



Gateway Distriparks Ltd. Q4 FY17 Quarterly Update

MARKET DATA

NSE TICKER	GDL
Networth FY17E (Rs in Crs)	1018
P/BV Ratio (FY17E) (x)	2.5X
EPS (FY17E)(Rs.)	6.8
Market Price (Rs.)	231
P/E Ratio (FY18E) (x)	34X
52 Week High (Rs)	325
52 Week Low (Rs)	209
Market Capitalisation (rs. Cr)	2560

AVERAGE MONTHLY VOLUME ('000)

BSE	23.1
NSE	69.5

SHARE HOLDING PATTERN

Promoter	25.1
FII	41.0
DII	20.8
Public	13.1

RETURN (%)

	3M	6M	12M
Gateway	-8.6	6.3	-18.2
Sensex	5.9	10.0	16.9

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Gateway Distriparks (GDL) witnessed another sluggish quarter with 6% YoY (-8% QoQ) de-growth in PAT to Rs. 22.3 cr. While the revenues of the company improved by 12% to Rs. 307.7 crore, its profitability deteriorated due to pressure on realizations owing to intense competition. GDL's EBITDA fell to Rs. 52.3 during the quarter against Rs. 56.9 cr during corresponding period while EBITDA Margins contracted nearly 350 bps to 17%. The growth in top line was on the back of improvement in volumes by 14% and 7% respectively for Rail and CFS. However, the growth is optical in nature because of low base of previous year. On Sequential basis, GDL's CFS throughput declined 7% to 91,095 TEUs, while Rail throughput was up merely 4% to 57,640 TEUs.

Segment wise performance:

Container Freight Station:

While the volumes were up 7% over corresponding quarter, the CFS revenues were up by only 4.5% YoY (5.0%) to Rs. 93.5 cr owing to decrease in realizations as competition continued to be intense. Realizations came down by ~2% YoY (up 2% QoQ) to Rs. 10,468, while EBITDA per TEU declined by ~17.5% YoY (16% QoQ) to Rs. 2108. Situation was further aggravated by announcement of Direct Port Delivery (DPD) by JNPT which led to loss of some volume. However, the management asserted that situation is now normalizing and volumes will start coming back.

Rail Freight Division:

Railway Division's revenue grew by 16% YoY to Rs. 214.2 cr aided by 14% growth in volumes. The growth in volume also reflects market share gains by the company in NCR and Ludhiana market. While the realizations per TEU marginally improved by 2.1%, EBITDA per TEU deteriorated by 16% to Rs. 5736 leading to ~6% YoY (-2% QoQ) fall in EBITDA to Rs. 33.1 cr. Higher discounts due to competition and higher empty runnings dragged company's profitability.

Snowman Logistics (SLL)

SLL, which marginally moves the needle for GDL, continued to struggle as its revenues dropped by 16% to Rs. 44.6 cr while EBITDA and PAT fell 58% and 49% respectively to Rs. 6.1 cr and 3.6 cr. Company had tax write back of Rs. 10.8 cr during the quarter. The utilization levels at its warehouses fell to 67%.

Quarterly Performance (CFS+Rail):

Particulars (Rs in crs)	Q4 FY17	Q4 FY16	YoY (%)	Q3 FY17	QoQ (%)	FY17	FY16	y-o-y
Net Sales	307.7	256.7		286.1		1158.9	1050.9	-10.3
Operating Expense	255.4	199.8	--	227.4	--	0.0	934.3	--
EBITDA	52.3	56.9		58.7		224.6	249.8	-10.1
EBITDA Margin	17.0%	22.2%		20.5%		19.4%	23.8%	- 440 bps
Interest	6.1	3.8	--	5.0	--	22.7	19.5	--
PBT	33.2	34.5		40.3		146.3	169.4	-13.6
Tax	10.9	10.8	--	14.6	--	50.9	67.1	--
PAT	22.3	23.7		25.7		95.4	102.4	-6.8
EPS	2.1	2.3		2.4		8.8	10.4	-12.7



Concall Highlights:

CFS Division:

- Volumes at JNPT were lower during the quarter as activities under DPD picked up. Out of total containers arriving at JNPT, ~40% have shifted to DPD.
- GDL has completed commissioning of Krishnapatnam Port in Andhra Pradesh and focus would be on ramping volumes. It will be one of the growth drivers for the company in FY18.
- Owing to cyclones, volumes at Chennai were down 21% QoQ. GDL's facility was close for about 45 days.

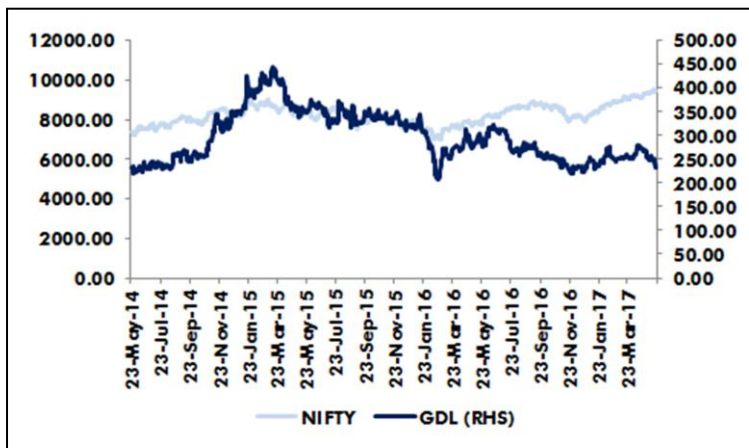
Railway Division:

- During the quarter, industry volume growth was flat at NCR and Punjab region while company managed to gain market share in both the regions.
- The volume ramp up at Faridabad is gaining traction and they have tripled YoY. It is another trigger for growth for the company.
- EBITDA per TEU in Rail Division declined due to three reasons, higher discounts, higher empty running and increased share of 40 ft containers. Realization of 40 ft containers is lower than 20 ft containers leading to lower profitability.
- The management stated that they are not expecting commencement of partial operations of DFC before 2020 and full commissioning before 2022

Valuation & View:

At CMP of Rs. 231, GDL is trading at a P/E 34X. However, the earnings of the company are at their bottom and recovery is likely to kick in during current fiscal as its Krishnapatnam Port and Viramgam Terminal comes on stream and volumes ramp up at Faridabad ICD. Besides this, overall recovery is also expected in industry volumes which are in a slump for second consecutive year now. The twin impact will not only aid top line but will also improve its margins which have fallen to lows of 15-16% from 20-22% during FY15.

3-Yr Price comparison



About the Company

Gateway Distriparks Limited (GDL) is one of a leading integrated logistics facilitator in India with three business verticals viz., Container Freight Stations (CFS), Inland Container Depots (ICD) with rail transportation, and Cold Chain Logistics solutions. GDL operates two Container Freight Stations at Navi Mumbai, two at Chennai, one at Visakhapatnam and one at Kochi with a combined capacity of 600,000 TEUs. It is commissioning another CFS at Krishnapatnam port in Andhra Pradesh which is expected to come into operation partly in FY17 and fully during FY18.

In the Rail logistics, GDL operates through three ICDs- Gari Harhasu- Gurgaon, Sahnewal- Ludhiana and Faridabad- Haryana with a combined capacity of 710,000 TEUs. Company operates several trains from these ICDs to ports at JNPT, Mundra and Pipavav.

The cold chain division rests with company's erstwhile subsidiary Snowman Logistics where GDL now holds ~40% stake post Snowman's IPO. Snowman currently operates across 17 locations in India with a capacity of ~95000 pallets. Company derives its revenues from Warehousing (45% of revenue) and Transportation and Distribution services (55% of revenue).



Gateway Distriparks Ltd.- Profit/Loss Statement			
DESCRIPTION	FY15	FY16	FY17
Net Sales	1111.3	1050.9	1158.9
EXPENDITURE :			
Employee Cost	42.1	39.2	44.3
Other Operating Exp.	743.0	761.4	890.0
Total Expenditure	785.5	801.1	934.3
EBITDA	325.9	249.8	224.6
		23.8%	19.4%
Depreciation	88.9	80.5	77.0
EBIT	236.9	169.3	147.6
Other Income	15.1	19.7	21.4
Interest	25.4	19.5	22.7
Exceptional Item	0.0	0.0	0.0
PBT	226.6	169.4	146.3
Provision for Tax	44.1	67.1	50.9
Profit After Tax	182.5	102.4	95.4
EPS	17.3	10.1	8.8

Gateway Distriparks Ltd. - Cash Flow		
DESCRIPTION	FY15	FY16
Profit Before Tax	226.6	169.4
Adjustment	102.7	82.0
Changes In working Capital	-30.4	17.7
Cash Flow after W/C changes	298.9	269.1
Tax Paid	-61.5	-64.1
Cash From Operating Activities	237.5	205.0
Cash Flow from Investing Activities	-182.3	-156.2
Cash from Financing Activities	-70.0	-72.9
Net Cash Inflow / Outflow	-14.7	-24.1
Opening Cash & Cash Equivalents	56.3	41.5
Closing Cash & Cash Equivalent	41.5	17.4

Gateway Distriparks Ltd.- Balance Sheet			
DESCRIPTION	FY15	FY16	FY17
Share Capital	404.5	404.5	108.7
Total Reserves	814.6	832.6	909.1
Shareholder's Funds	1219.1	1237.1	1017.8
Minority Interest	25.9	27.6	8.4
Long-Term Borrowings	137.0	193.6	104.3
Deferred Tax Assets / Liabilities	15.0	12.8	-18.4
Other Non-Current Liabilities	126.7	239.5	
Total Non-Current Liabilities	278.7	445.9	85.9
Current Liabilities			
Trade Payables	32.5	37.3	14.3
Short Term Borrowings	6.4	0.0	4.8
Other Current Liabilities	114.6	109.2	36.4
Total Current Liabilities	153.5	146.5	55.5
Total Liabilities	1677.3	1857.0	1172.8
ASSETS			
Net Block	1026.1	1062.4	312.7
Long Term Loans & Advances	201.6	300.2	
Other Non Current Assets	158.9	172.0	767.1
Total Non-Current Assets	1386.6	1534.6	1079.8
Current Assets			
Sundry Debtors	106.4	102.6	45.5
Cash and Equivalents	74.4	30.3	8.4
Short Term Loans and Advances	109.8	189.5	39.1
Total Current Assets	290.6	322.4	93.0
Total Assets	1677.2	1857.0	1172.8

Gateway Distriparks Ltd.- Key Ratios			
DESCRIPTION	FY15	FY16	FY17
RoE	20.8	11.0	7.8
RoCE	17.6	13.2	11.5
Inventory Days	NA	NA	NA
Debtor Days	36	36	40
Creditor Days	32	36	31
Debt/Equity	0.2	0.2	0.2
Interest Coverage	10.0	9.7	6.5
Fixed Asset Turnover	0.7	0.7	0.7
Adj. P/E	23.9	27.8	26.4
Adj. P/BV	4.9	3.3	2.5



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