

CMP : Rs.70

STOCK INFO

BSE	533248
NSE	GPPL
Bloomberg	GPPV IN
Reuters	GPPL.BO
Sector	Marine Port & Services
Face Value (Rs)	10
Equity Capital (Rs mn)	4,236
Mkt Cap (Rs mn)	29,649
52w H/L (Rs)	71.9/49.0
3m Avg Daily Volume in mn	206,744

SHAREHOLDING PATTERN

	%
(as on 30th Jun. 2011)	
Promoters	43.0
FII's	23.1
DII's	22.2
Public & Others	11.7

Source: BSE

STOCK PERFORMANCE (%)	1m	3m	YTD
Gujarat Pipavav	8	16	30
Sensex	-3	-5	-3

Source: IndiaNivesh Research

GUJARAT PIPAVAV PORT v/s BSE SENSEX



Source: IndiaNivesh Research, Capitaline

- Gujarat Pipavav reported Rs 939.9 mn of revenues against street expectations of Rs 814.3 mn. The top-line numbers reflect 24.4% sequential and 67.5% year-over-year growth, respectively. Strong quarterly revenue growth is on the back of 53% growth in year-over-year container as well as bulk cargo volumes.
- On the back of year-over-year top-line growth and operational efficiencies, the company reported improvement in its EBITDA year-over-year margins. EBITDA margins for the quarter improved from 39.7% in Q2CY10 to 41% in Q2CY11. A 58% and 21% increase in sequential employee and administration costs, respectively, led to sequential decline in the sequential EBITDA margins. Sequentially, EBITDA margins declined by 490 bps.
- Pipavav Ports reported Net Profit of Rs 109 mn, against the street expectations of Rs 62 mn. The company turned Net Profitable in last quarter and widened its margins from 7.2% to 10.9% in Q2CY11. The recent IPO (Sep-2010) and maturity in port operations have helped the company to repay certain portion of its debts. On a year-over-year basis, debt to equity ratio declined from 1.0x in Q2CY10 to 0.5x in Q2CY11 (Interest expenses declined from Rs 393.1 mn in Q2CY10 to Rs 213.9 mn in Q2CY11).

Valuation

At CMP of Rs 70, based on street estimates, the stock is trading at CY11E and CY12E, EV/EBITDA multiple of 19.5x and 13.5x. With heightened port operations expected, going forward, we expect a scenario of strong cash inflow generation, helpful in debt repayment. With better business as well as visibility on profitability, we are of the view that in the next 12-15 months the stock would get re-rated upwards.

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Financials- Standalone (Rs. In mn.)

	Q2CY11A	Q1CY11A	Q2FY10A	Q-o-Q %	Y-o-Y %
Net Sales/ Income from Operations	939.9	755.4	561.2	24.4%	67.5%
Other Operating Income	<u>59.4</u>	<u>75.2</u>	<u>54.7</u>	-21.1%	8.5%
Total Income from Operations bef. Adj.	999.3	830.6	615.9		
Operating Expenses	407.1	319.8	260.3	27.3%	56.4%
Employee Costs	111.0	70.1	73.7	58.3%	50.5%
Depreciation	131.3	134.3	121.0	-2.2%	8.5%
Admin & Other Expenditure	<u>71.7</u>	<u>59.3</u>	<u>37.4</u>	21.0%	91.7%
Total Operating Expenditure	721.2	583.5	492.5		
EBITDA	409.4	381.4	244.4	7.3%	67.5%
EBITDA Margin (%)	41.0%	45.9%	39.7%		
Other Income	44.8	31.9	27.6	40.4%	62.5%
Interest	213.9	219.3	393.1	-2.5%	-45.6%
Tax Expense	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>		
Net Profit	109.0	59.7	(242.2)	82.5%	-145.0%
Net Profit Margin (%)	10.9%	7.2%	-39.3%		
EPS- Diluted	0.26	0.14	(0.77)		

Source: Company Filings; IndiaNivesh Research



Trust.....we earn it.

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