

## Gateway Distriparks Ltd (GDL)

### BUY

<b>CMP</b>	Rs. 289
<b>Target Price</b>	Rs. 501
<b>Time Frame</b>	9-12 months
<b>Risk</b>	Medium
<b>Sector</b>	LOGISTICS SOLUTION PROVIDER



### Price & Volume Analysis

% Change from previous Day	<b>4.13%</b>
% Change from previous Month	<b>4.69%</b>
52 Week High	<b>325</b>
52 Week Low	<b>113.8</b>
Weekly H/L	<b>301/268</b>
Deliverable	<b>40.90%</b>
Book Value / Share	<b>71.09</b>
EPS	<b>6.21</b>
Market Cap (Rs. CR)	<b>3,608</b>

Incorporated in the year 1994, Gateway Distripark is an integrated inter-modal logistics service provider and operates three core businesses: Container Freight Stations (CFS), Rail-linked Inland Container Depots (ICD) and Cold Chain Storage & Logistics. In Q2FY22 Results, revenues grew 28% YoY to | 336 crore (46% rail volume growth) • EBITDA grew 40% YoY to | 91 crore with margins at 27.1% (vs. 24.9% in Q2FY21). PAT came in at | 47 crore vs. | 4 crore in Q2FY21.

### Momentum Analysis

RSI (14, E9) Monthly	<b>70</b>
Smoothed RSI	<b>73</b>
Stochastic oscillator monthly (1,3,3)	<b>59.67</b>

Further, 14-period RSI witnessed a Double bottom pattern when the prices were making lower lows suggesting a positive divergence. RSI also gave a positive crossover after reversing from the Double bottom levels.

### Support & Resistance Analysis

Support 1	<b>225</b>
Support 2	<b>161</b>
Resistance 1	<b>447</b>
Resistance 2	<b>601</b>

The stock price is witnessing an uninterrupted up move from the panic lows made in May 2020 at 62 levels. The ongoing upsurge is crystal clear that the stock has reversed and is now making 'Flag Pattern Breakout' on the weekly charts. Immediate supports are placed at 253 while confirmation of major strength above 327.

A potential entrance exists at CMP, with immediate targets at 325 mark. Above 325 mark, major momentum buying likely which will take the stock towards its next goalpost at 447 mark and then at psychological 500 mark. Holding Period: 6-9 Months+. Aggressive long term targets with 18-year perspective is at 1000 mark.

### Trend Analysis

Moving Average - 50 Days	<b>279</b>
Moving Average - 200 Days	<b>257</b>
ADX (14d)	<b>15.13</b>
Bollinger Band Weekly	<b>234-305</b>
MACD Weekly	<b>11</b>

Considering the daily time frame, the stock took support at 200 days EMA line and bounced back to trade in green. The Bounce is on backdrop of morning star pattern on the yearly charts. ADX indicator too suggesting robust positive bias.

### CONCLUSION

- # GDL operates 6 Container Freight Stations (CFS) in Nhava Sheva, Chennai, Vishakhapatnam, Kochi and Krishnapatnam. GDL has 5-intermodal terminals and most importantly, built on owned land at key areas along WDFC.
- # Gateway Rail Freight Ltd. (GRFL) is India's largest private intermodal operator providing rail transport service through its 4 Inland Container Depots (ICD) at Gurgaon, Faridabad, Ludhiana, Ahmedabad and a Domestic Container Terminal (DCT) at Navi Mumbai.
- # GDL and GRFL together have a capacity to handle over 2 million TEUs per annum with 31 train sets and, 500+ trailers across its 11 Container Terminals.
- # GDL benefits from the commercialisation of Dedicated Freight Corridor (DFC) as that's likely to lead a peculiar tailwind on backdrop of higher asset turnover amidst better turnaround times for the rail segment plus higher double stacking on the route (both export and import direction), de-bottlenecking at critical junctions are positive triggers.
- # GDL's debt and interest expense are expected to reduce significantly from FY23E onwards, amidst payments to NCD holders and renegotiation of higher interest yields with debt holders.
- # The management expects to reach | 10000/TeU margins in the medium term and at the same time reach 1 lakh TeU/quarterly rail volume run-rate. This would translate into strong Free cash flow generation.



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POTENTIAL CONFLICT OF INTEREST DISCLOSURE (as on date of report)

Disclosure of interest statement – • Analyst interest of the stock /Instrument(s): - No. • Firm interest of the stock / Instrument (s): - No.

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DOWELL - RBI REG. NO. U6599MH1995PTC289390 NBFC REG. NO. B 05.05.05176  
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