

Stock - Alphageo - A cash bargain or a Value Trap

1) Last 4 years.

Stock Name	Dec-15	Dec-16	Dec-17	Dec-18	Dec-19
Alphageo (India) Limited	41.98	41.29	44.23	44.66	45.22

2) Recent quarter

Stock Name	No. of shares bought (net) in Q3FY20	No. of shares bought (net) in Q4FY20	Total Shares Q3+Q4	Value of securities bought Q3+Q4	Total no. of shares	% equity bought
Alphageo	20846	32420	53266	4428541	6364767	0.83%

Comments

- Promoter stake has increased from 41.98% in Dec 2015 to 45.22% in Dec 2019.
- Promoter bought a 3.43% stake in the company via Preferential allotment in the year 2017.
- Promoter is seen buying in Q3 and Q4 FY 20 from open market ~0.83% increase in stake
- New investor name: Ruchi Bharat Patel – Name appeared for 1st time in Dec 2019 holding 1.59% of equity. Bharat Patel through its entity Finquest Financial Solutions Private Ltd holds 3.59% in the company. Total holding of Patel family comes to 5.18%
- Company is alleged to be involved in bribery case in connection to Agusta Westland by IT Dept and have conducted search in July 2019

Refer :<https://www.indiatoday.in/india/story/hyderabad-firm-raided-it-department-agustawestland-vvip-chopper-1575819-2019-07-31>

- Alphageo (India) is engaged in providing Geophysical Seismic Data Acquisition, Processing and Interpretation Services for exploration of hydrocarbons and minerals.
- Company's major revenue (92%) comes from 2D surveys. Its key clients are domestic oil & gas exploration companies.
- The order flow is a big question mark for the company. Also a very lumpy business.

- Company has cash on books of 130 crores and a market cap of 100-110 crores. Zero net Debt.

Last 10-15 year chart.



- Back to the lows of 2008-2010
- Had even gone to 20-30 in 2013
- From 20-30 the stock went to 1000 plus. It used to be 1000 even in 2008

Conclusion

- A cash bargain or a Value Trap ?
- What does promoter increasing stake suggest?
- Need to understand the business.
- In the last move it went from 20-30 to 1000 and even had a marquee fund manager trade in and out of it.
- Will it be able to regain business?

DISCLOSURE Nooresh Merani

Securities covered above: AlphaGeo

SEBI Registration disclosure - Investment Adviser (**INA000002991**)

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