1FY16..

### Market Data

Rating	BUY
CMP (₹)	287
Target Price	340
Stop Loss	250
Duration	Short-term
52-week High-Low (₹)	326.0/198.2
Rise from 52WL (%)	44.9
Correction from 52WH (%)	11.9
Beta	0.11
1 year Average Volume (mn)	0.08
Stock Return (%)	3M- 15.5 6M- 18.6 1Y- 12.7
Market Cap (₹bn)	43.2
Book Value (₹)	331.2

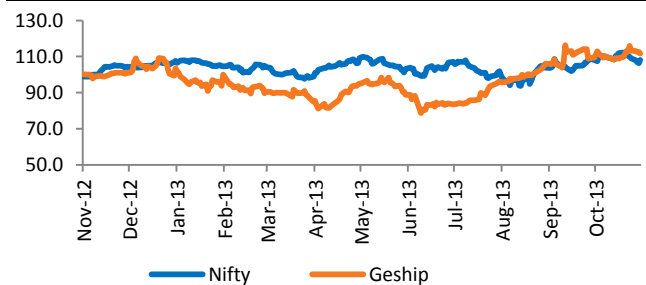
### Shareholding Pattern

	Sep'13	Jun'13	Chg
Promoters (%)	30.13	29.86	0.27
FII (%)	24.58	24.12	0.46
DII (%)	16.34	16.72	(0.38)
Public & Others (%)	29.85	29.3	0.55

### Quarterly Performance (Consolidated)

(₹Mn)	Q2 FY'14	Q2 FY'13	Q1 FY'14	YoY Change(%)	QoQ Change (%)
Sales	7,704.2	6,577.9	7,324.1	17.1	5.2
Op. exp	3,822.4	3,997.1	3,954.6	(4.4)	(3.3)
EBITDA	3,915.9	2,656.3	3,409.6	47.4	14.8
OPM (%)	50.6	39.9	46.3	1068bps	430bps
Net profit	1,606.3	812.0	2,449.8	97.8	(34.4)
NPM (%)	20.8	12.2	33.3	855bps	(1,251)bps
EPS (₹)	10.5	5.3	16.1	97.6	-34.4

### One Year Price Chart





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