Gateway Distriparks

Logistics

In-line performance; double-digit volumes growth guidance maintained

Gateway Distriparks (GRFL)'s Q2FY26 EBITDA was in line with consensus estimates. Key points: 1) Rail volume grew 9.2% YoY while CFS volume grew 2.6% YoY. 2) EBITDA/teu of rail improved QoQ to INR 9,300 (vs. INR 9,100 in Q1FY26) while CFS EBITDA/teu declined QoQ to INR 1,000 (vs INR 1,500 in Q1FY26) owing to a one-time legal cost and higher repair and maintenance expenses. 3) Double-staking has improved QoQ to 41% (vs. 39% in Q1FY26). 4) Market share has improved marginally across Ludhiana and Uttarakhand. Management maintains its guidance of 10–15% volumes growth for FY26 driven by improved economic scenario due to trade agreements and expected DFC connectivity to Nhava Sheva port shortly. We maintain **BUY** and our TP of INR 94, based on a multiple of 10x FY27E EBITDA.

In-line performance

GRFL's EBITDA of INR 1.2bn was broadly in line with consensus estimates. Key points: 1) Rail volume improved 9.2% YoY to 101.24kteus; CFS volume grew 2.6% YoY at 96.402kteus. 2) With better volumes, blended EBITDA/teu rose QoQ to INR 5,046 (vs. INR 5,025 in Q1FY26). 3) EBITDA/teu for rail improved QoQ to INR 9,300 (vs. INR 9,100 in Q1FY26); for CFS, it was INR 1,000 (vs. INR 1,500 in Q1FY26). 4) Gained market share in Punjab and in Uttarakhand; market shares as of Q2FY26-end: i) NCR: 16–17%. ii) Ludhiana: ~27%. iii) Uttarakhand: ~38%. Management guides for double-digit volume growth while increasing absolute EBITDA and keeping focus on domestic freight movement as well. Trade agreements with the UK and other nations shall influence EXIM volumes positively and reduce EXIM imbalances. Connection of W-DFC to JNPT is expected by Mar'26; post connection, volume should grow healthily in this route due to a road to rail shift.

Management aims double-digit volume growth

Q2FY26 conference call takeaways: 1) Management guides for 10–15% volume growth aided by a favourable economic outlook owing to trade agreements and W-DFC–JNPT connectivity, likely by Mar'26. 2) Gained market share across Ludhiana and Kashipur; maintained position in the NCR region. 3) Double-stack improved QoQ to 41% (Q1FY26; 39%); in the near term, GRFL aims for 43–45%. 4) Expanding rail-linked ICDs network in north India. 5) EBITDA/teu of CFS fell to INR 1000/teu, mainly due to one-time legal fees and higher R&M expenses; company target EBITDA/teu of INR 1300-1400. Management is now prioritising volumes growth given the favourable outlook.

Financial Summary

Y/E March (INR mn)	FY24A	FY25A	FY26E	FY27E
Net Revenue	15,361	16,806	22,409	23,694
EBITDA	3,796	3,858	4,851	5,140
EBITDA Margin (%)	24.7	23.0	21.6	21.7
Net Profit	2,583	3,738	2,433	2,760
EPS (INR)	5.2	7.5	4.9	5.5
EPS % Chg YoY	6.6	(4.7)	1.0	13.5
P/E (x)	12.5	13.2	13.0	11.5
EV/EBITDA (x)	9.8	10.5	7.8	7.0
RoCE (%)	11.9	9.6	9.4	9.5
RoE (%)	14.4	18.1	10.4	10.7

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Market Data

Market Cap (INR)	32bn
Market Cap (USD)	358mn
Bloomberg Code	GRFL IN
Reuters Code	GATE BO
52-week Range (INR)	92 /52
Free Float (%)	68.0
ADTV-3M (mn) (USD)	0.7

Price Performance (%)	3m	6m	12m
Absolute	(8.2)	6.4	(27.8)
Relative to Sensex	(11.3)	2.8	(33.7)

ESG Score	2023	2024	Change
ESG score	NA	59.6	NA
Environment	NA	37.9	NA
Social	NA	65.0	NA
Governance	NA	73.3	NA

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: SES ESG, I-sec research

Previous Reports

30-07-2025: Q1FY26 results review

04-02-2025: Q3FY25 results review

Outlook: Attractive risk-reward; volume growth in check

GFRL is assiduously working towards improving volumes. The company has regained its market leadership in Ludhiana, gained market share in Kashipur to 38% (vs. 37% in Q1FY26), and improved its double-stacking volume to 41% (vs. 39% in Q1FY26). Ahead, volume growth is expected to come from Faridabad and Viramgam ICD while the increased double-stacking should provide additional margin benefits. Post W-DFC connectivity to JNPT, volumes growth should accelerate further. Also, the trade negotiations with various countries will likely yield positive results for the company.

After nearly two years of underperformance, management is guiding for double-digit volume growth in FY26; in H1FY26, rail volume volumes grew by 11.3% while CFS volumes grew by 4%. Also, management is prioritising maintaining/increasing its market share in existing ICDs by passing on the benefits of double-stacking to customers, which could be absolute EBITDA accretive. We maintain **BUY**, with a TP of INR 94 on a multiple of 10x FY27E EV/EBITDA.

Key risks

- Sustained EXIM imbalance.
- Lower-than-expected volume growth.
- Delay in stabilisation of new terminals.

Exhibit 1: Gateway Distriparks' consolidated Q2FY26 performance review

Consolidated (INR mn)	Q2FY26	Q2FY25	% Chg YoY	Q1FY26	% Chg QoQ
Net Revenue	**5,673**	**3,899**	*45.5*	**5,504**	*3.1*
Total Expense	4,470	2,935	*52.3*	4,311	*3.7*
EBITDA	**1,203**	**965**	*24.7*	**1,193**	*0.8*
Volume	*197,642*	*186,715*	*5.9*	*187,550*	*5.4*
EBITDA/teu (adjusted for snowman)	*5,046*	*5,166*	*(2.3)*	*5,025*	*0.4*
EBITDA %	*21.2%*	*24.7%*		*21.7%*	
Depreciation	389	256	*51.8*	366	*6.2*
EBIT	814	708	*15.0*	827	*(1.6)*
Other Income	31	46	*(32.4)*	37	*(16.3)*
Interest	159	106	*49.1*	147	*8.0*
PBT	687	648	*6.0*	717	*(4.3)*
Exceptional items	0	-		-	
Tax	24	50	*(52.9)*	96	*(75.3)*
PAT	663	**601**	*10.4*	**622**	*6.6*

Source: Company data, I-Sec research

Exhibit 2: Gateway Distriparks' Q2FY26 operational review

(INR)	Q2FY26	Q2FY25	% Chg YoY	Q1FY26	% Chg QoQ
Rail (teu)	101,240	92,733	*9.2*	93,282	*8.5*
Rail realisation/teu	34,068	35,543	*(4.2)*	34,197	*(0.4)*
CFS (teu)	96,402	93,982	*2.6*	94,268	*2.3*
CFS realisation/teu	7,344	6,916	*6.2*	7,744	*(5.2)*

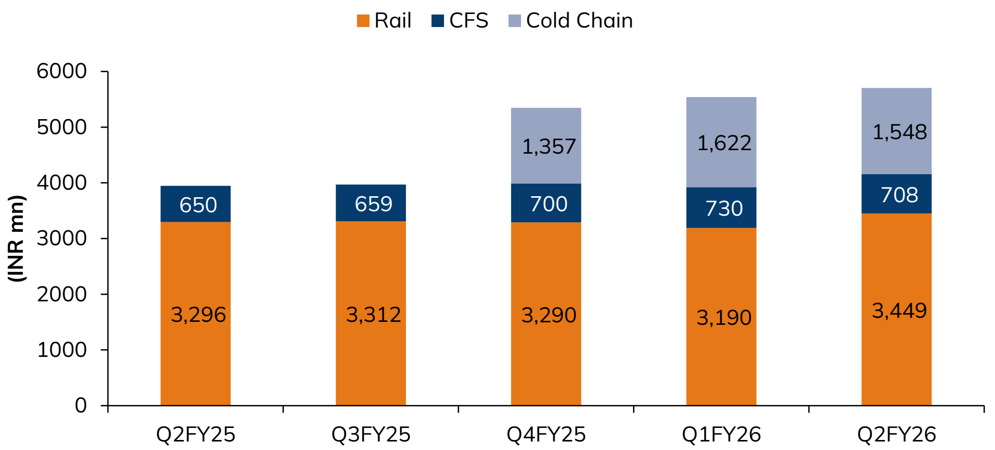
Source: Company data, I-Sec research

Exhibit 3: Gateway Distriparks' standalone Q2FY26 performance review

Standalone (INR mn)	Q2FY26	Q2FY25	% Chg YoY	Q1FY26	% Chg QoQ
Net Revenue	**4,026**	**3,837**	*4.9*	**3,797**	*6.0*
Total Expense	3,077	2,898	*6.2*	2,904	*5.9*
EBITDA	**950**	**939**	*1.1*	**893**	*6.4*
Volume	*197,642*	*186,715*	*5.9*	*187,550*	*5.4*
EBITDA/teu	*4,805*	*5,028*	*(4.4)*	*4,761*	*0.9*
EBITDA %	*23.6%*	*24.5%*		*23.5%*	
Depreciation	188	240	*(21.5)*	188	*(0.2)*
EBIT	762	699	*8.9*	705	*8.1*
Other Income	45	157	*(71.2)*	95	*(52.7)*
Interest	80	102	*(21.5)*	86	*(7.4)*
PBT	727	754	*(3.6)*	714	*1.9*
Exceptional items	0	0		0	
Tax	37	50	*(25.5)*	78	*(52.4)*
PAT	690	704	*(2.0)*	636	*8.5*

Source: I-Sec research, Company data

Exhibit 4: Gateway Distriparks' revenue breakdown



Source: Company data, I-Sec research

Exhibit 5: Shareholding pattern

%	Mar'25	Jun'25	Sep'25
Promoters	32.2	32.2	32.3
Institutional investors	47.9	45.3	43.8
MFs and others	37.4	35.8	34.2
FIs/Banks	0.5	0.6	0.6
Insurance	1.6	1.3	1.3
FIIs	8.4	7.6	7.7
Others	19.9	22.5	23.9

Source: Bloomberg, I-Sec research

Exhibit 6: Price chart

Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 7: Profit & Loss

(INR mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
Net Sales	**15,361**	**16,806**	**22,409**	**23,694**
Operating Expenses	11,565	12,948	17,558	18,555
EBITDA	**3,796**	**3,858**	**4,851**	**5,140**
EBITDA Margin (%)	24.7	23.0	21.6	21.7
Depreciation & Amortization	949	1,152	1,751	1,755
EBIT	2,847	2,706	3,100	3,385
Interest expenditure	461	478	647	618
Other Non-operating Income	171	312	250	300
Recurring PBT	**2,557**	**2,540**	**2,703**	**3,067**
Profit / (Loss) from Associates	**56**	**10**	**-**	**-**
Less: Taxes	30	132	270	307
PAT	2,527	2,408	2,433	2,760
Less: Minority Interest	-	-	-	-
Extraordinaries (Net)	-	1,320	-	-
Net Income (Reported)	**2,583**	**3,738**	**2,433**	**2,760**
Net Income (Adjusted)	**2,583**	**3,738**	**2,433**	**2,760**

Source Company data, I-Sec research

Exhibit 8: Balance sheet

(INR mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
Total Current Assets	2,231	3,211	4,130	4,904
of which cash & cash eqv.	222	160	1,884	2,548
Total Current Liabilities & Provisions	1,286	1,874	1,958	2,066
Net Current Assets	**945**	**1,337**	**2,172**	**2,839**
Investments	2,043	790	790	790
Net Fixed Assets	13,789	17,912	17,511	17,106
ROU Assets	-	-	-	-
Capital Work-in-Progress	365	625	625	625
Total Intangible Assets	5,428	8,187	8,187	8,187
Other assets	2,208	2,763	2,763	2,763
Deferred Tax Assets	-	-	-	-
Total Assets	**25,210**	**32,216**	**32,650**	**32,912**
Liabilities				
Borrowings	**5,186**	**7,309**	**6,309**	**5,309**
Deferred Tax Liability	**104**	**194**	**194**	**194**
provisions	53	181	181	181
other Liabilities	400	-	-	-
Equity Share Capital	4,996	4,996	4,996	4,996
Reserves & Surplus	14,330	17,039	18,472	19,734
Total Net Worth	**19,326**	**22,035**	**23,469**	**24,730**
Minority Interest	141	2,497	2,497	2,497
Total Liabilities	**25,210**	**32,216**	**32,650**	**32,912**

Source Company data, I-Sec research

Exhibit 9: Cashflow statement

(INR mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
Operating Cashflow	**8,239**	**8,547**	**5,575**	**4,985**
Working Capital Changes	3,872	3,919	889	(3)
Capital Commitments	(755)	(161)	(1,350)	(1,350)
Free Cashflow	**7,484**	**8,386**	**4,225**	**3,635**
Other investing cashflow	**67**	**33**	**145**	**145**
Cashflow from Investing Activities	(688)	(128)	(1,205)	(1,205)
Issue of Share Capital	-	-	-	-
Interest Cost	(339)	(263)	(647)	(618)
Inc (Dec) in Borrowings	(1,093)	(890)	(1,000)	(1,000)
Dividend paid	(999)	(999)	(999)	(1,499)
Others	-	-	-	-
Cash flow from Financing Activities	(2,431)	(2,153)	(2,646)	(3,116)
Chg. in Cash & Bank balance	**5,119**	**6,266**	**1,724**	**664**
Closing cash & balance	5,713	6,189	1,717	2,381

Source Company data, I-Sec research

Exhibit 10: Key ratios

(Year ending March)

	FY24A	FY25A	FY26E	FY27E
Per Share Data (INR)				
Reported EPS	5.1	4.8	4.9	5.5
Adjusted EPS (Diluted)	5.2	7.5	4.9	5.5
Cash EPS	7.1	9.8	8.4	9.0
Dividend per share (DPS)	2.0	2.0	2.0	3.0
Book Value per share (BV)	38.7	44.1	47.0	49.5
Dividend Payout (%)	39.6	41.5	41.1	54.3
Growth (%)				
Net Sales	8.1	9.4	33.3	5.7
EBITDA	3.0	1.6	25.7	5.9
EPS (INR)	6.6	(4.7)	1.0	13.5
Valuation Ratios (x)				
P/E	12.5	13.2	13.0	11.5
P/CEPS	9.0	6.5	7.6	7.0
P/BV	1.6	1.4	1.4	1.3
EV / EBITDA	9.8	10.5	7.8	7.0
Dividend Yield (%)	3.2	3.2	3.2	4.7
Operating Ratios				
Gross Profit Margins (%)	37.1	35.9	33.6	33.7
EBITDA Margins (%)	24.7	23.0	21.6	21.7
Effective Tax Rate (%)	1.2	5.2	10.0	10.0
Net Profit Margins (%)	16.4	14.3	10.9	11.7
Net Debt / Equity (x)	0.2	0.3	0.1	0.1
Net Debt / EBITDA (x)	0.8	1.6	0.7	0.4
Total Asset Turnover (x)	0.6	0.6	0.7	0.7
Inventory Turnover Days	-	-	-	-
Receivables Days	39	65	39	36
Payables Days	29	40	33	31
Profitability Ratios				
RoE (%)	14.4	18.1	10.4	10.7
RoCE (%)	11.9	9.6	9.4	9.5
RoIC (%)	13.4	10.3	10.1	10.2

Source Company data, I-Sec research

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