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Rating	Accumulate
Price	Rs72
Target Price	Rs90
Implied Upside	25.0%
Sensex	17,301
Nifty	5,236

(Prices as on February 01, 2012)

Trading data

Market Cap. (Rs bn)	1.7
Shares o/s (m)	23.8
3M Avg. Daily value (Rs m)	1.3

Major shareholders

Promoters	32.26%
Foreign	0.27%
Domestic Inst.	6.61%
Public & Other	60.86%

Stock Performance

(%)	1M	6M	12M
Absolute	1.8	(32.0)	(36.8)
Relative	(10.2)	(26.5)	(32.8)

How we differ from Consensus

EPS (Rs)	PL	Cons.	% Diff.
2013	13.3	14.2	-6.5
2014	14.0	NA	NA

Price Performance (RIC:GRSH.BO, BB:GWOS IN)



Source: Bloomberg

■ **Results broadly in line:** Global Offshore declared results broadly in line with estimates. Revenues were slightly ahead of estimates at Rs621m, growing 23% YoY and 17% QoQ. As expected, full quarter revenue contribution from *Kailash* led to sequential increase in revenues. EBITDA margins improved ~160bps sequentially to 45.1% during the quarter. Consequently, adj PAT grew 92% QoQ and 25% YoY to Rs109m.

■ **Fleet status:** Q3 saw a sharp sequential improvement in revenues owing to full quarter contribution from *PSV Kailash* during the quarter as against only a month's contribution in the last quarter. During the quarter, the company has disposed off another old asset *Garware V* at book value. The company's fleet strength now stands at 10, comprising mainly of newer assets, all of which stands contracted currently. Three of the company's assets (*AHTSV Shergar*, *PSV Makalu* and *PSV Kamet*) have contracts expiring in Q1FY13. For these vessels, the company is bidding in a number of upcoming tenders and remains confident of placing these assets at attractive rates.

■ **Valuations:** The stock currently trades at a P/E of 7.5x FY12 and 5.3x FY13, while on an EV/ EBITDA basis, it trades at 7.5x FY12 and 6.1x FY13. We are valuing the company at a ~10% discount to global peers, at 6.6x FY13 EV/ EBITDA to arrive at our target price of Rs90. We maintain '**Accumulate**' on the stock

Key financials (Y/e March)	2011	2012E	2013E	2014E
Revenues (Rs m)	2,005	2,212	2,345	2,395
Growth (%)	(5.6)	10.4	6.0	2.1
EBITDA (Rs m)	853	934	1,069	1,095
PAT (Rs m)	211	226	316	332
EPS (Rs)	8.9	9.5	13.3	14.0
Growth (%)	(40.6)	7.1	39.8	5.1
Net DPS (Rs)	1.4	2.0	2.5	2.5

Profitability & Valuation	2011	2012E	2013E	2014E
EBITDA margin (%)	42.5	42.2	45.6	45.7
RoE (%)	7.7	7.9	10.5	10.1
RoCE (%)	4.8	4.7	5.8	6.1
EV / sales (x)	3.8	3.2	2.8	2.5
EV / EBITDA (x)	8.9	7.6	6.2	5.5
PE (x)	8.2	7.6	5.4	5.2
P / BV (x)	0.6	0.6	0.5	0.5
Net dividend yield (%)	1.9	2.8	3.5	3.5

Source: Company Data; PL Research

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Exhibit 1: Q3FY12 Result Overview (Rs m)

Y/e March	Q3FY12	Q3FY11	YoY gr. (%)	Q2FY12	9MFY12	9MFY11	YoY gr. (%)
Sales	621	505	22.9	529	1,612	1,484	8.6
Expenditure							
Fleet Operating expenses	217	162	33.5	207	401	146	174.9
<i>% of Net Sales</i>	<i>34.9</i>	<i>32.1</i>		<i>39.1</i>	<i>24.9</i>	<i>9.8</i>	
Establishment & other expenses	124	108	15.0	92	333	309	7.5
<i>% of Net Sales</i>	<i>20.0</i>	<i>21.4</i>		<i>17.4</i>	<i>20.6</i>	<i>20.9</i>	
Total Expenses	341	270	26.1	299	947	867	9.3
EBITDA	280	235	19.3	230	664	617	7.7
<i>EBITDA Margin (%)</i>	<i>45.1</i>	<i>46.5</i>		<i>43.5</i>	<i>41.2</i>	<i>41.6</i>	
Depreciation	112	87	29.0	100	316	249	27.0
Other Income	6	72	(91.4)	4	10	74	(86.1)
EBIT	175	220	(20.8)	134	359	442	(18.9)
Less: Interest	64	67	(5.4)	76	210	190	10.8
PBT	111	153	(27.6)	58	149	253	(41.2)
Tax	2	1	220.1	1	4	2	66.3
<i>Effective Tax Rate (%)</i>	<i>169.4</i>	<i>38.3</i>		<i>224.1</i>	<i>2.5</i>	<i>0.9</i>	
PAT	109	153	(28.5)	57	145	250	(42.1)
Adj. PAT	109	87	24.7	57	145	185	(21.8)

Source: Company Data, PL Research

Income Statement (Rs m)

Y/e March	2011	2012E	2013E	2014E
Net Revenue	2,005	2,212	2,345	2,395
Raw Material Expenses	705	1,053	1,031	1,051
Gross Profit	1,300	1,159	1,314	1,345
Employee Cost	—	—	—	—
Other Expenses	447	225	245	250
EBITDA	853	934	1,069	1,095
Depr. & Amortization	380	425	437	445
Net Interest	281	285	317	330
Other Income	24	7	8	20
Profit before Tax	216	231	323	339
Total Tax	5	5	6	7
Profit after Tax	211	226	316	332
Ex-Od items / Min. Int.	22	—	—	—
Adj. PAT	211	226	316	332
Avg. Shares O/S (m)	23.8	23.8	23.8	23.8
EPS (Rs.)	8.9	9.5	13.3	14.0

Cash Flow Abstract (Rs m)

Y/e March	2011	2012E	2013E	2014E
C/F from Operations	1,041	1,147	1,009	1,183
C/F from Investing	(1,607)	(197)	(150)	(200)
C/F from Financing	618	(450)	(285)	(998)
Inc. / Dec. in Cash	52	500	574	(15)
Opening Cash	109	196	669	1,242
Closing Cash	196	669	1,242	1,227
FCFF	(920)	562	542	653
FCFE	90	524	642	53

Key Financial Metrics

Y/e March	2011	2012E	2013E	2014E
Growth				
Revenue (%)	(5.6)	10.4	6.0	2.1
EBITDA (%)	(16.4)	9.5	14.4	2.4
PAT (%)	(40.6)	7.1	39.8	5.1
EPS (%)	(40.6)	7.1	39.8	5.1
Profitability				
EBITDA Margin (%)	42.5	42.2	45.6	45.7
PAT Margin (%)	10.5	10.2	13.5	13.9
RoCE (%)	4.8	4.7	5.8	6.1
RoE (%)	7.7	7.9	10.5	10.1
Balance Sheet				
Net Debt : Equity	2.1	1.8	1.5	1.3
Net Wrkng Cap. (days)	—	—	—	—
Valuation				
PER (x)	8.2	7.6	5.4	5.2
P / B (x)	0.6	0.6	0.5	0.5
EV / EBITDA (x)	8.9	7.6	6.2	5.5
EV / Sales (x)	3.8	3.2	2.8	2.5
Earnings Quality				
Eff. Tax Rate	2.2	2.0	2.0	2.0
Other Inc / PBT	11.1	3.0	2.5	5.9
Eff. Depr. Rate (%)	4.0	4.4	4.4	4.4
FCFE / PAT	42.5	231.7	202.8	15.9

Source: Company Data, PL Research.

Balance Sheet Abstract (Rs m)

Y/e March	2011	2012E	2013E	2014E
Shareholder's Funds	2,829	2,901	3,149	3,414
Total Debt	6,038	6,000	6,100	5,500
Other Liabilities	—	—	—	—
Total Liabilities	8,866	8,901	9,249	8,914
Net Fixed Assets	8,257	8,029	7,743	7,497
Goodwill	—	—	—	—
Investments	70	70	70	70
Net Current Assets	539	801	1,436	1,346
<i>Cash & Equivalents</i>	<i>196</i>	<i>669</i>	<i>1,242</i>	<i>1,227</i>
<i>Other Current Assets</i>	<i>922</i>	<i>827</i>	<i>1,027</i>	<i>1,002</i>
<i>Current Liabilities</i>	<i>578</i>	<i>694</i>	<i>833</i>	<i>883</i>
Other Assets	—	—	—	—
Total Assets	8,866	8,901	9,249	8,914

Quarterly Financials (Rs m)

Y/e March	Q4FY11	Q1FY12	Q2FY12	Q3FY12
Net Revenue	486	462	529	621
EBITDA	195	154	230	280
<i>% of revenue</i>	<i>40.0</i>	<i>33.4</i>	<i>43.5</i>	<i>45.1</i>
Depr. & Amortization	103	104	100	112
Net Interest	76	71	76	64
Other Income	—	—	4	6
Profit before Tax	16	(21)	58	111
Total Tax	—	—	1	2
Profit after Tax	16	(21)	57	109
Adj. PAT	16	(21)	57	109

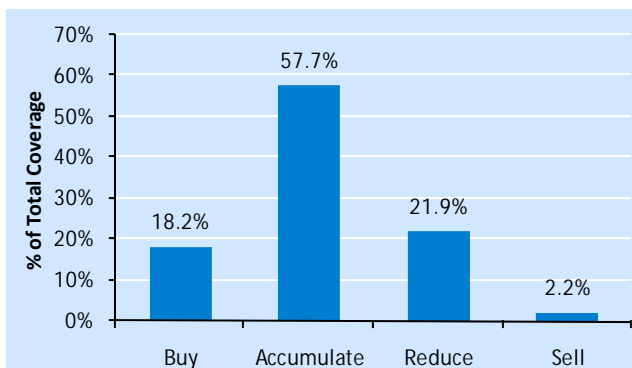
Key Operating Metrics

Y/e March	2011	2012E	2013E	2014E
Fleet Size	12	11	11	11
No. of vessels under dry-docking	1	—	—	—

Source: Company Data, PL Research.

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PL's Recommendation Nomenclature

BUY	: Over 15% Outperformance to Sensex over 12-months	Accumulate	: Outperformance to Sensex over 12-months
Reduce	: Underperformance to Sensex over 12-months	Sell	: Over 15% underperformance to Sensex over 12-months
Trading Buy	: Over 10% absolute upside in 1-month	Trading Sell	: Over 10% absolute decline in 1-month
Not Rated (NR)	: No specific call on the stock	Under Review (UR)	: Rating likely to change shortly

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