

## Great Eastern Shipping CO.Ltd

April-17

Industry: Shipping

Target Rs 613

Recommendation: Buy

Cmp Rs 437

### Key Data

BSE Code	500620
NSE Code	GESHIP
52 Week High (Rs)	447
52 Week Low (Rs)	296
Market Cap (Rs Cr)	6670
Face Value	10

### About the Company:

Mumbai based G E Shipping Co.Ltd (GESHIP) is India's largest private sector shipping service provider enjoying a formidable presence in the international maritime industry. GESHIP business operates under two main businesses: dry bulk carriers and tankers.

### Investment Rationale:

### Industry Snapshot

Customers	Open
Market Presence	GLOBAL
Govt Regulations	Medium
M-View	Positive

### Shareholding on Dec 2016

Promoters	30.4%
Public	69.3%
Others	0.3%

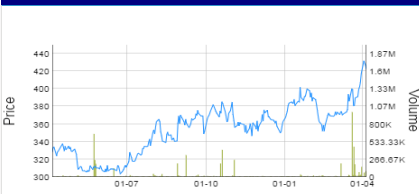
### Promoters/ Management

K M Sheth	Chairman
Bharat K Sheth	MD
G Shivakumar	CFO
Jayesh Trivedi	CS
Mrs. Rita Bhagwati	I.Director
Farrokh Kavarana	I.Director

### Key Ratios

Price Earning Ratio x	6.72
Price To Book Value x	0.77
Dividend Yield	3.2%

### Price Charts



### Research Team

022-40070155/156

### Mview

Improvement in freight rate is gaining traction in tanker and dry bulk segment, along-with demand growth in seaborne trade will be a big positive for the company going forward, With a pulse on the global market and a thorough understanding of the ever-evolving market needs, GESHIP is well-equipped to anticipate the demands of its clients and to deliver the needs. At the CMP, the stock is trading at an attractive valuation of 5.6x and 4.9x of FY18EPS of Rs 76 and FY19EPS of Rs 87. Hence, we recommend Accumulate/Buy with a target price of Rs 613 with medium to long term investment horizon and expect the stock to be re-rated going forward.

## CONSOLIDATED FINANCIAL TABLES

### Profit & Loss Statement

Particulars	FY16	FY17E	FY18E	FY19E
<b>Income From Operation</b>	<b>3834.1</b>	<b>3642.4</b>	<b>4188.8</b>	<b>4691.4</b>
<b>YOY Growth</b>		<b>-5%</b>	<b>15%</b>	<b>12%</b>
Expenditure				
Repairs & Maintenance	186.1	182.1	209.4	234.6
Consumption of Spares & Stores	222.3	200.3	230.4	258.0
Employee Benefit Expenses	595.7	491.7	544.5	586.4
Fuel Oil & Water	290.0	291.4	335.1	375.3
Hire of Chartered Ships/equipments	105.8	109.3	125.7	140.7
<b>Total</b>	<b>1400</b>	<b>1275</b>	<b>1445</b>	<b>1595</b>
<b>EBIDTA Rs</b>	<b>2434.3</b>	<b>2367.6</b>	<b>2743.6</b>	<b>3096.3</b>
<b>EBIDTA Margin %</b>	<b>63.5%</b>	<b>65.0%</b>	<b>65.5%</b>	<b>66.0%</b>
Interest	284.6	350.0	413.0	475.0
Depreciation	674.6	735.0	808.5	889.4
PBT	1,281.5	1,282.6	1,522.1	1,732.0
TAX	110.1	134.0	160.0	176.0
<b>PAT Rs</b>	<b>1039</b>	<b>966</b>	<b>1153</b>	<b>1321</b>
<b>PAT Margin %</b>	<b>27.1%</b>	<b>26.5%</b>	<b>27.5%</b>	<b>28.2%</b>
<b>EPS</b>	<b>68.93</b>	<b>64.10</b>	<b>76.45</b>	<b>87.64</b>

### Balance Sheet

PARTICULARS	FY15	FY16
<b>Shareholder's Fund</b>		
a) Share capital	150.8	150.8
b) Reserves and surplus	7279.8	8133.1
	<b>7430.6</b>	<b>8283.9</b>
<b>Non current liabilities</b>		
a) Long term Borrowings	5462.6	4930.2
b) Long term provisions	33.4	37.6
	<b>5496.0</b>	<b>4967.8</b>
<b>Current Liabilities</b>		
a) Trade Payables	215.5	223.6
b) other current liabilities	1291.0	1057.6
c) Short term provisions	1102.1	1098.6
	<b>2608.5</b>	<b>2379.8</b>
<b>Total</b>	<b>15535.2</b>	<b>15631.6</b>
<b>Assets</b>		
<b>Non current assets</b>		
a) Fixed assets	11114.9	11018.3
b) Non current investments	0.9	0.6
c) long term loan and advances	0.0	0.0
d) other non current assets	31.0	44.5
	<b>11280.7</b>	<b>11489.7</b>
<b>Current Assets</b>		
current investments	0.0	0.0
inventories	1250.0	878.0
Trade Recievables	140.1	113.2
Cash and Bank balance	334.6	320.6
Short term loan and advance	2380.2	2625.0
Other current assets	128.8	90.2
Others		86.8
	20.8	28.1
	<b>4254.5</b>	<b>4141.9</b>
<b>Total</b>	<b>15535.2</b>	<b>15631.6</b>

### Key Ratios

Year	FY14	FY15	FY16
ROCE%	8.8	10.5	13.2
ROA%	4.0	5.0	6.7
ROE%	7.2	8.2	9.8
Dvd Payout Ratio %	23.6	22.2	19.6
EV/Ebitda x	4.7	5.0	3.2
Net Debt Equity Ratio x	0.4	0.4	0.2
Book Value for Share Rs	449.2	492.8	549.4

### Technical Outlook

**Trendline Breakout Rs 407**  
**Stoploss Rs 390, Target Rs 465/585/613**

Great Eastern Shipping Co. Ltd., India, M, NSE - O 417.00 H 425.90 L 414.10 C 419.20  
 MA (20), close, B - 225.6603  
 MA (50), close, B - 299.9025



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