

## **Alphageo Bags Rs 1,482 Cr order from ONGC for Seismic Data**

Onshore seismic services provider [Alphageo India](#) has bagged a Rs 1,482 Crore order from [ONGC](#) for acquisition of 2D seismic data in unappraised land areas. Speaking to CNBCTV18, the company's Managing Director A Dinesh said the order is expected to be completed till 2019.

Alphageo would require a Rs 100 Crore capital to execute the order and the company has initiated talks with a few banks and raising equity, he said. He added that the company is standing on an order book of 1,700 Crore.

In FY16, Alphageo India's total income grew 23 percent to Rs 89.6 Crore (YoY), while EBITDA and EBITDA margins stood at 7 percent and 31 percent, respectively. Its profit after tax was Rs 11.6 Crore.

The order is part of the government's National Seismic Programme and considering that the contract is a large order there may be a variation in margins of the company going ahead, Dinesh said.

### **Below is the verbatim transcript of A. Dinesh interview on CNBCTV18 on 8<sup>th</sup> June 2016**

Q: You have bagged a big order from Oil and Natural Gas Corporation (ONGC) about Rs 1,500 Crore. If you could tell us what could it mean for your revenues and profit in FY17?

A: It is true that we have been awarded a contract and this is part of a national programme that has been encouraged by the government of India. If you were to look at revenues for the year, it will be a little difficult to tell right now.

Q: What is the timeline of execution of this particular order as well as the margins?

A: This is supposed to be completed over a three year period and it is spread out across the country in various sectors. So, in terms of margins, I don't want to be making any forward looking statements at this point of time but I think our recent results that were published should be an indication of where we would be.

Q: You normally make around 30 percent in EBITDA and 10 percent in profit after tax (PAT) margins. You should be somewhere around the same line?

A: Around those numbers, yes. Also considering the fact that these are much larger orders compared to the traditional orders that we have executed, there could be a minor variation on the EBITDA margins.

Q: Any other large order that you are chasing right now or you think this is it for the time being?

A: There are lots of other opportunities coming up like I said this is part of the national programme initiated by the government.

Q: What is your current order book right now?

A: As we speak, I would think it should be around 1,700 or so.

Q: Have you won this particular order of Rs 1,480 Crore by yourself or is this one in consortium with other partners?

A: Alphageo also has a subsidiary out of Dubai which typically does all the international work.

Q: You will not be sharing revenues with any other party?

A: No, there is no share of revenue to anybody on this one.

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Q: Will you require capital to execute this such a large order?

A: Yes, we would require a certain amount of additional capital.

Q: How much?

A: It could be somewhere to the tune of about Rs 100 Crore.

Q: How will you be getting this Rs 100 Crore?

A: We have initiated a dialogue with various banks. There is also a small possibility that there could be some dilution in equity but that again depends on the timing and how things work out over the next few weeks.

Q: So it could be a combination of bank funding as well as equity raise?

A: True.

Q: The other thing is that your financial performance as been quite volatile and I am not referring to quarters because with your business there could be some seasonality. If I look at your EPS over the last three years, 2014 it was Rs 21, 2015 it went up to Rs 26 but 2016 it came down to Rs 12. Can you tell us the kind of trajectory that you will maintain?

A: Our work is totally project driven. So it totally depends on when the projects start off, at which point of time in the year. If you were to take the just concluded year, the operation started off almost towards the end of December. So that means that there is a certain portion during the financial year which was idle for the company's assets.

Q: You said that this order is a part of the national seismic programme, what is the total size of orders that this national seismic programme will be allocating or giving out?

A: This programme envisages that allows 50,009 kilometers of seismic data is acquired over the next three years.

Q: That means what in rupee Crore?

A: If I were to break it up, out of this 50,000, 40,000 was allocated towards ONGC to be the controlling authority and from what I understand that the total of this 40,000 comes to around Rs 2,100 Crore.