



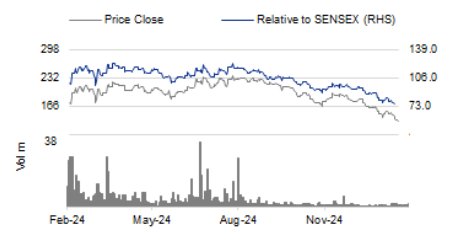
India

HOLD (previously REDUCE)

Consensus ratings*:	Buy 3	Hold 2	Sell 5
Current price:	Rs132		
Target price:	Rs137		
Previous target:	Rs156		
Up/downside:	3.8%		
InCred Research / Consensus:	-16.4%		
Reuters:	GPPL.NS		
Bloomberg:	GPPV IN		
Market cap:	US\$737m		
	Rs63,988m		
Average daily turnover:	US\$4.0m		
	Rs344.6m		
Current shares o/s:	483.4m		
Free float:	56.0%		
*Source: Bloomberg			

Key changes in this note

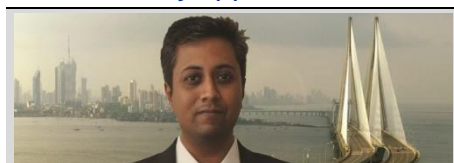
- Roll forward our valuation to Mar 2026F.
- Reduce FY26F EBITDA estimate by 16%.
- Introduce FY27F estimates.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	(20.0)	(24.6)	(23.9)
Relative (%)	(19.4)	(23.0)	(28.0)

Major shareholders	% held
APM Terminals Mauritius Limited	44.0
ICICI Prudential	7.9
HDFC Trustee Company Ltd.	7.4

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Gujarat Pipavav Port Ltd

Losing market share; reasonable valuation

- The weakness in core container business persists. GPPV's container growth has lagged other main ports in the region since the last five quarters.
- Roll forward our valuation; upgrade to HOLD rating with a lower TP of Rs137.

The weakness in core container business persists

Gujarat Pipavav Port or GPPV's 3QFY25 sales (Rs2.6bn) declined by 3% yoy due to an 8% yoy dip in cargo. EBITDA, excluding one-off expenses of Rs117m, was Rs1.5bn (down 6% yoy) and EBITDA/t rose by 2% yoy. ICD cargo (proxy for EXIM) declined by 18% yoy vs. a 13% yoy fall in the overall container cargo (178kTEU). Bulk cargo (1.2mt) rose by 5% yoy due to a 22% yoy rise in liquid cargo (0.4mt). GPPV took a 2-3% tariff hike in Jan 2025, which should boost margin from 4QFY25F. Management is optimistic of a sharp rise in liquid cargo (100% in three-to-four years) – the planned 3.2mt liquid berth for Rs7.2bn capex is likely to be operational in 2HFY26F.

GPPV's container growth is lagging other main ports in the region

GPPV's containers (down 13% yoy) lagged JNPT (up 12% yoy) and Mundra (up 10% yoy). During 9MFY25, GPPV's container cargo declined by 16% yoy while JNPT+ Mundra container cargo rose by 14% yoy. We believe this is a major concern for GPPV. Further, in FY23-26F, GPPV has the advantage of connectivity to the Dedicated Freight Corridor or DFC while JNPT does not. However, JNPT is likely to be connected to the DFC in FY27F and it will also enhance the capacity to the extent of ~30% by Apr 2025F. We expect a 4% container volume growth p.a. for GPPV in FY25F-27F.

Awaits clarity on extension of concession (expires in 2029)

A 20-year extension at a 25% revenue share (vs. 3% now) can add Rs14 to our target price (TP) while an extension at current revenue share (3%) can add Rs93 to our TP. In our TP, we factor in a 70% probability of concession extension with a 25% revenue share, in line with recent port agreements, and a 30% probability of depreciated replacement value.

Roll forward our valuation; upgrade to HOLD with a new TP of Rs137

We have reduced our FY26F EBITDA by 16% and introduced FY27F estimates. Over FY25F-27F, we factor in sales/volume/ EBITDA CAGR of 12%/ 7%/ 14%, respectively. We roll forward our valuation to Mar 2026F and reduce our discounted cash flow or DCF-based target price to Rs137 (Rs156 earlier). Over the last six months, the stock price has declined by 42%. Thus, despite the reduction in our target price, we have upgraded GPPV's rating to HOLD (from REDUCE earlier). GPPV trades at 8x FY26F EV/EBITDA, despite the expiry of the current concession in 2029. Factoring in an extension at ~25% revenue share would raise our target price to Rs152, which is 15% above the CMP. Renewal of the concession at a low revenue share is an upside risk while a continued decline in container cargo is a downside risk.

Financial Summary

	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Revenue (Rsm)	9,170	9,884	9,592	10,691	11,963
Operating EBITDA (Rsm)	5,061	5,801	5,719	6,472	7,353
Net Profit (Rsm)	2,918	3,538	3,961	4,265	4,674
Core EPS (Rs)	6.7	8.2	8.2	8.8	9.7
Core EPS Growth	61.3%	23.7%	(0.6%)	7.7%	9.6%
FD Core P/E (x)	21.93	18.09	16.15	15.00	13.69
DPS (Rs)	6.1	7.3	7.0	8.0	9.1
Dividend Yield	4.61%	5.52%	5.29%	6.03%	6.87%
EV/EBITDA (x)	10.71	9.09	9.03	8.90	7.64
P/FCFE (x)	22.47	13.07	14.41	(31.14)	8.25
Net Gearing	(43.1%)	(49.9%)	(53.5%)	(25.5%)	(31.4%)
P/BV (x)	3.08	3.06	2.98	2.92	2.88
ROE	15.7%	19.1%	18.7%	19.6%	21.2%
% Change In Core EPS Estimates			(18.89%)	(24.24%)	
InCred Research/Consensus EPS (x)					

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Losing market share; reasonable valuation

Figure 1: Quarterly financials

(Rs. m)	3QFY25	3QFY24	% Chg	2QFY25	% Chg
Net Sales	2,629	2,696	(3)	2,270	16
EBITDA	1,504	1,593	(6)	1,371	10
Other income	188	190	(1)	215	(13)
Depreciation	307	292	5	291	5
Interest	10	20		16	
Extraordinary income	(117)	(1)		(45)	
Tax	318	367	(13)	318	0
Reported PAT	940	1,103	(15)	915	3
Adjusted PAT	1,027	1,104	(7)	948	8
EBITDA margin (%)	57.2	59.1	-186 bps	60.4	-315 bps

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 2: Key metrics

	3QFY25	3QFY24	% chg	2QFY25	%chg
Container (kTEU)	178	204	(13)	179	(1)
Bulk (mt)	1.2	1.1	5	0.8	41
Total (mt) - derived	3.8	4.1	(8)	3.4	9
EBITDA/t (Rs) ex one off - derived	400	390	2	399	0

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 3: Container volume in main ports on the country's west coast – in 9MFY25, GPPV's volume declined by 16% yoy, despite a 12% yoy rise in container cargo at main ports on the west coast

(kTEU)	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25
JNPT	1,491	1,599	1,526	1,587	1,645	1,675	1,688	1,839	1,850
yoy growth (%)	1	6	3	7	10	5	11	16	12
Mundra	1,607	1,711	1,718	1,855	1,906	1,945	2,114	2,081	2,091
yoy growth (%)	(4)	7	4	13	19	14	23	12	10
GPPV	191	199	199	216	204	188	165	179	178
yoy growth (%)	22	22	7	16	6	(6)	(17)	(17)	(13)
Total	3,289	3,509	3,443	3,659	3,754	3,808	3,967	4,099	4,119
yoy growth (%)	(0)	7	4	11	14	9	15	12	10
GPPV - ICD	109	115	111	145	136	121	102	118	112
yoy growth (%)	2	(3)	(6)	23	25	5	(8)	(19)	(18)

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 4: Sum-of-the-parts or SOTP-based target price valuation with sensitivity

(Rs/ sh)	Target Price	No extension	Extension 50% cash flows continue *	Extension 100% cash flows continue
Port EV	34	34	34	34
Depreciated Replacement value/ Extension	83	49	97	176
Net cash	12	12	12	12
PRCL stake	8	8	8	8
Total	137	104	152	230

* implies ~25% revenue share post renewal

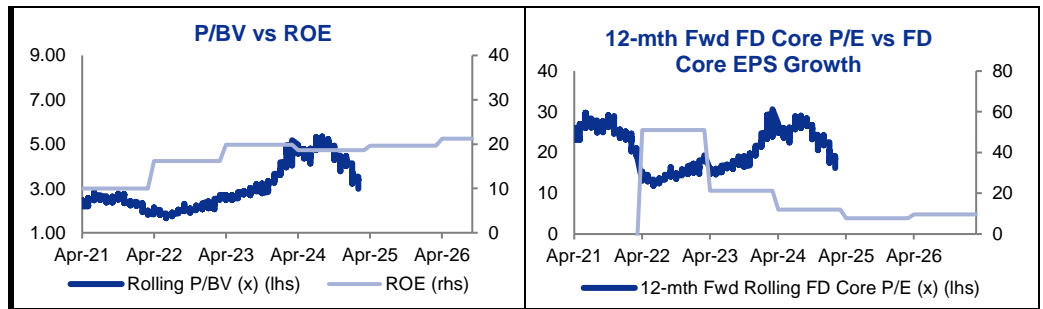
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 5: Our revised earnings estimates

(Rs m)	FY25F		FY26F		FY27F
	Old	New	Old	New	
Sales	11,603	9,592	12,877	10,691	11,963
% change		(17)		(17)	
EBITDA	6,881	5,719	7,724	6,472	7,353
% change		(17)		(16)	
PAT	4,686	3,961	5,399	4,265	4,674
% change		(15)		(21)	

SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS



Profit & Loss

(Rs mn)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Total Net Revenues	9,170	9,884	9,592	10,691	11,963
Gross Profit	7,522	8,446	8,186	9,180	10,336
Operating EBITDA	5,061	5,801	5,719	6,472	7,353
Depreciation And Amortisation	(1,162)	(1,156)	(1,191)	(1,356)	(1,522)
Operating EBIT	3,899	4,645	4,528	5,115	5,831
Financial Income/(Expense)	430	694	753	571	401
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)					
Profit Before Tax (pre-EI)	4,329	5,338	5,281	5,686	6,231
Exceptional Items	(410)	(600)			
Pre-tax Profit	3,919	4,738	5,281	5,686	6,231
Taxation	(1,001)	(1,200)	(1,320)	(1,422)	(1,558)
Exceptional Income - post-tax					
Profit After Tax	2,918	3,538	3,961	4,265	4,674
Minority Interests					
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	2,918	3,538	3,961	4,265	4,674
Recurring Net Profit	3,224	3,986	3,961	4,265	4,674
Fully Diluted Recurring Net Profit	3,224	3,986	3,961	4,265	4,674

Cash Flow

(Rs mn)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
EBITDA	5,061	5,801	5,719	6,472	7,353
Cash Flow from Invt. & Assoc.					
Change In Working Capital	15	705	(433)	223	
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	(410)	(600)			
Other Operating Cashflow					
Net Interest (Paid)/Received	430	694	753	571	401
Tax Paid	(1,083)	(738)	(1,650)	(1,371)	
Cashflow From Operations	4,014	5,860	4,389	5,895	7,754
Capex	(1,167)	(965)	52	(7,950)	
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow					
Cash Flow From Investing	(1,167)	(965)	52	(7,950)	
Debt Raised/(repaid)					
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	(2,949)	(3,529)	(3,384)	(3,858)	
Preferred Dividends					
Other Financing Cashflow	492	131			
Cash Flow From Financing	(2,457)	(3,398)	(3,384)	(3,858)	
Total Cash Generated	390	1,497	1,058	(5,913)	7,754
Free Cashflow To Equity	2,847	4,895	4,442	(2,055)	7,754
Free Cashflow To Firm	2,927	4,988	4,512	(1,985)	7,824

SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS...cont'd

Balance Sheet					
(Rs mn)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Total Cash And Equivalents	8,948	10,446	11,503	5,591	6,965
Total Debtors	856	577	695	775	867
Inventories	76	90	80	90	100
Total Other Current Assets	1,081	656	863	962	1,077
Total Current Assets	10,961	11,768	13,142	7,417	9,009
Fixed Assets	14,577	14,386	13,143	19,737	18,964
Total Investments	830	830	830	830	830
Intangible Assets					
Total Other Non-Current Assets					
Total Non-current Assets	15,407	15,216	13,973	20,567	19,794
Short-term Debt					
Current Portion of Long-Term Debt					
Total Creditors	3,691	3,704	3,588	3,999	4,475
Other Current Liabilities					
Total Current Liabilities	3,691	3,704	3,588	3,999	4,475
Total Long-term Debt					
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities					
Total Non-current Liabilities					
Total Provisions	1,894	2,353	2,023	2,074	2,142
Total Liabilities	5,585	6,057	5,612	6,073	6,617
Shareholders Equity	20,783	20,927	21,504	21,911	22,187
Minority Interests					
Total Equity	20,783	20,927	21,504	21,911	22,187

Key Ratios					
	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Revenue Growth	23.3%	7.8%	(3.0%)	11.4%	11.9%
Operating EBITDA Growth	21.0%	14.6%	(1.4%)	13.2%	13.6%
Operating EBITDA Margin	55.2%	58.7%	59.6%	60.5%	61.5%
Net Cash Per Share (Rs)	18.51	21.61	23.79	11.56	14.41
BVPS (Rs)	42.99	43.29	44.48	45.32	45.89
Gross Interest Cover	48.74	49.83	64.69	73.08	83.29
Effective Tax Rate	25.5%	25.3%	25.0%	25.0%	25.0%
Net Dividend Payout Ratio	88.6%	85.3%	85.4%	90.5%	94.1%
Accounts Receivables Days	27.39	26.46	24.20	25.10	25.05
Inventory Days	19.69	21.01	22.06	20.52	21.28
Accounts Payables Days	732.08	938.32	946.44	916.50	950.55
ROIC (%)	30.2%	36.0%	37.7%	45.7%	33.2%
ROCE (%)	20.0%	24.4%	23.7%	25.0%	26.9%
Return On Average Assets	11.2%	12.9%	11.9%	13.4%	15.0%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

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Definition:

- Add** The stock's total return is expected to exceed 10% over the next 12 months.
- Hold** The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
- Reduce** The stock's total return is expected to fall below 0% or more over the next 12 months.

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

Sector Ratings

Definition:

- Overweight** An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
- Neutral** A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
- Underweight** An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

Country Ratings

Definition:

- Overweight** An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
- Neutral** A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
- Underweight** An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.