

Result Highlights

- ⇒ The company reported total income of Rs 1,159 mn during Q4CY11 up 18.5% QoQ and 39.7% YoY on the back of increase in container volumes by 31% YoY and increase in bulk volume by 10% YoY. Realizations in containers increased by 17% YoY and realizations in bulk increased by 10% YoY which aided the revenue growth.
- ⇒ Management said that there was higher amount of fertilizer volume during the quarter as compared to the previous quarter as the government sourcing had increased due to which bulk volumes increased 10% YoY. Issues in the power sector has caused power companies in the vicinity of Port Pipavav to go slow on their proposed development of power plants which could lead to a decline in handling of coal volumes at the company's port going forward. Capacity addition in the container business and addition of four new container lines in CY11 has helped container volumes to increase by 31% YoY.
- ⇒ The company achieved EBITDA margins of 50.9% in the quarter an increase of 488 bps QoQ and 702 bps YoY on the back of better realizations on containers, higher volumes of reefer cargo, favorable exchange rate and higher container storage during the quarter. There was also a one time upside on account of favorable write-backs of volume rebate provisions during the quarter which helped margins to improve by 200 bps.
- ⇒ The company's net profits increased by 104.3% QoQ and by 145.2% YoY to Rs 270 mn in Q4CY11 with net profit margins increasing by 978 bps QoQ and by 1,055 bps YoY to 23.3% during the quarter. The company's interest cost declined marginally by 1.7% QoQ to Rs 208 mn and its depreciation cost increased by 22.6% QoQ and by 25.6% YoY to Rs 161 mn on account of addition of new assets during the year.

Expansion Plans

The company has increased its container yard capacity to 850,000 TEUs and would increase it further depending upon the needs of its clients and growth in volumes. The company is targeting completion of its High Cube Double Stack Project and expansion of its fertilizer shed by Q3CY12. It has also placed order for purchase of three Rail Mounted Gantry Cranes and has targeted installation and commissioning it by Q4CY12.

Valuation & Outlook

The company has repaid debt amounting to Rs 895 mn CY11 which has reduced its interest payment substantially and going forward on the back of capacity and margin expansion we believe GPPL to post healthy revenue and profits. At CMP the stock is trading at 11.4x CY13E EV/EBITDA and 19.3x CY13E P/E. We continue to value the stock based on DCF methodology and arrive at a target price of Rs 66. We have assigned BUY rating on the stock.

Key Financials					
YE December (Rs mn)	CY09	CY10	CY11	CY12E	CY13E
Net Sales	2,207	2,839	3,968	4,271	5,173
Growth %	31.9%	28.6%	39.7%	7.6%	21.1%
EBITDA	503	1,174	1,828	2,050	2,638
Growth %	295.3%	133.5%	55.7%	12.1%	28.7%
Net Profit	(1,164)	(547)	571	656	1,256
Growth %	NA	NA	NA	14.9%	91.6%
Diluted EPS	(3.9)	(1.6)	1.3	1.5	3.0
Growth %	NA	NA	NA	14.9%	91.6%
Key Ratios					
EBITDA (%)	22.8%	41.3%	46.1%	48.0%	51.0%
NPM (%)	-52.7%	-19.3%	14.4%	15.4%	24.3%
RoE (%)	-33.7%	-10.5%	7.5%	7.9%	13.6%
RoCE (%)	-0.05%	4.9%	9.5%	10.3%	12.8%
Debt / Equity (x)	3.5x	1.1x	0.9x	0.9x	0.8x
Valuation Ratios					
P/E (x)			42.4x	36.9x	19.3x
P/BV (x)			3.1x	2.8x	2.5x
EV/EBITDA (x)			16.2x	15.0x	11.4x

Source: Company, BP Equities Research

Stock Rating

BUY	HOLD	SELL
> 15%	-5% to 15%	< -5%

Sector Outlook

Bullish

Stock

CMP (Rs)	57.15
Target Price (Rs)	66
BSE code	533248
NSE Symbol	GPPL
Bloomberg	GPPV IN
Reuters	GPPL.BO

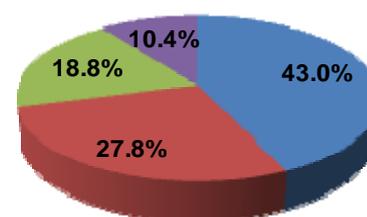
Key Data

Nifty	5,483
52WeekH/L(Rs)	75.1/48.5
O/s Shares (mn)	423.56
Market Cap (Rs mn)	24,209
Face Value (Rs)	Rs 10

Average volume

3 months	256,783
6 months	314,735
1 year	336,518

Share Holding Pattern (%)



■ Promoter ■ FII ■ DII ■ Others

Relative Price Chart



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Q4 CY11 Result Update

Quarterly Result Analysis

YE December (Rs mn)	Q4 CY11	Q3 CY11	QoQ change %	Q4 CY10	YoY change %	CY11	CY10	YoY change %
Net Sales/Income from Operations	1,042	925	12.6%	796	31.0%	3,662	2,609	40.4%
Other Operating Income	118	54	118.5%	79	48.2%	306	230	32.7%
Total Income	1,159	979	18.5%	875	32.5%	3,968	2,839	39.7%
Expenditure								
Operating Expenses	406	372	9.0%	331	22.6%	1,505	1,141	32.0%
Employees Cost	79.7	80.4	(0.8%)	73	9.8%	341	272	25.6%
Admin & Other Exp	84	76	10.9%	87	-4.1%	293	253	15.7%
Total Expenditure	569	528	7.8%	491	15.9%	2,140	1,665	28.5%
EBIDTA	590	450	31.0%	384	53.7%	1,828	1,174	55.7%
Less: Depreciation	161	131	22.6%	128	25.6%	558	493	13.2%
EBIT	429	319	34.5%	256	67.8%	1,270	681	86.5%
Less: Interest Paid	208	211	(1.7%)	176	18.2%	852	1,271	(33.0%)
Add: Non-operating Income	48	24	99.7%	31	54.4%	153	81	87.4%
Profit before Tax and Exceptional Items	270	132	104.3%	111	142.2%	571	(509)	NA
Exceptional Item	0	0	NA	0	NA	0	(38)	NA
Profit/(Loss) before Tax	270	132	104.3%	111	142.2%	571	(547)	NA
Tax Expenses	0	0	NA	0	NA	0	0	NA
Net Profit/(Loss) after Tax	270	132	104.3%	111	142.2%	571	(547)	NA
Adjusted Profit/(Loss) after Tax	270	132	104.3%	111	142.2%	571	(509)	NA
Reported Diluted EPS (Rs)	0.64	0.31	104.3%	0.26	145.2%	1.35	(1.45)	NA
Adjusted Diluted EPS (Rs)	0.64	0.31	104.3%	0.26	145.2%	1.35	(1.56)	NA
No of Shares (Mn)	423.6	423.6		423.6		423.6	423.6	
Margin Analysis			Change in bps		Change in bps			Change in bps
EBITDA Margin	50.9%	46.0%	488	43.9%	702	46.1%	41.3%	473
EBIT Margin	37.0%	32.6%	441	29.2%	778	32.0%	24.0%	803
Net Profit Margin	23.3%	13.5%	978	12.7%	1,055	14.4%	(19.3%)	NA
Cost Analysis			Change in bps		Change in bps			Change in bps
Operating Expenses / Total Income	35.0%	38.1%	(305)	37.9%	(284)	37.9%	40.2%	(223)
Employees Cost / Total Income	6.9%	8.2%	(134)	8.3%	(142)	8.6%	9.6%	(97)
Admin & Other Exp / Total Income	7.2%	7.7%	(49)	10.0%	(276)	7.4%	8.9%	(153)

Source: Company, BP Equities Research

Income Statement

YE December (Rs mn)	CY09	CY10	CY11	CY12E	CY13E
Net Sales	2,080	2,609	3,662	3,955	4,703
Growth %	24.3%	25.4%	40.4%	8.0%	18.9%
Other Operating Income	127	230	306	316	470
Total Revenues	2,207	2,839	3,968	4,271	5,173
Less;					
Operating Expenses	1,704	1,665	2,140	2,221	2,535
EBITDA	503	1,174	1,828	2,050	2,638
Growth %	295.3%	133.5%	55.7%	12.1%	28.7%
Less: Depreciation	458	493	558	612	652
EBIT	45	681	1,270	1,438	1,986
Less: Interest Paid	1,157	1,271	852	953	937
Add: Non Operating Income	7	81	153	171	207
Exceptional Item	(58)	(38)	-	-	-
Profit Before Tax	(1,163)	(547)	571	656	1,256
Less: Taxes	0.9	-	-	-	-
Profit After Tax	(1,164)	(547)	571	656	1,256
Adjusted Profit After Tax	(1,106)	(509)	571	656	1,256
Growth %	NA	NA	NA	14.9%	91.6%
Adjusted Diluted EPS	(3.75)	(1.45)	1.35	1.55	2.97
Growth %	NA	NA	NA	14.9%	91.6%

Source: Company, BP Equities Research

Balance Sheet

YE December (Rs mn)	CY09	CY10	CY11	CY12E	CY13E
Liabilities:					
Equity Capital	3,149	4,236	4,236	4,236	4,236
Reserves & Surplus	(38)	3,123	3,694	4,350	5,606
Net Worth	3,111	7,359	7,930	8,585	9,842
Total Loans	10,891	7,973	6,759	7,941	7,806
Capital Employed	14,002	15,332	14,688	16,526	17,648
Assets:					
Fixed Assets	12,986	12,907	12,819	14,732	15,355
Investments	830	830	830	830	830
Current Assets:					
Inventories	52	75	57	59	67
Sundry Debtors	217	295	295	293	354
Cash & Bank Balance	798	1,949	1,272	1,385	1,913
Loans & advances	645	530	560	598	724
Total Current Assets	1,711	2,848	2,184	2,335	3,059
Less: Current Liabilities & Provisions					
Sundry Creditors	1,199	868	759	772	872
Provisions	326	385	386	598	724
Total Current Liabilities & Provisions	1,526	1,253	1,144	1,370	1,596
Capital Applied	14,002	15,332	14,688	16,526	17,648

Source: Company, BP Equities Research

Key Ratios

YE December (Rs mn)	CY09	CY10	CY11	CY12E	CY13E
Key Operating Ratios:					
EBITDA Margin (%)	22.8%	41.3%	46.1%	48.0%	51.0%
Tax / PBT (%)	-0.1%	0.0%	0.0%	0.0%	0.0%
Net Profit Margin (%)	-52.7%	-19.3%	14.4%	15.4%	24.3%
RoE (%)	-32.0%	-9.7%	7.5%	7.9%	13.6%
RoCE (%)	0.4%	5.2%	9.5%	10.3%	12.8%
Current Ratio (x)	1.1x	2.3x	1.9x	1.7x	1.9x
Dividend Payout (%)	0.0%	0.0%	0.0%	0.0%	0.0%
Book Value Per Share (Rs.)	9.9	17.4	18.7	20.3	23.2
Financial Leverage Ratios					
Debt/ Equity (x)	3.5x	1.1x	0.9x	0.9x	0.8x
Interest Coverage (x)	0.4x	0.9x	2.1x	2.2x	2.8x
Interest / Debt (%)	12.6%	13.5%	11.6%	13.0%	11.9%
Growth Indicators %					
Growth in Gross Block (%)	45.4%	0.0%	-1.2%	14.7%	6.5%
Sales Growth (%)	24.3%	25.4%	40.4%	8.0%	18.9%
EBITDA Growth (%)	295.3%	133.5%	55.7%	12.1%	28.7%
Net Profit Growth (%)	72.2%	-53.0%	-204.3%	14.9%	91.6%
Diluted EPS Growth (%)	88.9%	-65.1%	-204.3%	14.9%	91.6%
Turnover Ratios					
Debtors (Days of net sales)	38	41	29	27	28
Creditors (Days of Raw Materials)	257	190	129	127	126
Inventory (Days of Optg. Costs)	11	16	10	10	10

Source: Company, BP Equities Research

Free Cash Flow Analysis

YE December (Rs mn)	CY09	CY10	CY11	CY12E	CY13E
EBITA	45	681	1,270	1,438	1,986
Less: Adjusted Taxes	0	0	0	0	0
NOPLAT	45	681	1,270	1,438	1,986
Plus: Depreciation	458	493	558	612	652
Less: Increase in Working Capital	877	268	139	(184)	10
Operating Cashflow	(374)	906	1,689	2,234	2,628
Less: Net Capex	3,275	414	469	2,526	1,275
Less: Increase in Net Other Assets	0	0	0	0	0
FCF From Operation	(3,649)	492	1,220	(291)	1,353
Less: Inc./(Dec.) in Investment	0	0	0	0	0
FCF after Investment	(3,649)	492	1,220	(291)	1,353
Plus: Gain/(loss) on Exceptional Items	(58)	(38)	0	0	0
Total FCF	(3,707)	454	1,220	(291)	1,353

Source: Company, BP Equities Research

Valuation Ratios

YE December (Rs mn)	CY09	CY10	CY11	CY12E	CY13E
Adjusted P/E (x)			42.4x	36.9x	19.3x
P/BV (x)			3.1x	2.8x	2.5x
P/CEPS (x)			21.4x	19.1x	12.7x
EV/EBITDA (x)			16.2x	15.0x	11.4x

Source: Company, BP Equities Research

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