

Retail Equity Research

Alphageo (India) Ltd

Miscellaneous

CMP Rs. 449

Rating: Overweight

NSE CODE: ALPHAGEO

BSE CODE: 526397

Alphageo (India) Ltd's financials reflect significant variability in revenue and profitability. Q3 FY24 witnessed an exceptional sales surge (+1542% YoY), attributed to improved project execution and order inflows. However, subsequent quarters saw a decline (-51% in Q1 FY25, -26% in Q2 FY25), indicating project completion cycles and seasonal volatility.

Operating profit mirrored revenue trends, with Q3 FY24 delivering a 315% growth but dropping sharply in Q1 FY25 (-80%). This emphasizes the company's dependence on consistent revenue streams. Other income volatility, particularly the Q3 FY24 loss (₹4.14 Cr), hints at non-recurring adjustments impacting bottom-line stability. Net profit rebounded in Q3 FY24 (+209%) but contracted by Q2 FY25 (-112% YoY), highlighting margin pressures from fluctuating revenues and expenses. Strategic focus on diversifying order books, optimizing costs, and improving operational efficiency will be critical for long-term stability.

Company Data

Market Cap (cr)	Rs.	274.96
Enterprise Value (cr)	Rs.	83.34
Outstanding Shares (cr)		0.64
52 week high	Rs.	522.00
52 week low	Rs.	275.00
1m average volume (lacs)		0.73
Face value	Rs.	10.00

	FY22	FY23	FY24
Sales	154.88	65.95	98.67
Growth(%)	8%	-57%	50%
EBITDA	38.53	30.95	18.38
EBITDA Margin(%)	24.9%	46.9%	18.6%
PAT	12.19	13.00	0.38
Growth(%)	89%	7%	-97%
EPS	19.0	20.3	0.6
P/E	16.3	9.9	552.9
P/B	0.7	0.5	0.8
EV/EBITDA	2.2	0.7	4.5
ROE(%)	4%	4.6%	0%
ROCE(%)	7%	6.5%	1.7%
ROIC(%)	5%	5.9%	0.4%
D/E	0.00	0.00	0.00

Revenue Trends and Growth: Alphageo's sales exhibited substantial volatility over the three years. After a sharp contraction in FY23 (-57%), sales rebounded by 50% in FY24, reflecting uneven project execution and dependency on cyclical contracts. Despite this, the company's inability to sustain consistent growth highlights potential gaps in order book management and execution capabilities.

Profitability Under Pressure: EBITDA margins fell drastically in FY24 (18.6%) compared to FY23's peak (46.9%), driven by a decline in operating efficiency and rising costs. PAT growth also reversed sharply, with a near-total wipeout in FY24 (-97%). These figures emphasize the company's challenges in maintaining profitability amid fluctuating revenue streams.

Valuation and Returns: Alphageo's valuation metrics such as P/E soared (552.9x in FY24), driven by negligible earnings, signaling overvaluation risks. Returns on equity (ROE) and capital employed (ROCE) dropped to negligible levels, highlighting diminished shareholder and operational returns. Despite zero debt, the company's capital efficiency requires urgent attention.

Key Highlights

Company Background:

Incorporated in 1987, Alphageo (India) Ltd specializes in geophysical seismic data services, focusing on acquisition, processing, and interpretation for the exploration of hydrocarbons and minerals. It is the only Indian geophysical company offering end-to-end seismic solutions, cementing its niche in the oil and gas exploration sector.

Services Portfolio:

Alphageo provides a wide array of services, including the design and preplanning of 2D and 3D surveys, seismic data acquisition and processing, interpretation, and reservoir data analysis. Additional offerings include topographic surveys, tape transcription, digitization of seismic data, and third-party quality checks for data processing and acquisition. This comprehensive service suite positions Alphageo as a critical partner for oil exploration and production companies.

Clientele:

The company serves an impressive client base, including major players such as ONGC, GAIL, Oil India Ltd, Petronas Carigali, Gujarat State Petroleum Corporation, and Essar Oil. Its international operations are supported by subsidiaries like Alphageo International Ltd and Alphageo DMCC, further broadening its geographical reach.

Revenue Composition:

For FY23, Alphageo derived approximately 73% of its revenue from geophysical survey services, while the remaining 27% came from other income sources. This dependency on service income highlights its operational focus and the importance of securing consistent project inflows.

Key Projects and Order Book:

The company undertook significant projects in FY23, including seismic surveys for ONGC in the Tripura and Cachar regions, gravity and magnetic surveys for the Geological Survey of India in Madhya Pradesh, Rajasthan, and Tamil Nadu. In July 2023, Alphageo secured a Rs. 39.33 crore contract from ONGC for seismic data acquisition in the Ganga Basin, further boosting its order book.

Subsidiary Liquidation and Disposal:

Alphageo's step-down subsidiary, Alphageo DMCC, was approved for liquidation in October 2023. Earlier, in February 2023, the company filed an application to strike off its subsidiary, Alphageo Marine Services Pvt Ltd, signaling a strategic restructuring of its operational footprint.

Promoter Shareholding:

The promoters have pledged 9.5% of their shareholdings, reflecting a moderate level of leverage. This could warrant investor attention, especially in light of market volatility and fluctuating project revenues.

Quarterly Financial Consolidated

Profit and loss account

(Rs Cr)

	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24
Sales	2.39	39.24	51.89	25.26	18.69
Growth(%)	-54%	1542%	32%	-51%	-26%
Expenses	6.35	35.68	37.13	22.36	17.18
Operating Profit	-3.96	3.56	14.76	2.90	1.51
Growth(%)	-21%	190%	315%	-80%	-48%
Other Income	3.48	4.49	-4.14	4.27	3.87
Depreciation	3.55	3.29	3.39	3.31	3.36
Interest	0.01	0.01	0.16	0.09	0.05
Profit before tax	-4.04	4.75	7.07	3.77	1.97
Tax	0.30	0.19	2.99	-0.26	0.30
Net profit	-4.31	3.96	3.97	3.75	1.77
Growth(%)	-25%	209%	0%	-6%	-112%

Financial Consolidated

Profit & Loss

(Rs Cr)

	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
Sales	267.52	143.10	154.88	65.95	98.67
Growth(%)	-34%	-47%	8%	-57%	50%
Expenses	248.17	127.40	121.64	59.10	85.75
Operating Profit	19.35	15.70	33.24	6.85	12.92
Growth(%)	-81%	-19%	112%	-79%	89%
Other Income	3.90	22.57	5.29	24.10	5.46
Depreciation	28.35	27.24	19.83	12.54	13.62
Interest	2.61	1.92	1.11	0.55	0.20
Profit before tax	-7.71	9.11	17.59	17.86	4.56
Tax	1.06	2.67	5.40	4.87	3.51
Net profit	-8.77	6.45	12.19	13.00	0.38
Growth(%)	-119%	174%	89%	7%	-97%

Balance Sheet

(Rs Cr)

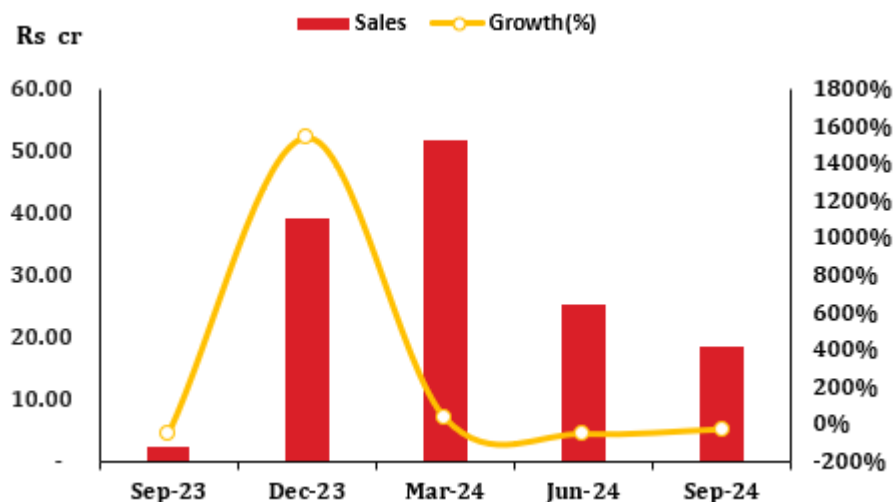
Report Date	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
Equity Share Capital	6.38	6.38	6.38	6.38	6.38
Reserves	251.24	256.61	265.28	276.81	272.44
Borrowings	26.27	0.07	-	-	-
Other Liabilities	43.55	46.17	38.42	7.34	15.82
Total	327.44	309.23	310.08	290.53	294.64
Net Block	83.31	82.42	64.97	65.42	59.41
Capital Work in Progress	1.04	2.20	1.19	2.11	2.14
Investments	-	3.10	25.67	55.47	29.91
Other Assets	243.09	221.51	218.25	167.53	203.18
Total	327.44	309.23	310.08	290.53	294.64

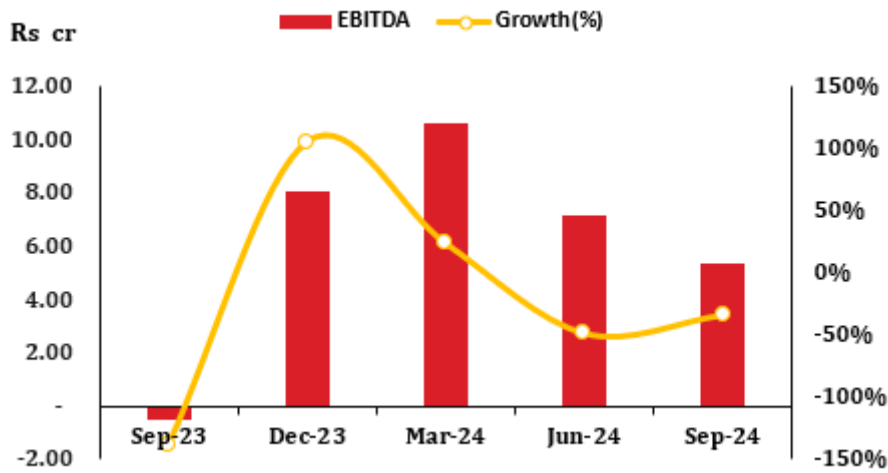
Cash Flow

(Rs Cr)

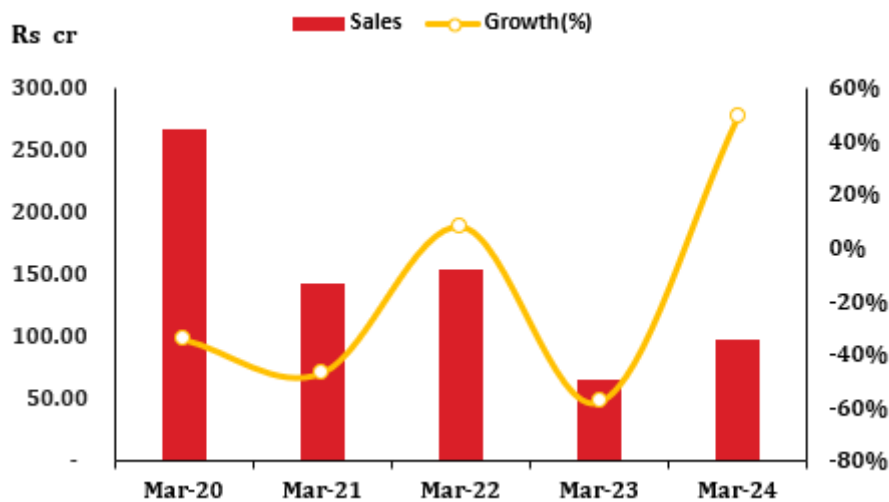
	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
Cash from Operating Activity	3.45	30.16	79.42	12.64	1.07
Cash from Investing Activity	-20.4	-16.99	-22.64	-65.22	10.53
Cash from Financing Activity	-16.37	-27.95	-6.23	-5.55	-5.28
Net Cash Flow	-33.32	-14.78	50.55	-58.14	6.32

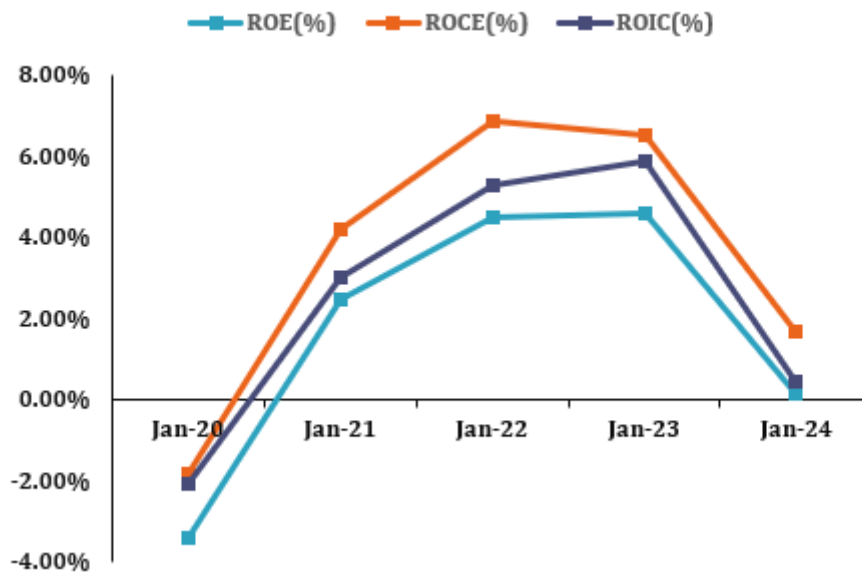
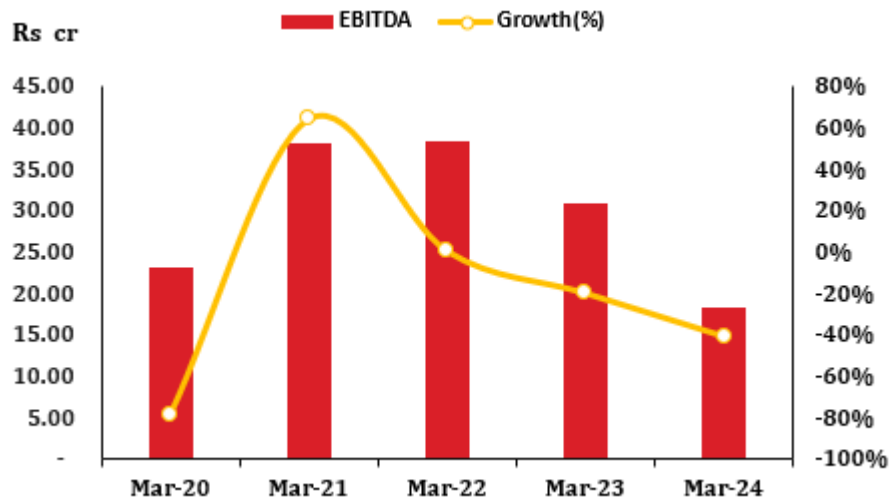
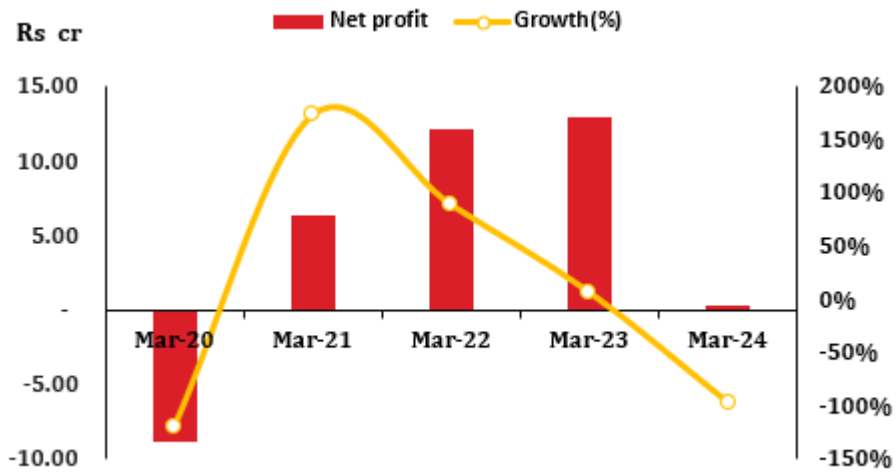
Key Metrics: Quarterly





Key Metrics: Yearly





Key Ratio:

Leverage Ratios	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
D/E	0.10	0.00	0.00	0.00	0.00
Debt/Assets	0.08	0.00	0.00	0.00	0.00
Debt/Ebitda	1.13	0.00	0.00	0.00	0.00
Debt/Capital Ratio	9%	0%	0%	0%	0%
Cash flow/Debt	0.13	430.86	-	-	-
Interest coverage ratio	-1.95	5.74	16.85	33.47	23.80
Sales Change	-34%	-47%	8%	-57%	50%
Ebit Change	-107%	316%	70%	-2%	-74%
Operating Leverage	2.39	0.41	13.57	1.38	1.79
Financial Leverage	1.27	1.18	1.14	1.03	1.06

Efficiency ratios					
Receivable days	114	225	194	180	216
Receivable turnover	3.19	1.62	1.88	2.03	1.69
Inventory days	0.00	0.00	0.00	0.00	0.00
Inventory turnover	241	94	174	114	117
Net Fixed assets turnover	3.21	1.74	2.38	1.01	1.66
Sales/capital employed	0.94	0.54	0.57	0.23	0.35
Total Asset Turnover	0.82	0.46	0.50	0.23	0.33

Profitability ratios					
Ebitda	23.25	38.27	38.53	30.95	18.38
Ebitda margin	9%	27%	25%	47%	19%
Gross Profit	74.41	48.3	54.41	28.03	33.44
Gross Profit Margin	28%	34%	35%	43%	34%
EBIT	-5.1	11.03	18.7	18.41	4.76
EBIT Margin	-2%	8%	12%	28%	5%
ROE	-3%	2%	4%	5%	0%
Net profit margin	-3%	5%	8%	20%	0%
EPS	-13.70	10.08	19.05	20.31	0.59
DU Pont ROE	-3%	2%	4%	5%	0%
Net Profit Margin	-3%	5%	8%	20%	0%
Sales/Total assets	0.82	0.46	0.50	0.23	0.33
Financial Leverage	1.27	1.18	1.14	1.03	1.06
DU PONT ROA	-3%	2%	4%	4%	0%
Net Profit Margin	-3%	5%	8%	20%	0%
Sales/Total assets	0.82	0.46	0.50	0.23	0.33

Capital Allocation Ratios	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
ROCE	-4%	-6%	3%	-5%	-2%
EBIT Margin	-2%	8%	12%	28%	5%
Sales/cap employed	0.94	0.54	0.57	0.23	0.35
NOPAT	-5.80	7.80	12.96	13.39	1.10
Capital employed	283.89	263.06	271.66	283.19	278.82
ROIC	-2%	3%	5%	5%	0%

Valuation Ratios	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
Price/Earnings	-9.11	17.62	16.25	9.86	552.93
Price/Book	0.31	0.43	0.73	0.45	0.75
Marketcap	79.90	113.63	198.11	128.16	210.11
Enterprise Value	18.54	48.78	83.13	22.41	83.34
EV/EBITDA	0.80	1.27	2.16	0.72	4.53

Disclaimer: ANALYST CERTIFICATION I, Mr. Anshul Jain B.com, Research Analyst, author and the name subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report. 'Subscriber' is the one who has subscribed to the Research Reports in various forms including Research Recommendations, Research SMS Alerts/Calls, Fundamental and Technical Research calls, Investment Strategist Magazine, Research/market news etc through Lakshmishree Investment & Securities Limited. Subscriber may or may not be client of Lakshmishree Investment & Securities Ltd.

Terms & conditions and other disclosures:

Lakshmishree Investment & Securities Ltd. (hereinafter referred to as "LISL ") is engaged in the business of Stock Broking, Depository Participant and distribution for third party financial products. (LISL) will, at its discretion, provide its company research reports/news, results, and event updates/sector report/monthly commentary/regular compendium, trading call, technical and derivatives reports (together "the reports") as also market news to subscribers either in the form of a written market commentary or research report sent in e-mail, form, SMS or through postal or courier service. A brief extract of the reports may also be sent, on enrolment, in SMS, e-mail form. This document has been prepared by the Research Division of LISL and is meant for use by the recipient only as information and is not for circulation. This document is not to be reported or copied or made available to others without the prior permission of LISL. It should not be considered or taken as an offer to sell or a solicitation to buy or sell any security. The information contained in this report has been obtained from sources that are considered to be reliable. However, LISL has not independently verified the accuracy or completeness of the same. Neither LISL nor any of its affiliates, its directors or its employees accepts any responsibility of whatsoever nature for the information, statements and opinion given, made available or expressed herein or for any omission therein. Recipients of this report should be aware that past performance is not necessarily a guide to future performance and value of investments can go down as well. The suitability or otherwise of any investments will depend upon the recipient's particular circumstances and, in case of doubt, advice should be sought from an independent expert/advisor. Either LISL or its affiliates or its directors or its employees or its representatives or its clients or their relatives may have position(s), make market, act as principal or engage in transactions of securities of companies referred to in this report and they may have used the research material prior to publication. LISL is registered as Research Analyst under Securities and Exchange Board of India (Research Analysts) Regulations, 2014 LISL submits that no material disciplinary action has been taken on us by any Regulatory Authority impacting Equity Research Analysis activities. LISL or its research analysts or its associates or his relatives do not have any financial interest in the subject company. LISL or its research analysts or its associates or his relatives do not have actual / beneficial ownership of one percent or more securities of the subject company at the end of the month immediately preceding the date of publication of the research report. LISL or its research analysts or its associates or his relatives do not have any material conflict of interest at the time of publication of the research report. LISL or its associates might have received compensation from the subject company in the past twelve months. LISL or its associates might have managed or co-managed public offering of securities for the subject company in the past twelve months or mandated by the subject company for any other assignment in the past twelve months. LISL or its associates might have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months. LISL or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months. LISL or its associates might have received any compensation or other benefits from the subject company or third party in connection with the research report. LISL encourages independence in research report preparation and strives to minimize conflict in preparation of research report. LISL or its analysts did not receive any compensation or other benefits from the subject Company or third party in connection with the preparation of the research report. LISL or its Research Analysts do not have any material conflict of interest at the time of publication of this report. It is confirmed that Mr. Anshul Jain B.com, Research Analyst of this report has not received any compensation from the companies mentioned in the report in the preceding twelve months. Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. The Research analysts for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report. The research analysts for this report has not served as an officer, director or employee of the subject company. LISL or its research analysts have not engaged in market making activity for the subject company. Our sales people, traders, and other professionals or affiliates may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest. LISL and its associates, their directors and employees may (a) from time to time, have a long or short position in, and buy or sell the securities of the subject company or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the subject company or act as an advisor or lender/borrower to the subject company or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.