# Gujarat Pipavav Port (GUJPPL)

₹ 128

## Container realisation declines…

- Revenues de-grew 5.2% YoY to ₹ 165.5 crore (I-direct estimate: ₹ 171 crore). Container volumes grew 30% YoY to 205000 TEUs (I-direct estimate: 187400 TEUs). Growth was mainly on the back of new services & ad hoc calls. Bulk volumes de-grew 19% YoY to 0.27 MT vs. 0.33 MT in Q4FY17. Liquid volumes declined 16% YoY to 0.21 MMT vs. 0.25 MMT in Q4FY17. Volumes from Ro-Ro activity declined 4% YoY to 23000 cars vs. 24000 cars in Q4FY17
- EBITDA margins declined 950 bps YoY to 56.2% (I-direct estimate: 61%), mainly due to higher other expenses (₹ 33 crore vs. ₹ 23 crore in Q4FY17). Subsequently, absolute EBITDA de-grew 19% YoY to ₹ 93 crore vs. I-direct estimate of ₹ 104 crore
- A muted operational performance led GPPL to post lower-than-expected PAT, with de-growth of 27% YoY to ₹ 49 crore (I-direct estimate: ₹ 58 crore)

### Volume boost post addition of two liners but realisation languishes

Q4FY18 showed improved volume growth (up 30%) post a marginal increase in volumes in Q3. Q4FY18 volumes were supported by one off transhipment volumes to the tune of 10000-13000 twenty foot equivalent unit (TEUs). Also, the quarter witnessed costal cargo volumes of ~ 20000 TEU. However, realisation was down ~5% at ₹ 6200 per TEU for Q4FY18 on account of transhipment and coastal cargo volumes. For FY18, container volumes showed growth of 6% YoY to ~700000 TEUs. The management has guided quarterly container volumes will remain at Q4FY18 levels of ~200000 TEU providing visibility of volume growth for FY19. The company had added two liners, in which one is from parent Maersk (80000 to 90000 TEUs per annum) and another one from China, a collaborated (Cosco + Wan Hai) liner. Both have contributed in the current quarter. The management is hopeful of seeing a further ramp up from the two liners in the coming quarter. With an annualised capacity of 1.35 million TEUs, addition of new liners could increase the port's utilisation levels to ~67% in FY20E (vs. current ~50%). Subsequently, we revise our revenue growth estimates to 16% CAGR in FY18-20E.

### Margins to improve from low base of FY18…

Competition from JNPT and Mundra would keep realisations from container and bulk subdued. However, growth from high margin/realisation business (liquid cargo and Ro-Ro) remains critical for margin improvement. Liquid volumes for FY18 were at 1.02 MT vs. 0.69 MT in FY17. Moreover, the number of cars carried grew 17% to 97992 in FY18 vs. 83570 in FY17. Improved utilisation levels would provide an impetus to EBITDA margins, which are expected to improve 513 bps to 62.8% in FY18-20E. Subsequently, EBITDA is expected to grow at a CAGR of 21% in FY18-20E.

### Volumes improving; non-renewal of lease remains downside risk!

Given its rail connectivity coupled with proximity to India's most industrialised zone the asset remains unique. Gujarat Maritime Board (GMB) had given GPPL the right to develop and operate the port till 2028. The management foresees no issues regarding the extension of the concession agreement. Any unfavourable outcome on the same could impact our DCF based assumptions (till 2028). However, following the change in volume and realisation estimates, we revise our target price to ₹ 135. We maintain **HOLD** recommendation on the stock.

**Rating matrix**

| | | |
|---|---|---|
| Rating | : | Hold |
| Target | : | ₹ 135 |
| Target Period | : | 12 months |
| Potential Upside | : | 5% |

**What's changed?**

| | |
|---|---|
| Target | Changed from ₹ 145 to ₹ 135 |
| EPS FY19E | Changed from ₹ 7.1 to ₹ 6.3 |
| EPS FY20E | Changed from ₹ 8.1 to ₹ 6.8 |
| Rating | Unchanged |

**Quarterly performance**

| | Q4FY18 | Q4FY17 | YoY (%) | Q3FY18 | QoQ (%) |
|---|---|---|---|---|---|
| Revenue | 165.5 | 174.6 | -5.2 | 162.7 | 1.7 |
| EBITDA | 93.0 | 114.7 | (18.9) | 94.7 | -1.8 |
| EBITDA (%) | 56.2 | 65.7 | -949 bps | 58.2 | -201 bps |
| PAT | 48.6 | 66.2 | (26.6) | 50.0 | -2.8 |

**Key financials**

| ₹ Crore | FY17 | FY18E | FY19E | FY20E |
|---|---|---|---|---|
| Net Sales | 683 | 649 | 780 | 878 |
| EBITDA | 419 | 374 | 492 | 551 |
| Net Profit | 246 | 198 | 306 | 326 |
| EPS (₹) | 5.1 | 4.1 | 6.3 | 6.8 |

**Valuation summary**

| | FY17E | FY18E | FY19E | FY20E |
|---|---|---|---|---|
| P/E (x) | 25.1 | 31.2 | 20.2 | 19.0 |
| Target P/E (x) | 26.6 | 33.0 | 21.4 | 20.0 |
| EV/EBITDA (x) | 13.9 | 15.4 | 11.1 | 9.6 |
| P / BV (x) | 2.9 | 2.9 | 2.5 | 2.3 |
| RONW (%) | 14.0 | 12.1 | 15.0 | 16.0 |
| ROCE (%) | 11.5 | 9.2 | 12.4 | 12.3 |

**Stock data**

| Particular | Amount |
|---|---|
| Market Capitalisation (₹ Crore) | 6,188.0 |
| Total Debt (FY17) (₹ Crore) | - |
| Cash (FY17) (₹ Crore) | 352.2 |
| EV (₹ Crore) | 5,835.8 |
| 52 week H/L | 179 / 126 |
| Equity Capital (₹ Crore) | 483.4 |
| Face Value (₹) | 10.0 |

**Stock Returns**

| | 1M | 3M | 6M | 1Y |
|---|---|---|---|---|
| Gujarat Pipavav | -12.1 | -11.9 | -16.7 | -14.8 |
| Adani Ports And | -0.4 | -6.0 | -8.4 | 7.5 |

**Research Analysts**

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## Variance analysis

| | Q4FY18 | Q4FY18E | Q4FY17 | YoY (%) | Q3FY18 | QoQ (%) | Comments |
|---|---|---|---|---|---|---|---|
| Revenue | 165.5 | 170.7 | 174.6 | -5.2 | 162.7 | 1.7 | Revenues impacted on account of lower realisations |
| Operating Expenses | 25.9 | 30.7 | 24.7 | 4.8 | 32.3 | -19.9 | |
| Employee Expenses | 13.7 | 11.9 | 11.8 | 15.6 | 13.1 | 4.5 | |
| Administrative & Oth Expenses | 32.9 | 23.9 | 23.4 | 40.8 | 22.6 | 45.7 | Includes ₹ 6 crore of maintenance dredging expenses |
| Total Expense | 72.5 | 66.6 | 59.9 | 21.0 | 68.0 | 6.6 | |
| EBITDA | 93.0 | 104.1 | 114.7 | -18.9 | 94.7 | -1.8 | |
| EBITDA Margin (%) | 56.2 | 61.0 | 65.7 | -949 bps | 58.2 | -201 bps | EBITDA impacted mainly due to higher other expenses |
| Depreciation | 26.7 | 25.2 | 25.9 | 3.0 | 25.1 | 6.5 | |
| Interest | 0.1 | 0.0 | 0.1 | 92.7 | 0.1 | 0.0 | |
| Other Income | 8.2 | 9.8 | 6.7 | 23.3 | 7.4 | 11.4 | |
| Exceptional Gain/Loss | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| PBT | 74.4 | 88.7 | 95.4 | -22.0 | 76.9 | -3.2 | |
| Total Tax | 25.8 | 31.0 | 29.2 | -11.4 | 26.9 | -4.0 | |
| PAT | 48.6 | 57.7 | 66.2 | -26.6 | 50.0 | -2.8 | |

| Key Metrics | Q4FY18 | Q4FY17 | YoY (%) | Q3FY18 | QoQ (%) | |
|---|---|---|---|---|---|---|
| Container Volume (000 TEUs) | 205.00 | 158.00 | 29.7 | 173.00 | 18.5 | Higher volumes due to ramp up in the two shipping lines added in Q4FY18 and one off transhipment volumes |
| Bulk Volume (Million Tonnes) | 0.27 | 0.30 | -11.6 | 0.55 | -51.6 | |
| Liquid Volume (Million Tonnes) | 0.21 | 0.25 | -16.0 | 0.32 | -35.2 | |
| Ro-Ro (no of cars) | 23,000 | 24,000 | -4.2 | 29,982 | -23.3 | |

*Source: Company, ICICI Direct Research*

## Change in estimates

| | | | FY19E | | | FY20E | | | |
|---|---|---|---|---|---|---|---|---|---|
| (₹ Crore) | FY17 | FY18E | Old | New | % Change | Old | New | % Change | Comments |
| Revenue | 683.1 | 683.5 | 855.0 | 780.1 | -11.0 | 991.4 | 877.6 | -11.5 | Realisation estimates revised due to weak Q4FY18 results |
| EBITDA | 418.6 | 422.1 | 537.2 | 491.8 | -10.8 | 637.5 | 550.9 | -13.6 | |
| EBITDA Margin (%) | 61.3 | 61.8 | 62.8 | 63.1 | 22 bps | 64.3 | 62.8 | -153 bps | |
| PAT | 246.1 | 258.7 | 342.3 | 305.7 | -14.1 | 390.4 | 326.5 | -16.4 | |
| EPS (₹) | 5.8 | 5.4 | 7.1 | 6.3 | -14.1 | 8.1 | 6.8 | -16.4 | |

*Source: Company, ICICI Direct Research*

## Assumptions

| | | | Current | | Earlier | |
|---|---|---|---|---|---|---|
| | FY17 | FY18E | FY19E | FY20E | FY19E | FY20E |
| Container Volume (000 TEUs) | 663.0 | 703.0 | 759.2 | 835.2 | 820.4 | 902.4 |
| Bulk Volume (Million Tonnes) | 2.47 | 1.82 | 1.89 | 1.97 | 1.90 | 1.91 |

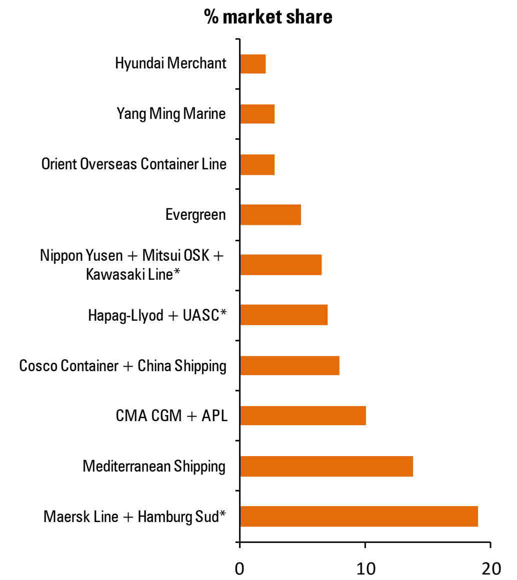
*Source: Company, ICICI Direct Research*

# Company Analysis

### Volume growth awaited; ports in vicinity aggressive…

Total container volumes at major ports grew 8% YoY to 9.1 million TEUs vs. 8.5 million TEUs in FY17. Following some pick-up in trade in west coast container volumes at JNPT, India's biggest public container port, grew 7% in FY18. The planned new terminal would double JNPT's handling capacity to 9.8 million TEUs vs. existing 5 million TEUs. In addition to capacity expansion, JNPT is improving its productivity with the implementation of several steps like gate automation, direct port delivery services for import cargo, inter-terminal trucking system and allowing gate-in of factory-stuffed export cargo without pre-customs approval. On the other hand, Mundra port is getting aggressive and experiencing robust growth in its container volumes. The strategic business decision of focusing more on container volumes and defocusing on coal (bulk) would result in aggressive pricing by Mundra. With competition heating up in the western coast of India, GPPL's realisation are expected to remain subdued impacting the revenue visibility. GPPL's parent Maersk has added a liner, which has started its contribution to overall volumes. Moreover, another liner (Cosco + Wan Hai) would result in upwards revision in our volume growth estimates for GPPL to 9% in FY18-20E.

**Exhibit 4: Major global shipping liners**




*Source: Company, ICICI Direct Research, * pending mergers*

**Exhibit 1: Container volume at GPPL**

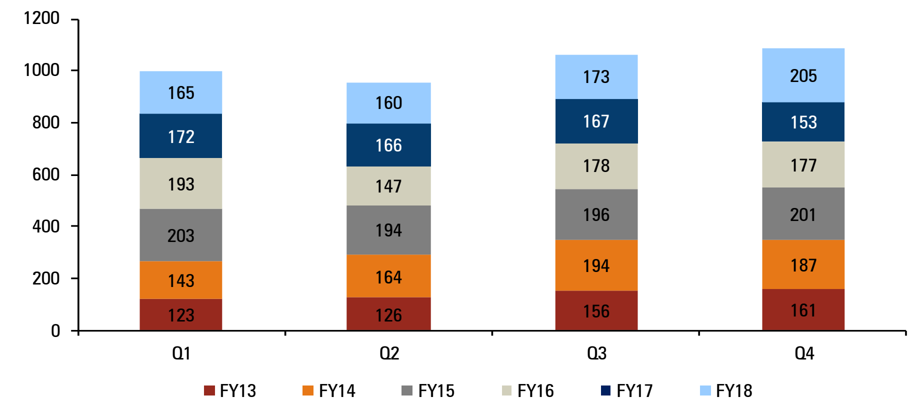
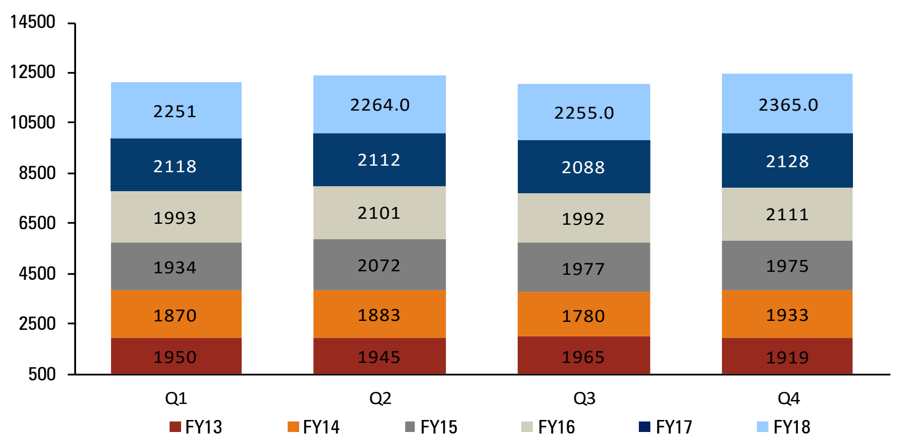



**Exhibit 2: Container volume at JNPT**

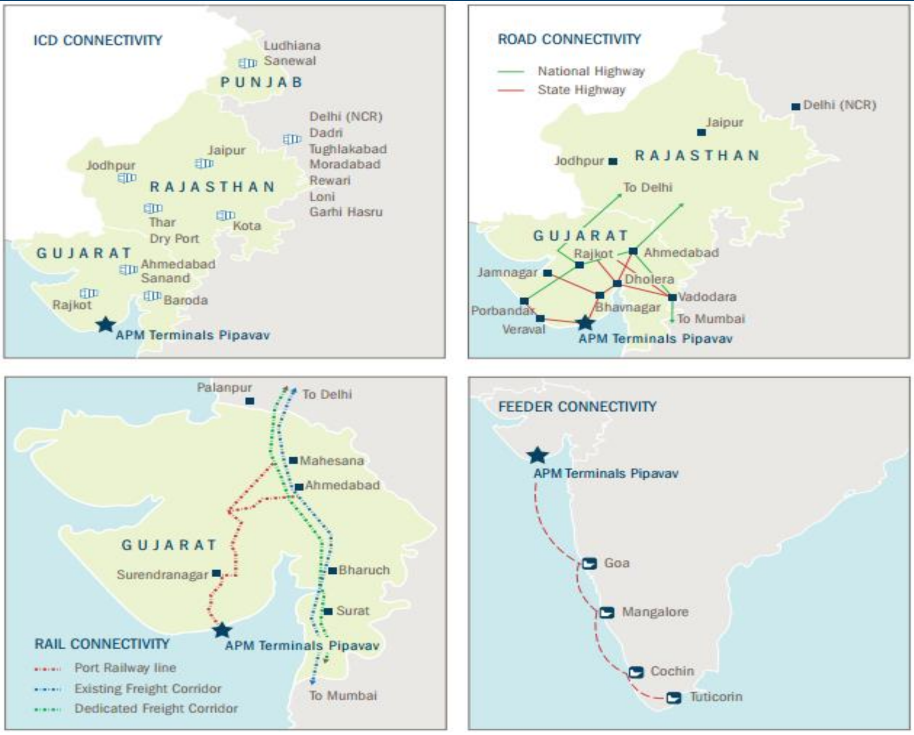



*Source: Company, ICICI Direct Research*

## Unique asset, high connectivity; commands higher realisations…

ATP is strategically located near the entrance of the Gulf of Khambhat (formerly known as the Gulf of Cambay) on the main maritime trade routes. This helps to serve imports from and exports to the Middle East, Asia, Africa, the US, Europe and other international destinations. Further, it is connected to the dedicated freight corridor (DFC) through the broad gauge line between ATP, Pipavav and Surendranagar district.

**Exhibit 3: DCF based valuation**




*Source: Company, ICICI Direct Research*

**Exhibit 4: Port layout**


*Source: Company, ICICI Direct Research*

## Higher fixed cost to keep margins sticky…

Dent from container and bulk business is expected to be completely offset by improvement in liquid cargo and Ro-Ro facilities. These businesses attract higher realisations as they involve specific cargo. As nearly 70% of GPPL's cost is fixed ramp up in these businesses would, to an extent, offset the softness in the core business. Improved utilisation levels would provide impetus to EBITDA margins that are expected to improve 513 bps to 62.8% in FY18-20E. Subsequently, EBITDA is expected to grow at a CAGR of 21% in FY18-20E. Furthermore, GPPL's debt free structure and capex funding from internal accruals, would result in zero interest cost and higher internal accruals that would generate in higher other income. Incorporating the same, PAT is expected to grow at CAGR of 28% in FY18-20E.

## Private port – Lower regulatory intervention

The company follows dollarisation strategy where nearly 70% of its tariff in dollar terms, which creates a natural hedge against adverse currency movements. Further, as the port is a landlord one, a hike in container and other tariff such as marine tariff, handling charges, etc, is not regulated by Tariff Authority for Major Ports (TAMP).

## Valuation

We value GPPL's port business using the discounted cash flow (DCF) method. Given the nature of the business, significant cash flow is generated towards later years as the business achieves reasonable scale and new capacities are optimally utilised. We arrive at a target price on an SOTP basis valuing the port business on FCFE method, depreciated replacement value (DRV) for the port assets at the end of the concession period and the P/BV method for the stake in PRCL.

Further strengthening of the balance sheet coupled with consistent revenue growth and improving EBITDA margin would enable GPPL to catalyse its earnings growth. As GPPL has completed majority of its capex, additional requirement of funds would be to the extent of ₹ 80-100 crore for maintenance capex. The management remains upbeat on revival of volumes and expects new business (liquid and RoRo) to scale up significantly in the long run. We expect GPPL to trade at premium multiples, which it used to command earlier. We continue to like the uniqueness of the asset. However, we remain cautious about intense competition in the vicinity and revision of its agreement with GMB. We maintain our **HOLD** rating with a revised target price of ₹ 135.

**Exhibit 4: DCF based valuation**

| Particulars | Amount |
|---|---|
| Cost of equity (Ke) | 11.3% |
| PV of depreciated asset value (in crs) | 265.1 |
| PV of Port Business (in crs) | 134.5 |
| Value of PRCL (per share) | 9.1 |
| Number of Equity Shares outstanding (in crs) | 48.3 |
| DCF - Target price (₹) | 135 |

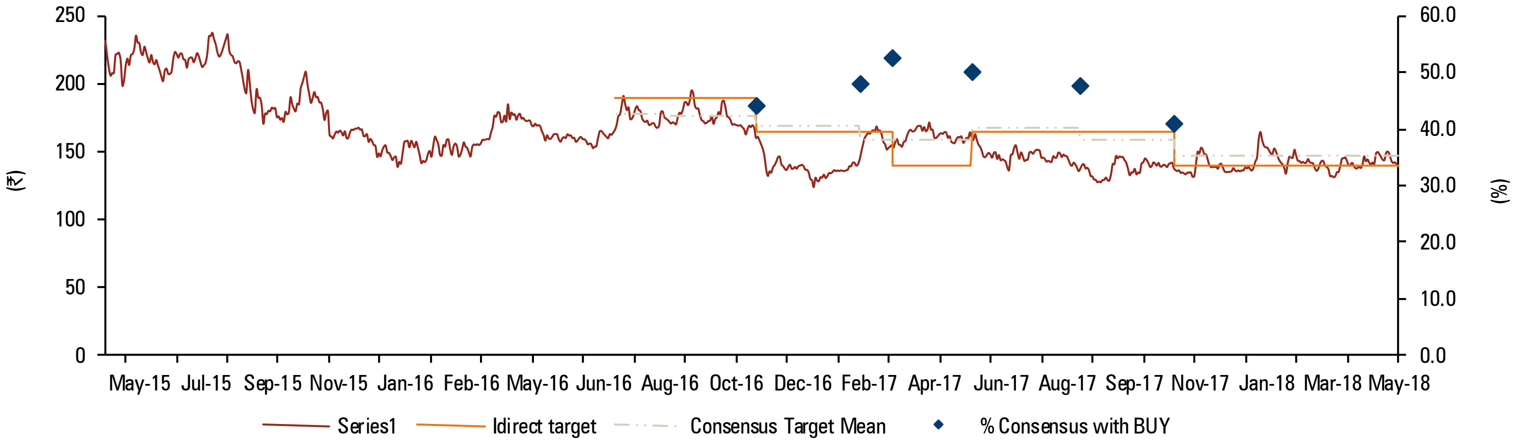
*Source: Company, ICICI Direct Research*

**Exhibit 5: Valuations**

| | Sales (₹ cr) | Growth (%) | EPS (₹) | Growth (%) | PE (x) | EV/EBITDA (x) | RoNW (%) | RoCE (%) |
|---|---|---|---|---|---|---|---|---|
| FY17 | 683.1 | 3.5 | 5.8 | 7.9 | 25.7 | 16.8 | 14.0 | 11.5 |
| FY18E | 648.9 | (5.0) | 4.1 | (29.7) | 31.2 | 15.4 | 9.2 | 12.1 |
| FY19E | 780.1 | 20.2 | 6.3 | 54.1 | 21.4 | 11.1 | 12.4 | 15.0 |
| FY20E | 877.6 | 12.5 | 6.8 | 6.8 | 20.0 | 9.6 | 12.3 | 16.0 |

*Source: Company, ICICI Direct Research*

## Recommendation history vs. consensus estimate




*Source: Bloomberg, Company, ICICI Direct Research*

## Key events

| Date | Event |
|---|---|
| Sep-10 | Comes out with IPO |
| Nov-10 | Enters into MoU with Aegis Logistics to develop tankage facility at Pipavav port spread over an area of 75 acre |
| Jan-11 | Signs MoU with GMB on expansion of Pipavav port involving investment of ₹ 1700 crore |
| Jul-11 | Enters into agreement with IMC ltd for leasing out 1,00,000 sq m of land to develop tankage facility |
| Feb-12 | Two new services added and existing two services upsized. Also, 14% increase in container realisation but 7% decline in volume |
| Oct-12 | Total ₹ 350 crore prepayment of loans from proceeds of QIP, 8% decline in revenue & 22% reduction in EBITDA margin |
| May-12 | HMM service slowing down, 24% bulk volume decline |
| Jul-13 | Two vessels upsizing & one far east vessel service excited, 6% increase in charges for services |
| Sep-13 | New Gulf Service (NMG) secured providing 50000-60000 TEUs per year, 30% increase in volume; interim dividend PRCL |
| May-14 | Declares Q1CY14 result; performs better than expectations with strong volume numbers |
| Jun-15 | Reports lowest EBITDA of 53% in past 6 quarters. Reporting changes to Financial Year |
| Sep-15 | Results hit by force maejure; EBITDA margins reported at 51%, second consecutive dip in the margins |
| Jan-16 | Volumes come in at 178000 TEUs. EBITDA margins at 60.5% due to write-backs. PAT at ₹ 53 crore for two consecutive quarters |
| May-16 | Volumes remain flat at 177000 TEUs. Capex completed and capacitiy increased to 1.35 million TEU's. EBITDA margins at 61.5%. PAT at ₹ 49 crore |
| Aug-16 | Volumes come in at 172000 TEUs. EBITDA margins at 60%. PAT at ₹ 60 crore |
| Nov-16 | Volumes come in at 166000 TEUs. Cautious stance on the company due to Hanjin issue and shift of Hyundai liner. EBITDA margins at 57.3%. |

*Source: Company, ICICI Direct Research*

## Top 10 Shareholders

| Rank | Name | Latest Filing Date | % O/S | Position (m) | Change (m) |
|---|---|---|---|---|---|
| 1 | AP Moeller - Maersk A/S | 31-Dec-17 | 0.43 | 207.9 | 0.0 |
| 2 | Franklin Templeton Asset Management (India) Pvt. Ltd. | 31-Mar-17 | 0.07 | 36.0 | 1.0 |
| 3 | ICICI Prudential Asset Management Co. Ltd. | 31-Mar-18 | 0.07 | 35.2 | 2.1 |
| 4 | HDFC Asset Management Co., Ltd. | 31-Dec-17 | 0.06 | 29.1 | 1.5 |
| 5 | Matthews International Capital Management, L.L.C. | 31-Dec-17 | 0.05 | 23.3 | 0.0 |
| 6 | J.P. Morgan Asset Management (Hong Kong) Ltd. | 31-Dec-17 | 0.04 | 19.8 | 0.0 |
| 7 | Kotak Mahindra Group | 31-Dec-17 | 0.03 | 16.5 | 16.5 |
| 8 | Schroder Investment Management Ltd. (SIM) | 31-Dec-17 | 0.02 | 11.5 | 0.0 |
| 9 | Axis Asset Management Company Limited | 31-Dec-17 | 0.01 | 7.0 | 0.0 |
| 10 | Wellington Management Company, LLP | 31-Mar-18 | 0.01 | 6.9 | 0.0 |

*Source: Reuters, ICICI Direct Research*

## Shareholding Pattern

| (in %) | Jun-17 | Sep-17 | Dec-17 | Mar-18 |
|---|---|---|---|---|
| Promoter | 40.0 | 41.0 | 42.0 | 43.0 |
| Public | 60.0 | 59.0 | 58.0 | 57.0 |

## Recent Activity

| Buys | | | Sells | | |
|---|---|---|---|---|---|
| Investor name | Value | Shares | Investor name | Value | Shares |
| Kotak Mahindra Group | 35.24 | 16.48 | Norges Bank Investment Management (NBIM) | -10.26 | -4.80 |
| ICICI Prudential Asset Management Co. Ltd. | 4.58 | 2.05 | Franklin Advisers, Inc. | -4.15 | -1.91 |
| HDFC Asset Management Co., Ltd. | 3.22 | 1.50 | Capital Research Global Investors | -3.56 | -1.60 |
| Schroder Investment Management (Singapore) Ltd. | 1.45 | 0.66 | Columbia Threadneedle Investments (US) | -0.51 | -0.23 |
| Aditya Birla Sun Life AMC Limited | 0.22 | 0.10 | BlackRock Asset Management North Asia Limited | -0.43 | -0.20 |

*Source: Reuters, ICICI Direct Research*

# Financial summary

| Profit and loss statement | | | | ₹ Crore |
|---|---|---|---|---|
| (Year-end March) | FY17 | FY18E | FY19E | FY20E |
| Total operating Income | 683.1 | 648.9 | 780.1 | 877.6 |
| Growth (%) | 3.5 | -5.0 | 20.2 | 12.5 |
| Operating Expenses | 105.2 | 118.5 | 114.2 | 128.1 |
| Waterfront Royalty | 16.0 | 0.0 | 17.0 | 19.0 |
| Power and fuel | 25.6 | 0.0 | 28.3 | 31.7 |
| Repairs-plant, mach & equip | 23.6 | 0.0 | 26.0 | 20.5 |
| Employee Cost | 48.4 | 52.9 | 50.7 | 57.0 |
| Other Expenses | 45.6 | 103.4 | 52.1 | 70.2 |
| Total Expenditure | 264.5 | 274.8 | 288.2 | 326.7 |
| EBITDA | 418.6 | 374.1 | 491.8 | 550.9 |
| Growth (%) | 11.3 | -10.6 | 31.5 | 12.0 |
| Depreciation | 106.5 | 103.6 | 110.1 | 112.9 |
| Interest | 0.4 | 0.4 | 0.4 | 0.4 |
| Other Income | 31.6 | 37.1 | 25.9 | 28.9 |
| PBT | 343.2 | 307.2 | 407.2 | 466.5 |
| Tax | 97.1 | 108.7 | 101.5 | 140.1 |
| PAT | 246.1 | 198.5 | 305.7 | 326.5 |
| Exceptional gains/(loss) | 0.0 | 0.0 | 0.0 | 0.0 |
| Adjusted PAT | 246.1 | 198.5 | 305.7 | 326.5 |
| Growth (%) | 28.7 | -19.4 | 54.1 | 6.8 |
| EPS | 5.1 | 4.1 | 6.3 | 6.8 |

*Source: Company, ICICI Direct Research*

| Cash flow statement | | | | ₹ Crore |
|---|---|---|---|---|
| (Year-end March) | FY17 | FY18E | FY19E | FY20E |
| Profit after Tax | 246.1 | 271.4 | 306.1 | 326.8 |
| Add: Depreciation | 106.5 | 108.4 | 110.1 | 112.9 |
| (Inc)/dec in Current Assets | -0.3 | -4.8 | 34.1 | 9.2 |
| Inc/(dec) in CL and Provisions | -3.8 | -28.3 | 3.2 | 24.0 |
| Others | 31.8 | -7.8 | -16.3 | -0.9 |
| CF from operating activities | 380.4 | 338.9 | 437.3 | 472.1 |
| (Inc)/dec in Fixed Assets | -139.4 | -32.3 | -50.0 | -100.0 |
| (Inc)/dec in Investments | 32.3 | 22.6 | 20.0 | 21.8 |
| Others | 0.0 | 0.0 | 0.0 | 0.0 |
| CF from investing activities | -107.0 | -9.8 | -30.0 | -78.2 |
| Issue/(Buy back) of Equity | 0.0 | 0.0 | 0.0 | 0.0 |
| Inc/(dec) in loan funds | 0.0 | 0.0 | 0.0 | 0.0 |
| Others | -210.1 | -249.8 | -116.5 | -199.2 |
| CF from financing activities | -210.1 | -249.8 | -116.5 | -199.2 |
| Net Cash flow | 63.3 | 79.3 | 290.8 | 194.6 |
| Opening Cash | 288.9 | 352.2 | 431.6 | 722.3 |
| Closing Cash | 352.2 | 431.6 | 722.3 | 917.0 |

*Source: Company, ICICI Direct Research*

| Balance sheet | | | | ₹ Crore |
|---|---|---|---|---|
| (Year-end March) | FY17 | FY18E | FY19E | FY20E |
| Sources of Funds | | | | |
| Equity Capital | 483.4 | 483.4 | 483.4 | 483.4 |
| Reserve and Surplus | 1,658.9 | 1,676.0 | 1,980.7 | 2,172.2 |
| Total Shareholders funds | 2,142.3 | 2,159.5 | 2,464.2 | 2,655.6 |
| Total Debt | 0.0 | 0.0 | 0.0 | 0.0 |
| Long term Provisions | 0.0 | 0.0 | 0.0 | 0.0 |
| Other Long term liabilities | 88.0 | 78.4 | 76.6 | 76.6 |
| Deferred Tax Liability | 0.00 | 0.34 | 0.00 | 0.00 |
| Total Liabilities | 2,230.3 | 2,238.2 | 2,540.8 | 2,732.2 |
| Application of Funds | | | | |
| Gross Block | 1,878.0 | 1,970.3 | 2,002.6 | 2,052.6 |
| Less: Acc Depreciation | 201.8 | 284.0 | 394.1 | 507.0 |
| Impairment | 0.0 | 0.0 | 0.0 | 0.0 |
| Net Block | 1,676.2 | 1,686.3 | 1,608.5 | 1,545.6 |
| Capital WIP | 92.2 | 32.3 | 50.0 | 100.0 |
| Total Fixed Assets | 1,768.4 | 1,718.6 | 1,658.5 | 1,645.6 |
| Non-current Investments | 205.8 | 228.4 | 248.4 | 270.2 |
| Other Non current investments | 20.6 | 9.9 | 0.0 | 0.0 |
| Long term loans & advances | 0.0 | 0.0 | 0.0 | 0.0 |
| Deferred Tax Asset | 41.6 | 0.0 | 0.0 | 0.0 |
| Current tax assets | 30.4 | 11.5 | 13.8 | 16.5 |
| Inventory | 15.6 | 13.6 | 17.1 | 19.2 |
| Debtors | 28.6 | 25.8 | 39.5 | 44.5 |
| Loans and Advances | 0.2 | 0.2 | 17.1 | 19.2 |
| Other Current Assets | 9.9 | 16.4 | 16.4 | 16.4 |
| Cash | 352.2 | 431.6 | 722.3 | 917.0 |
| Current investments | 0.0 | 0.0 | 0.0 | 0.0 |
| Total Current Assets | 406.5 | 487.5 | 812.5 | 1,016.3 |
| Creditors | 243.0 | 217.6 | 192.3 | 216.4 |
| Other liab & Provisions | 0.0 | 0.0 | 0.0 | 0.0 |
| Total Current Liabilities | 243.0 | 217.6 | 192.3 | 216.4 |
| Net Current Assets | 163.5 | 269.9 | 620.1 | 799.9 |
| Application of Funds | 2,230.3 | 2,238.3 | 2,540.8 | 2,732.2 |

*Source: Company, ICICI Direct Research*

| Key ratios | | | | |
|---|---|---|---|---|
| (Year-end March) | FY17 | FY18E | FY19E | FY20E |
| Per share data (₹) | | | | |
| EPS | 5.1 | 4.1 | 6.3 | 6.8 |
| Cash EPS | 7.3 | 6.2 | 8.6 | 9.1 |
| BV | 44.3 | 44.7 | 51.0 | 54.9 |
| DPS | 2.2 | 2.8 | 2.8 | 0.0 |
| Cash Per Share | 7.3 | 8.9 | 14.9 | 19.0 |
| Operating Ratios (%) | | | | |
| EBITDA Margin (%) | 61.3 | 57.6 | 63.1 | 62.8 |
| PBT / Total Operating income | 82.0 | 82.1 | 82.8 | 84.7 |
| PAT Margin | 36.0 | 30.6 | 39.2 | 37.2 |
| Inventory days | 2.3 | 8.0 | 8.0 | 8.0 |
| Debtor (Days) | 4.2 | 18.5 | 18.5 | 18.5 |
| Creditor days | 230.9 | 97.9 | 90.0 | 90.0 |
| Return Ratios (%) | | | | |
| RoE | 11.5 | 9.2 | 12.4 | 12.3 |
| RoCE | 14.0 | 12.1 | 15.0 | 16.0 |
| RoIC | 19.7 | 18.0 | 25.6 | 29.8 |
| Valuation Ratios (x) | | | | |
| P/E | 25.1 | 31.2 | 20.2 | 19.0 |
| EV/EBITDA | 13.9 | 15.4 | 11.1 | 9.6 |
| EV/Sales | 8.5 | 8.9 | 7.0 | 6.0 |
| Market Cap / Sales | 9.1 | 9.5 | 7.9 | 7.1 |
| Price to Book Value | 2.9 | 2.9 | 2.5 | 2.3 |
| Solvency Ratios | | | | |
| Debt/EBITDA | 0.0 | 0.0 | 0.0 | 0.0 |
| Debt / Equity | 0.0 | 0.0 | 0.0 | 0.0 |
| Current Ratio | 1.7 | 2.2 | 4.2 | 4.7 |
| Quick Ratio | 1.6 | 2.2 | 4.1 | 4.6 |

*Source: Company, ICICI Direct Research*

## ICICI Direct coverage universe (Logistics)

| | CMP | | | M Cap | EPS (₹) | | | | P/E (x) | | | | EV/EBITDA (x) | | | | RoCE (%) | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Sector / Company | (₹) | TP(₹) | Rating | (₹ Cr) | FY17 | FY18E | FY19E | FY20E | FY17 | FY18E | FY19E | FY20E | FY17 | FY18E | FY19E | FY20E | FY17 | FY18E | FY19E | FY20E |
| Container Corporation | 1,378 | 1,560 | BUY | 33,592 | 35.0 | 43.6 | 49.9 | 62.2 | 38.0 | 30.5 | 26.7 | 21.4 | 19.5 | 16.0 | 14.0 | 11.3 | 9.8 | 11.4 | 12.6 | 14.6 |
| Transport Corp. of India | 275 | 350 | BUY | 2,108 | 10.7 | 16.1 | 20.4 | 26.3 | 26.7 | 17.8 | 14.0 | 10.9 | 15.1 | 11.6 | 9.5 | 7.9 | 10.7 | 13.4 | 14.4 | 16.1 |
| BlueDart | 3,290 | 4,200 | BUY | 7,806 | 58.9 | 60.9 | 77.6 | 91.9 | 59.7 | 57.7 | 45.3 | 38.2 | 24.6 | 23.5 | 19.6 | 17.1 | 32.2 | 31.0 | 35.3 | 37.7 |
| Gati Ltd. | 99 | 135 | BUY | 1,078 | 3.3 | 4.9 | 3.4 | 4.2 | 34.7 | 23.7 | 34.5 | 27.3 | 13.0 | 17.4 | 13.3 | 10.0 | 9.5 | 8.0 | 9.9 | 12.6 |
| Gujarat Pipavav | 128 | 135 | HOLD | 6,043 | 5.1 | 4.1 | 6.3 | 6.8 | 25.1 | 31.2 | 20.2 | 19.0 | 13.9 | 15.4 | 11.1 | 9.6 | 14.0 | 12.1 | 15.0 | 16.0 |
| TCI Express | 533 | 660 | BUY | 2,041 | 10.6 | 14.0 | 17.4 | 21.9 | 47.0 | 35.8 | 28.7 | 22.9 | 28.6 | 23.4 | 17.3 | 13.8 | 35.1 | 34.9 | 36.9 | 36.7 |

*Source: Company, ICICI Direct Research*

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