

Shreyas Shipping's stock zooms 10-fold on turnaround

By *Megha Mandavia*, ET Bureau | 12 Feb, 2015, 01.34PM IST

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MUMBAI: The shares of [Shreyas Shipping & Logistics](#) have jumped fourfold in the past three months and 10-fold in six months, as the coastal shipping company pulled through a spectacular turnaround in a depressed market. It closed 5% up at Rs. 408.10 on Wednesday after reporting its second consecutive quarter of net profit, after remaining in the red for the previous three.

Shreyas Shipping & Logistics Ltd.

BSE

449.90 ▲

21.40(4.99%)

Vol: 11132 shares traded

NSE

448.10 ▲

21.30(4.99%)

Vol: 6177 shares traded

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For the October-December period, the firm posted a net profit of Rs. 22.4 crore against a loss of Rs. 2.9 crore a year earlier. Revenue rose 18% to Rs. 139.8 crore.

Instead of cutting back or waiting for the external climate to change, Shreyas increased capacity, while simultaneously reducing cost per tonne of cargo. It sold two old vessels and replaced them with newer, larger and more fuel-efficient ships.

"The strategic and decisive actions by the board resulted in this strong turnaround. Newer vessels and better capacity utilisation on higher cargo from transshipment and domestic market helped," said chairman and managing director Ramesh S Ramakrishnan.

Shreyas did not attribute the turnaround to any significant rise in demand, but mostly to its internal change in strategy. It increased capacity utilisation by venturing into non-container cargo, like steel coils. That helped it increase utilisation of empty vessels on return journeys. The company hopes to buy more vessels going forward.

Last year rating agency [Crisil](#) [BSE 0.24 %](#) had expressed concern about volatility in bunker costs and slow growth of container traffic in India resulting in low utilisation of its fleet. Both these issues have been resolved to a great extent by falling fuel price, more efficient vessels and higher utilization rate.

"It is not a recent story. The company has been able to consistently improve its earnings in the last three quarters. Even the first quarter for the year would have been profitable without a one-time expense," said an [analyst](#), who refused to be named. Shreyas' market cap stands at Rs. 268.83 crore.

Coastal shipping — which commands a significant share of trade in the US, China and Europe — accounts for just 7% of the country's total domestic cargo transport network even as India has a coastline of more than 7,500 km.