

RESULT UPDATE

SMALL CAP

Share Data

Reuters code	GATE.BO
Bloomberg code	GDPL IN
Market cap. (US\$ mn)	299
6M avg daily turnover (US\$ mn)	0.6
Issued shares (mn)	108
Target price (Rs)	135

Performance (%)	1M	3M	12M
Absolute	(2)	(4)	90
Relative	(1)	(11)	23

Valuation ratios

Yr to 31 Mar	FY11E	FY12E
EPS (Rs)	8.4	10.0
+/- (%)	14.0	19.1
PER (x)	14.7	12.3
PBV (x)	1.2	1.1
Dividend/Yield (%)	2.9	1.6
EV/Sales (x)	2.1	1.8
EV/EBITDA (x)	8.0	7.0

Major shareholders (%)

Promoters	45
FII's	24
MFs	9
BFSI's	7
Public & Others	15

Financial highlights

(Rs mn)	4QFY09*	4QFY10*	YoY (%)	FY09	FY10	YoY (%)	FY11E	YoY (%)	FY12E	YoY (%)
Net Sales	434	396	(8.8)	4,510	5,266	16.8	7,136	36	8,377	17
EBITDA	229	207	(9.7)	1,461	1,432	(2.0)	1,871	31	2,157	15
EBITDA Margin (%)	53	52	-	32	27	-	26	-	-	-
Other Income	4	34	739.4	119	-	-	30	-	20	-
Interest	5	4	(5.6)	(202)	(200)	-	(190)	-	(200)	-
Depreciation	37	38	0.9	(445)	(500)	-	(550)	10	(600)	9
PBT	192	200	4.2	2,226	2,132	(4.2)	1,161	-	1,377	-
Tax	(10)	(18)	74.3	(159)	58	-	(186)	(418)	(303)	63
Minority Interest	-	-	-	-	-	-	(74)	-	-	-
PAT	202	218	7.8	775	791	2.1	975	23	1,074	10
Adjusted PAT	202	218	7.8	796	791	-	901	14	1,074	19
Adjusted PAT margin(%)	47	55	-	18	15	-	13	-	13	-
EPS (Rs.)	1.9	2.0	-	7.4	7.3	-	8.4	-	10	-

* Standalone numbers of CFS division

Gateway Distriparks

Maintain Outperformer

Price: Rs 123

BSE Index: 17,559

30 April 2010

4QFY10 Result – Rail division reports reduced losses

Gateway Distriparks (GDL) earnings for the quarter were better than our estimates mainly due to increase in revenues ~11.8% YoY due to increase in rail throughput for the quarter which rose by 59.4% (YoY). We have revised our estimates upwards on expectation of better profitability from Rail division. We maintain our Outperformer rating on the stock with a target price of Rs 135 at which it will trade at 16x FY11E and 13.5x FY12E.

Highlights

- The revenues increased by 11.8% to Rs 1,387 mn. This was despite of 22.1% fall in realisation of Rail division and 8% fall in realisation for CFS division. On a sequential basis for the CFS division the realisation rose 2%.
- The EBITDA margins remained flat at 28.2% for the quarter on a YoY basis.
- Consolidated PAT for the quarter increased by 110% to Rs 253 mn on account of improvement in the rail division where losses have reduced to Rs 12 mn from Rs 97mn.
- Rs 300 mn infusion by Blackstone has not been received and is expected to come in the next quarter.

Segmental performance

CFS division

- Realisations for CFS division increased by 2% YoY for the quarter to Rs 7,010/ TEU and Rs 7,595/ TEU for the year.
- Revenues for the quarter fell by 2.9% YoY to Rs 517 mn.
- Volume for CFS division was down 5% on a sequential basis on account of fire that broke out at the warehouse of its Punjab Conware CFS facility at Navi Mumbai.

Container rail division

- The volumes for the quarter were up by 59.4% YoY to 31668 TEU's. However, realisations for the quarter were down by 22.1% to Rs 24,520/TEU due to additional TEU handling by other operators.
- Revenues for the quarter increased by 24.2% on account of better volumes.
- EBITDA margin for rail division were higher because of higher utilisation at 87.5%.
- The number of rakes till March 2010 were 20 and company has added 1 more rake in the month of April 2010. The company expects to further add 3 more rakes in the current year.
- The company would be focusing on terminal expansion at Sanehwal, Faridabad. The expected capex for the year in this division is Rs 700 mn.

Snowman

- Revenue increased by 12.8% to Rs 94 mn. EBITDA margin improved substantially to 12.4%.
- The number of pallets for cold chain division is expected to go up significantly from 10,400 FY10 to 24,000 in 1HCY12.

Segmental

	CFS Business			Rail Business			Cold Chain			GDIL Group		
	4QFY09	4QFY10	YoY (%)	4QFY09	4QFY10	YoY (%)	4QFY09	4QFY10	YoY (%)	4QFY09	4QFY10	YoY (%)
Throughput (TEUs)	70,004	73,784	5.4	19,868	31,668	59.4				89,872	105,452	17.3
Realisation per TEU(Rs) (Rs mn)	7,607	7,010	(8)	31,468	24,520	(22.1)						
Total Income	533	517	(2.9)	625	777	24.2	83	94	12.8	1,241	1,388	11.8
EBIDTA	306	268	(12.5)	41	112	169.6	1	11.70	735.7	349	391	12.1
EBIDTA(%)	57	52	(9.9)	6.6	14.4	117.0	1.7	12.4	640.7	28.1	28.2	1,291.2
Net PAT	224.6	256.6	14.3	(97)	(12)	(87.6)	(7)	8	(218.4)	120	253	110.4

Valuation

We expect volumes to grow given the current low utilisation level in the Mumbai CFS division on account of slowdown in the economy and fire at the Navi Mumbai Punjab Conware CFS facility. Rail business is expected to report better profitability given the company's focus on EXIM segment and terminal expansion plans.

The stock at current market price trades at 14.7x FY11E and 12.3x FY12E.

Income Statement

Yr end 31 Mar (Rs mn)	FY09	FY10E	FY11E	FY12E
Net sales	4,510	5,266	7,136	8,377
<i>Growth (%)</i>	<i>66.2</i>	<i>16.8</i>	<i>35.5</i>	<i>17.4</i>
Operating expenses	(3,049)	(3,833)	(5,266)	(6,220)
Operating profit	1,461	1,432	1,871	2,157
EBITDA	1,461	1,432	1,871	2,157
<i>Growth (%)</i>	<i>42.6</i>	<i>(2.0)</i>	<i>30.6</i>	<i>15.3</i>
Depreciation	(445)	(500)	(550)	(600)
Other income	119	-	30	20
EBIT	1,135	932	1,351	1,577
Interest paid	(202)	(200)	(190)	(200)
Pre-tax profit (before non-recurring)	934	732	1,161	1,377
Pre-tax profit (after non-recurring)	934	732	1,161	1,377
Tax (current + deferred)	(159)	58	(186)	(303)
Net profit (before Minority Interest, Pref. Dividend, etc.)	775	791	975	1,074
Minority interests	21	-	(74)	-
Reported PAT	796	791	901	1,074
Adjusted net profit	796	791	901	1,074
<i>Growth (%)</i>	<i>8.2</i>	<i>(0.6)</i>	<i>14.0</i>	<i>19.1</i>

Balance Sheet

Yr end 31 Mar (Rs mn)	FY09	FY10E	FY11E	FY12E
Cash & Marketable sec.	593	387	3,726	4,624
Other current assets	803	1,154	1,133	1,078
Investments	230	795	-	-
Net fixed assets	8,132	8,680	9,826	10,218
Other non-current assets	7	-	-	-
Total assets	9,765	11,017	14,685	15,921
Current liabilities	694	1,623	1,399	1,573
Total debt	2,045	2,124	1,900	2,000
Other non-current liabilities	185	199	199	199
Total liabilities	2,923	3,947	3,498	3,772
Share capital	1,077	1,079	1,077	1,077
Reserves & surplus	5,160	5,396	6,713	7,544
Shareholders' funds	6,237	6,475	7,790	8,621
Minorities interests	606	595	3,398	3,528
Total equity & liabilities	9,766	11,016	14,686	15,921
Capital employed	9,072	9,393	13,286	14,348

Cash Flow Statement

Yr end 31 Mar (Rs mn)	FY09	FY10E	FY11E	FY12E
Pre-tax profit	934	732	1,161	1,377
Depreciation	445	500	550	600
Change in working capital	(280)	651	(353)	228
Total tax paid	(143)	73	(186)	(303)
Other operating activities	-	22	22	-
Cash flow from oper. (a)	955	1,978	1,194	1,902
Capital expenditure	(1,888)	(1,024)	(1,696)	(992)
Change in investments	(230)	(565)	795	-
Others	(29)	(24)	-	-
Cash flow from inv. (b)	(2,147)	(1,613)	(901)	(992)
Free cash flow (a+b)	(1,192)	365	293	910
Equity raised/(repaid)	(643)	2	781	-
Debt raised/(repaid)	1,829	80	(224)	100
Dividend (incl. tax)	(414)	(321)	(291)	(243)
Others	56	(423)	2,800	(3,408)
Cash flow from fin. (c)	828	(663)	3,066	(3,550)
Net chg in cash (a+b+c)	(364)	(298)	3,359	(2,640)

Key Ratios

Yr end 31 Mar (%)	FY09	FY10E	FY11E	FY12E
Adjusted EPS (Rs)	7.4	7.3	8.4	10.0
Growth	16.1	(0.6)	14.0	19.1
Book NAV/share (Rs)	63.5	65.6	103.9	112.8
Dividend/share (Rs)	3.5	2.1	3.6	2.0
Dividend payout ratio	56.2	32.4	48.9	22.6
Tax	17.0	(8.0)	16.0	22.0
EBITDA margin	32.4	27.2	26.2	25.7
EBIT margin	25.2	17.7	18.9	18.8
RoCE	13.7	10.1	11.9	11.4
Net debt/Equity	21.2	24.6	(16.3)	(21.6)

Valuations

Yr end 31 Mar (x)	FY09	FY10E	FY11E	FY12E
PER	16.6	16.8	14.7	12.3
PCE	10.7	10.3	9.1	7.9
Price/Book	1.9	1.9	1.2	1.1
Yield (%)	2.9	1.7	2.9	1.6
EV/Net sales	3.3	2.9	2.1	1.8
EV/EBITDA	10.3	10.5	8.0	7.0

Du Pont Analysis – ROE

Yr end 31 Mar (x)	FY09	FY10E	FY11E	FY12E
Net margin (%)	17.6	15.0	12.6	12.8
Asset turnover	0.5	0.5	0.6	0.5
Leverage factor	1.3	1.5	1.4	1.3
Return on equity (%)	11.4	11.4	9.9	9.2

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