

Multibagger In Making: Deep Industries



Deep Industries Limited's primary objective is, catering to the ever increasing demand for Oil and Gas Industry.

In the year 2006, company successfully diversified itself in providing Workover & Drilling Rig Services on chartered hire basis. Currently, company holds a strong fleet of Onshore Workover & Drilling Rigs ranging from 150 HP TO 1500 HP.

Apart from starting as a Service provider, Deep Industries Limited successfully forayed itself in Exploration and Production segment and having various Onshore Oil and Natural Gas blocks, Coal Bed Methane Blocks awarded under different rounds of NELP and CBM bidding.

Deep Industries Limited has also been awarded One (1) Onshore Coal Bed Methane Block in Indonesia

Services

- Air and Gas Compression
- Workover and Drilling Rigs
- Integrated Services
- Marginal Fields
- Oil and Gas Exploration
- CBM
- Gas Dehydration

Result analysis:

1. Deep Industry has registered an EBITA growth of 22% in QoQ and 11% in YoY.
2. PAT has jumped 29% in YoY, however in QoQ comparison, PAT has declined by 9%.
3. In June'17 quarter, Deep Industry has posted PAT of 21.04 Crore compared to last same quarter PAT of 16.31 Crore.

In June'17 Quarter, 7 new institutions have increased their investment in Deep Industries. In Mar'17 Quarter, the total number of Institutions were 14 and currently there are 21 institutions holding position in Deep Industry.

Investment Rationale:

1. Positive growth in EBITA both QoQ & YoY.
2. Posted good PAT in June quarter.
3. Number of institutions invested has increased.
4. Company is trading at PE multiple of 9, where industry PE is 14.40.
5. Company has good depth to equity ratio which is 0.72.
6. Deep Industry is a dividend paying company, with the dividend yield of 0.81.

Dynamic Levels recommends Buy position in Deep Industry at 212 with the target of 307.