

**April 9, 2007**

**South East Asia Marine Engineering & Construction Ltd.**

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**CMP - Rs.194 NSE Symbol : SEAMECLTD BSE Code -526807**

**Backing of a strong parent, strong charter rates, visibility of strong earnings in the future and the company's debt free status make SEAMEC a good investment opportunity.**

South East Asia Marine Engineering & Construction Ltd. (SEAMEC), is a 78.24% subsidiary of Coflexip Stena Offshore Mauritius Ltd. Coflexip Stena Offshore Mauritius Ltd. is owned by Technip S.A of France. SEAMEC is engaged in sub-sea engineering and inspection of under water structures and operates multi-support vassels.

### **TECHNIP - BRIEF BACKGROUND**

TECHNIP is a French company and a leading player in Engineering, Technologies and Construction services for the Oil & Gas, Petrochemical and other industries.

With a workforce of [21,000 people](#) worldwide, and [annual revenues](#) of about 5.4 billion euros, TECHNIP ranks among the 5 major players in full-service engineering and construction services in the field of oil & gas, hydrocarbons and petrochemicals.

TECHNIP is one of the most integrated groups providing engineering, technologies and construction services to the oil/gas and petrochemical industry worldwide. The company has large industrial facilities, employs state-of-the-art technologies and has [operational bases spread over 5 continents](#), the Group is able to manage all aspects of major projects at optimized costs, from front end engineering design to turnkey delivery.

TECHNIP is listed in New York and in Paris

### **SEAMEC - BRIEF BACKGROUND**

SEAMEC was formed in 1996 as Peerless Shipping & Oilfield Services Ltd. and owned three Offshore Vessels and has taken delivery of a new vessel in July 06 taking the total number of vessels to four. The company also had an Onshore Drilling rig which it disposed in 2004 to a Dubai based company for US \$ 3.1 million.

SEAMEC is currently engaged in the business of operating multi -purpose support vessels for diving and for providing underwater /sub-sea construction, maintenance, and other support services for offshore oil and gas installations and other industries, located in India or abroad.

The company had three vessels and acquired a fourth one in mid 2006. The vessels are - SEAMEC I, SEAMEC II, SEAMEC III and SEAMEC Princess.

**SEAMEC I** is under a long term charter with Dolphin Offshore Enterprises Ltd. for a period of 2 years since September 2005. The company thereafter was awarded a contract from ONGC at a higher rate and the contract with Dolphin Offshore was suspended in July 2006 on mutually agreed terms.

**SEAMEC II** was engaged in spot market at Indian Offshore with M/s Global Industries, USA during the first half of the year 2006. During the second half, the vassel was deployed with M/s Condux SA starting August 2006 for working in Gulf of Mexico.

**SEAMEC III** was engaged in Indian spot market working with various Indian and International Oil & Construction companies such as British Gas and Jindal Offshore and thereafter has been on charter with Offshore Technology Solutions Ltd. at Trinidad & Tobago.

**SEAMEC Princess** was delivered to the company in July 2006 and was thereafter on charter for about 27 days undertaking cable laying job with a Dubai based company. The vassel is currently undergoing modifications at a budgeted cost of around Rs.70 crores and is expected to be ready by May 2007.

### **Financials**

As regard, financial performance, for the financial year ended December 2006, the company has registered Sales Revenues of 159 crores as against Rs. 82 crores during the year ended December 2005. The Net Profit is Rs.58.47 crores as against a profit of Rs.19.32 crores for year ended December 2005.

<b>Particulars</b>	<b>Quarter Ended</b>	<b>Quarter Ended</b>	<b>Quarter Ended</b>	<b>Year Ended</b>	<b>Year Ended</b>	<b>Year Ended</b>
	<b>(Dec 06)</b>	<b>(Dec 05)</b>	<b>(% Var)</b>	<b>(Dec 06)</b>	<b>(Dec 05)</b>	<b>(%Var)</b>
				<b>(12)</b>	<b>(12)</b>	
Sales	61.6	27.41	124.7	159.13	82.28	93.4
Other Income	0.5	1.42	-64.8	4.5	6.22	-27.7
PBIDT	30.87	19.27	60.2	75.26	33.45	125
Interest	0.08	0.19	-57.9	0.27	1.04	-74
PBDT	30.79	19.08	61.4	74.99	32.41	131.4
Depreciation	4.63	2.88	60.8	14.92	11.2	33.2
PBT	26.16	16.2	61.5	60.07	21.21	183.2
Tax	0.3	0.49	-38.8	1.5	1.89	-20.6
Deferred Tax	0	0	-	0	0	-
PAT	25.86	15.71	64.6	58.57	19.32	203.2

(Source : Capitaline)

**Latest Data As On  
05/04/2007**

Latest Equity(Subscribed)	33.9
Latest Reserve	203.72
Latest Bookvalue -Unit Curr.	70.09
Latest EPS -Unit Curr.	17.21
Latest Market Price -Unit Curr.	194.45
Latest P/E Ratio	11.3
52 Week High -Unit Curr.	239

52 Week High-Date	2/19/2007
52 Week Low -Unit Curr.	100
52 Week Low-Date	4/13/2006
Market Capitalisation	659.19
Stock Exchange	BSE
Dividend Yield -%	0

(Source : Capitaline)

With the eyes of the world now on the energy especially the oil sector in India, there is bound to be increased activity in the sector. Access to parent's technology and experience will strengthen the company's position.

### **CONCLUSION**

With increased activity taking place in the Oil & Gas sector in India and overseas, the demand for Offshore vessels has increased. This has led to an increase in Charter Rates for Offshore vessels.

There is a strong demand for Multi Support Vessels (MSVs) coming from Middle East, West Africa, and Russia. The role of the parent Technip assumes a great significance in helping SEAMEC realize the best possible charter tariffs in these markets. The demand from these markets is on account of the previously discovered fields being brought online and at the same time due to the need to upgrade, repair and maintain the existing aging offshore facilities and repair and maintenance of underwater pipelines. This is fast leading to a high-demand-low-supply scenario for the offshore support industry leading to strengthening of tariffs.

The current resources of the company are adequately deployed and with the new Vessel getting ready for deployment from June 2007 onwards, one can expect substantially higher income for the second half of the current FY.

**The benefits of higher charter rates and the growing demand augur well for the company's business.**

**The backing of a strong parent, strong charter rates, visibility of strong earnings in the future and the company's debt free status make SEAMEC a good investment opportunity.**