

BUZZING

STOCK

Garware Offshore Services Ltd.

CMP – Rs.213

Analyst
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Key Stock Data

Sensex	14229
Nifty	4178
Sector	Shipping –Medium
Bloomberg	GWOS IN
Reuters	GRSH .BO
No. of shares (m)	19
Market Cap (Rs m)	4,047
Market Cap (US\$ m)	99
52-week H/L	Rs.300/59

Shareholding Pattern (%)

Promoters	31.5
Mutual Funds	0.62
FII's	13.08
Corporate Bodies	13.45
Pubic & Others	41.36

Garware Offshore Services Ltd. (GOSL), is all set to attain huge size with its ongoing expansion activity that is expected to more than double its fleet size. GOSL provides offshore logistics services to oil and gas sector through its current fleet of 6 vessels.

Expansion: GOSL is expanding its fleet size from 6 to 14 by CY09. The company currently owns 4 Anchor Handling Tug Supply Vessel (AHTSV) and 2 Platform Supply Vessel (PSV). GOSL recently took delivery of one of the PSV (named "Kamet"). The company will be acquiring 2 PSV's and 5 AHTSV scheduled to be delivered over the period of next 2 years. The expansion plan is as follows: -

	CY05	CY06	CY07	CY08	CY09
PSV	1	2	3	5	5
AHTSV	4	4	5	8	9
Total	5	6	8	13	14

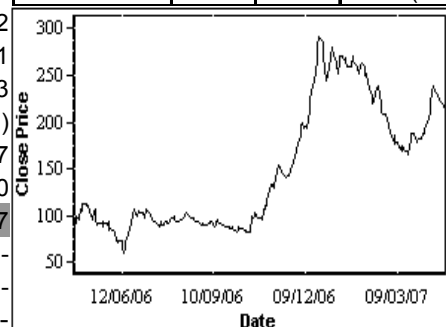
Currently, 4 AHTSV are deployed with ONGC, PSV-1 ("Everest") is deployed with British Gas and PSV-II ("Kailash") with Transocean. The company is expected to spend around Rs.5.5b by CY08, to be funded majorly by debt.

Future Growth: GOSL is expected to put up bright performance going forward. By FY09, expansion of fleet size is expected to boost the topline. In addition, newer vessels are expected to be deployed at higher charter rates. The rates are expected to be 20-25% higher than the rates at which current vessels are deployed. This is expected to have positive impact on EBIDTA margins. The company is also planning to set up workshop design center as KPO in India in collaboration with Havyard Leirvik A. S.

Valuation: GOSL has reported excellent set of numbers in latest quarter ending March 2007. In Q1Y07, revenue at Rs.193m is up by 63% YoY. PAT at Rs.54m is 42% YoY higher on back of EBIDTA margins surging by 567bps YoY to 60%. The current market price discounts the Q1FY07-annualized EPS of Rs.11.3 by 19x.

Financial Snapshot

Garware Offshore Services Ltd.						Rs.m		Ratios (%)		
Financial Year End	Q1 FY07	Q1 FY06	Chg. (%)	FY06	FY05	Chg. (%)		FY05	FY04	Chg.(%)
Net Sales	193	119	63	524	309	70	Debt -Equity	0.7	0.1	983
Other Income	2	0	633	14	19	(27)	PBIDTM	46	45	3
Total Income	196	119	65	537	327	64	PBDTM	43	42	2
Total Expenditure	78	55	42	229	172	33	RoCE	10	20	(52)
PBIDT	117	64	84	308	155	99	RoNW	14	20	(31)
Interest	34	13	171	68	5	1152				
PBDT	83	51	63	241	150	61				
Depreciation	29	13	119	76	36	113				
Tax	1	0	700	6	8	(24)				
Reported Profit After Tax	54	38	42	156	106	47				
Extra -ordinary Items	0	0	0	0	0	0				
Adj. Profit After Extra-ordinary item	54	38	42	156	106	47				
No. of shares (m)	19	14	-	17	12	-				
EPS (annualised.) (Rs.)	11.3	9.1	-	8.3	7.3	-				
P/E	18.9	23.5	-	25.8	29.0	-				



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