

GUJARAT AMBUJA EXPORTS LTD.

Other Agricultural Products

BSE Scrip Code: 524226

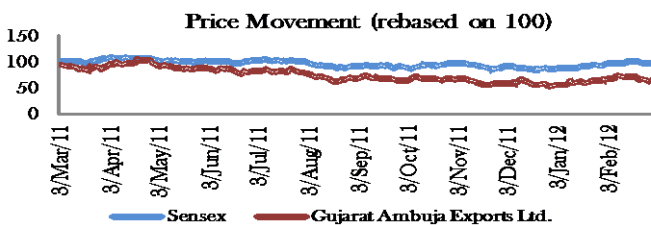
CMP Rs. 21.95¹ March 1, 2012

KEY EQUISTATS

Market Capitalisation	Rs. Crores	304
Enterprise Value	Rs. Crores	515
52 Week High / Low	Rs.	38/17
Diluted EPS (Consolidated, FY11)	Rs.	6.6
P/E (FY11)	times	3.3
Regression Beta	times	0.7
Average Daily Volumes*	Lakhs	0.5

* BSE + NSE for last 52 weeks

STOCK PERFORMANCE



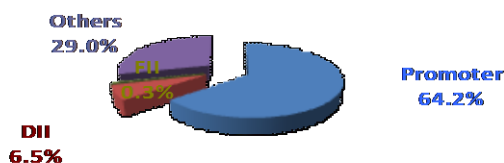
Returns	1M	3M	6M	1 Yr
Absolute	-3%	8%	-8%	-32%
Rel. to Sensex	-4%	4%	-12%	-29%

FINANCIAL SNAPSHOT

Rs. Crores	FY09	FY10	FY11
Net operating income	1,546	1,431	2,086
EBITDA	99	121	156
EBITDA margins	6.4%	8.4%	7.5%
PAT	24	58	91
PAT margins	1.6%	4.1%	4.4%
Gearing (times)	0.3	0.4	0.5
RoCE	9.2%	18.7%	18.2%
RoE	7.2%	16.0%	19.6%
P/E (times)			3.3
EV/EBITDA (times)			3.3

Financial Year: (April, 1 - March, 31)

SHARE HOLDING PATTERN



ANALYTICAL CONTACTS

Amod Khanorkar	General Manager	+91-22-6754 3520
Jumana Badshah	Manager	+91-22-6754 3481

¹ CMP: Current Market Price

Gujarat Ambuja Exports Ltd. (GAEL) is a Gujarat-based company established in 1991 by Mr Vijay Kumar Gupta. The company is principally involved in agro-processing and trading with focus on exports. The business segments are agro-processing (which accounted for 68% of total revenues in FY11), cotton yarn (11%), maize processing (21%) and windmills (0.3%). The company has solvent and extraction refineries in Gujarat, Maharashtra and Madhya Pradesh, while the wheat and maize processing facilities are located at Himatnagar (Gujarat) and Sitarganj (Uttarakhand). The company's cotton yarn spinning unit, is also located in Himatnagar (Gujarat)

Key concerns

- Volatility in Foreign Exchange rate since exports form a significant share of revenue.
- High levels of competition in the industry.

Valuations

GAEL is currently trading at trailing P/E and EV/EBITDA multiples of 3.3x and 3.3x, respectively.



HISTORY AND BACKGROUND

Background

Gujarat Ambuja Exports Limited (GAEL), a Gujarat-based company, was established in 1991 by Mr Vijay Kumar Gupta. The company is principally involved in agro-processing and trading and is focused on exports. Its business segments are agro-processing, maize or corn processing, cotton yarn and windmills. The group comprises of GAEL and its subsidiaries Ambuja Agro, Gujarat Ambuja Soya Products, Ambuja Flour Mills, and Gujarat Ambuja International Pte. Ltd., Singapore.

Operations

GAEL has an installed capacity of 13.2 lakh TPA for Solvent Extraction, 30000 TPA for Vanaspati, 3.93 lakh TPA for refining, 3.55 lakh TPA for maize processing, 1.12 lakhs TPA for wheat processing. The company also a spinning unit with a capacity of 44 tonnes per day and wind mill capacity of 8.45 MW. The company has solvent and extraction refineries in Gujarat, Maharashtra and Madhya Pradesh, while the wheat and maize processing facilities are located at Himatnagar (Gujarat) and Sitarganj (Uttarakhand). The company's cotton yarn spinning unit, is also located in Himatnagar (Gujarat)

Industry segments

The company is principally involved in agro-processing and trading and is focused on exports. Its business segments are agro-processing, (which accounted for 68% of total revenues in FY11), cotton yarn (11%), maize processing (21%) and windmills (0.3%). The agro-processing division comprises solvent extraction of edible oilseed and refining, de-oiled cakes (DOC), wheat processing and cattle feed manufacturing.

GAEL: Segmental Break up

Sales (Rs Crores)	FY08	FY09	FY10	FY11
Cotton Yarn	153.3	175.2	180.6	212.4
Maize Processing	132.9	216.1	343.8	406.3
Agro Processing	1537.5	1205.0	879.4	1325.7
Wind Mills	5.5	8.3	6.7	6.6
Others	14.5	19.3	21.4	11.8
Domestic	954.7	961.6	961.6	1371.6
Exports	927.2	643.0	450.5	578.7

Source: Company and CARE Equity Research



GAEL: Peer comparison

(FY11)	Units	Gujarat Ambuja Exports	Anik Industries	Agro Tech Foods Ltd	Rasoi
Net operating income	Rs. Crores	2,086	1,333	739	140
EBITDA	Rs. Crores	156	57	52	14
PAT	Rs. Crores	91	10	21	9
Growth in net operating income	%	45.7%	5.2%	11.4%	32.5%
EBITDA Margin	%	7.5%	4.3%	7.0%	10.2%
PAT Margin	%	4.4%	0.8%	2.8%	6.8%
RoCE	%	18.2%	9.9%	29.3%	10.3%
RoE	%	19.6%	4.9%	12.6%	9.3%
Price/Earnings (P/E) Ratio	times	3.3	7.7	33.6	7.8
Price/Book Value(P/BV)	times	0.6	0.4	5.9	0.7
Enterprise Value (EV)/EBITDA	times	3.3	3.8	19.3	5.7

Source: Capitaline and CARE Research



CONSOLIDATED FINANCIAL PERFORMANCE AND ANALYSIS

Top line up 46% in FY11

GAEL reported a turnover of Rs.2,086 crore in FY11 as against Rs.1,431 crore in the previous financial year, - a growth of around 46 per cent y-o-y. While, the performance in the agro processing segment was subdued, maize processing and cotton yarn segments showed high growth. Also, the lower base of FY10 helped company in exhibiting high growth rate in FY11.

Operating profit grows by 29.2 per cent; margins shrink

GAEL's operating profit grew by 29.2 per cent to Rs.156 crore in FY11 from Rs.121 crore in the previous financial year. The raw material expenditure as a percentage to sales for the company increased from around 74 per cent in FY10 to 82 per cent in FY11. This impacted the operating profits adversely and consequently the company's margins shrank by 96 basis points and were reported at 7.5 per cent for FY11.

Net Profit up around 57 per cent

GAEL reported a net profit of Rs.91 crore in FY11 as against a net profit of Rs.58 crore in FY10. The company reported a net decrease of Rs.1.2 crore in Deferred Tax Liability (DTL) during FY11 as compared with an increase of Rs.7.2 crore in DTL during the last financial year. This boosted company's Net Profit and net margins. The EPS was in tune with high profit growth and was recorded at Rs.6.6 as compared with Rs.4.3 recorded in FY10.

GAEL: Consolidated Financial Performance (FY07-11)

(Rs. Crore)	FY07	FY08	FY09	FY10	FY11
Net operating income	1,449.4	1,914.4	1,546.1	1,431.5	2,086.3
EBITDA	104.3	166.8	99.1	120.8	156.2
PAT	46.1	70.3	24.0	58.2	91.2
Fully Diluted EPS* (Rs.)	3.3	5.0	1.7	4.3	6.6
EBITDA margins	7.2%	8.7%	6.4%	8.4%	7.5%
PAT margins	3.2%	3.7%	1.6%	4.1%	4.4%

Source: Capitaline and CARE Research



EXPANSIONS, NEW INITIATIVES AND CONCERNS

Expansion plans and initiatives

- During FY10, GAEL successfully completed and commenced operations at its new solvent extraction plant and refinery at Mandsour in Madhya Pradesh.
- The company installed 8400 new cotton spindles during the same year.
- It also expanded its existing windmill capacity by 1.5 MW bringing the total capacity to 8.45 MW.
- GAEL expects to get certified for the carbon credits for its 1.5 MW wind turbine.
- GAEL has also undertaken projects at plant level to generate power through renewable resources. The company has taken initiative to install Bio-Digester, Bio-Gas Engine and Boiler using rise husk as feed to contribute to environment friendly objective of the company.
- GAEL has plans to increase its maize processing capacity by setting up a new plant in the State of Karnataka during FY13.

Key concerns

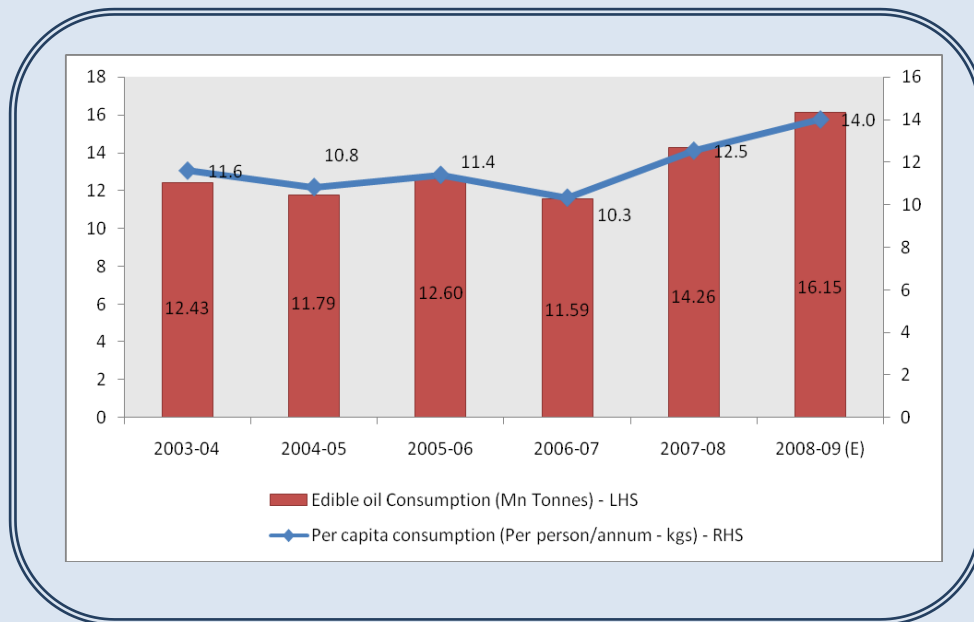
- Since around 33 per cent of the revenue for GAEL is through exports, high volatility in foreign exchange and global economic uncertainties would negatively impact GAEL.
- Any change in the government policy regarding the export of agri-commodities may adversely impact GAEL's revenues.
- Withdrawal of duty exemption on import of Crude Edible Oils by the Government may impact GAEL's margins.



SECTOR OUTLOOK

Vegetable oil and oil seeds are two of the essential commodities for the consumer’s daily needs. India is one of the largest producers of oilseeds in the world with an area of 26.11 million hectares under cultivation in 2009-10 (Government of India) producing 23.1 million tonnes of oil seeds in 2009-10 (Solvent Extractors Association). The production varies between 23-28 million tonnes per annum depending on the monsoons. It produces nine types of oil seeds namely, Groundnut, Soybean, Rape/Mustard seed, Sunflower seed, Sesame seed, Castor seed, Niger seed, Safflower seed, Linseed. It also enjoys the position of being the third largest consumer of edible oil in the world next only to the US and China owing to its large population, rising income levels and changing eating habits. India is expected to consume approximately 15-16 million tonnes of vegetable oil domestically in 2010-11. The per capita consumption has grown by 6.6 per cent over the last five years. However, when compared to world average of 24.5 kg/annum, it was low at 14 kg/person per annum in 2008-09. Developed countries like EU-27, Brazil and USA consume around 61.9 kg/annum, 35.1 kg/annum and 49.9 kg/annum per capita respectively in 2009-10 (Oil World 2010).

Edible Oils: Overall and Per-capita consumption in India



Source: Department of Food & Public Distribution, Business Beacon and CARE Research

Approximately 45 per cent of the domestic demand for vegetable oil is expected to be met by the imports from other countries during 2009-10. The imports mainly comprise Palm oil, Soybean oil and Sunflower oil. Indonesia, Argentina and Malaysia are the key exporters of oil to India.



CONSOLIDATED FINANCIAL SUMMARY

Rs. Crores	FY07	FY08	FY09	FY10	FY11
Income Statement					
Net operating income	1,449.4	1,914.4	1,546.1	1,431.5	2,086.3
EBITDA	104.3	166.8	99.1	120.8	156.2
Depreciation and amortisation	25.1	31.5	36.4	18.8	25.0
EBIT	79.2	135.4	62.7	102.1	131.1
Interest	9.3	25.7	17.2	11.3	12.9
PBT	69.9	109.7	45.6	90.8	118.2
Ordinary PAT (After minority interest)	46.8	71.4	24.3	60.7	93.2
PAT (After minority interest)	46.1	70.3	24.0	58.2	91.2
Fully Diluted Earnings Per Share* (Rs.)	3.3	5.0	1.7	4.3	6.6
Dividend, including tax	5.0	11.1	5.5	5.5	8.3

* Calculated based on ordinary PAT on Current Face Value of Rs. 2/- per share

Balance sheet					
Net worth (incl. Minority Interest)	303.7	358.6	304.0	422.2	507.4
Debt	183.8	515.1	91.4	179.9	233.4
Deferred Liabilities / (Assets)	49.7	48.6	43.2	50.2	49.2
Capital Employed	537.1	922.3	438.5	652.3	790.0
Net Fixed Assets (incl. Capital WIP)	262.3	267.4	248.8	311.1	358.5
Investments	8.6	25.9	31.5	40.3	76.6
Loans and Advances	10.4	65.5	67.5	56.5	58.3
Inventory	217.1	461.3	199.4	261.0	364.6
Receivables	67.2	91.9	62.9	74.4	114.9
Cash and Cash Equivalents	15.8	142.2	26.9	28.7	22.0
Current Assets, Loans and Advances	310.4	760.8	356.7	420.6	559.8
Less: Current Liabilities and Provisions	44.2	131.8	198.5	119.6	204.9
Total Assets	537.1	922.3	438.5	652.3	790.0

Ratios					
Growth in Operating Income		32.1%	-19.2%	-7.4%	45.7%
Growth in EBITDA		60.0%	-40.6%	22.0%	29.2%
Growth in PAT		52.5%	-65.9%	142.5%	56.8%
Growth in EPS		52.4%	-66.6%	157.1%	53.7%
EBITDA Margin		8.7%	6.4%	8.4%	7.5%
PAT Margin		3.7%	1.6%	4.1%	4.4%
RoCE		18.6%	9.2%	18.7%	18.2%
RoE		21.2%	7.2%	16.0%	19.6%
Debt-Equity (times)		1.4	0.3	0.4	0.5
Interest Coverage (times)		5.3	3.7	9.0	10.1
Current Ratio (times)		5.8	1.8	3.5	2.7
Inventory Days		88	47	67	64
Receivable Days		18	15	19	20
Price / Earnings (P/E) Ratio					3.3
Price / Book Value(P/BV) Ratio					0.6
Enterprise Value (EV)/EBITDA					3.3

Source: Capitaline, CARE Equity Research



DISCLAIMER

DISCLOSURES

- Each member of the team involved in the preparation report, hereby affirms that there exists no conflict of interest.
- This report has been sponsored by the Bombay Stock Exchange (BSE).

DISCLAIMER

This BSE sponsored report is prepared by CARE Research, a division of Credit Analysis & REsearch Limited [CARE]. CARE Research has taken utmost care to ensure accuracy and objectivity while developing this report based on information available in public domain or from sources considered reliable. However, neither the accuracy nor completeness of information contained in this report is guaranteed. Opinions expressed herein are our current opinions as on the date of this report. Nothing in this report can be construed as either investment or any other advice or any solicitation, whatsoever. The subscriber / user assumes the entire risk of any use made of this report or data herein. CARE specifically states that it or any of its divisions or employees do not have any financial liabilities whatsoever to the subscribers / users of this report. This report is for personal information only of the authorised recipient in India only. This report or part of it should not be reproduced or redistributed or communicated directly or indirectly in any form to any other person or published or copied for any purpose.

“Credit Analysis and Research Limited proposes, subject to receipt of requisite approvals, market conditions and other considerations, to make an initial public offer of its equity shares and has filed a draft red herring prospectus (“DRHP”) with the Securities and Exchange Board of India (the “SEBI”). The DRHP is available on the website of SEBI at www.sebi.gov.in as well as on the websites of the Book Running Lead Managers at www.investmentbank.kotak.com, www.dspnl.com, www.edelcap.com, www.icicisecurities.com, www.idbicapital.com, and www.sbicaps.com. Investors should note that investment in equity shares involves a high degree of risk and for details relating to the same, see the section titled “Risk Factors” of the DRHP.”

[“This press release is not for publication or distribution to persons in the United States, and is not an offer for sale within the United States of any equity shares or any other security of Credit Analysis and Research Limited. Securities of Credit Analysis and Research Limited, including its equity shares, may not be offered or sold in the United States absent registration under U.S. securities laws or unless exempt from registration under such laws.”]

Published by Credit Analysis & REsearch Ltd., 4th Floor Godrej Coliseum, Off Eastern Express Highway, Somaiya Hospital Road, Sion East, Mumbai - 400 022.

CARE Research is not responsible for any errors or omissions in analysis/inferences/views or for results obtained from the use of information contained in this report and especially states that CARE (including all divisions) has no financial liability whatsoever to the user of this product. This report is for the information of the intended recipients only and no part of this report may be published or reproduced in any form or manner without prior written permission of CARE Research.



ABOUT US

Credit Analysis & REsearch Ltd. (CARE) is a full service rating company that offers a wide range of rating and grading services across sectors. CARE has an unparalleled depth of expertise. CARE Ratings methodologies are in line with the best international practices.

CARE Research

CARE Research is an independent research division of CARE Ratings, a full-service rating company. CARE Research is involved in preparing detailed industry research reports with 5-year demand and 2-year profitability outlook on the industry besides providing comprehensive trend analysis and the current state of the industry. CARE Research currently offers reports on more than 26 industries which are updated on a monthly/quarterly basis. Subscribers can access CARE Research reports online. CARE Research also offers research that is customized to client requirements. Customized Research involves business analysis and position in the market, financial analysis and market sizing etc.

HEAD OFFICE

Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022

Tel: +91-22-67543456, Fax: +91-22-67543457.

NEW DELHI

3rd Floor, B -47, Inner Circle, Near Plaza Cinema,

Connaught Place, New Delhi - 110 001

Tel: +91-11-23318701 / 23716199.

AHMEDABAD

32, Titanium, Prahaladnagar Corporate Road, Satellite,

Ahmedabad - 380 015

Tel: +91-79-40265656.

KOLKATA

3rd Floor, Prasad Chambers (Shagun Mall Building), 10A,
Shakespeare Sarani, Kolkata - 700 0717

Tel: +91-33-40181600 / 40181602 / 40181621.

HYDERABAD

401, Ashoka Scintilla, 3-6-520, Himayat Nagar,

Hyderabad - 500 029

Tel: +91-040 40102030

CHENNAI

Unit No. O-509/C, Spencer Plaza, 5th Floor, No. 769,

Anna Salai, Chennai 600 002

Tel: +91-44-28497812/28490811

BENGALURU

Unit No. 8, I floor, Commander's Place,

No. 6, Raja Ram Mohan Roy Road, (Opp. P F Office),

Richmond Circle, Bangalore - 560 025

Tel: +91-80-22117140

Published on behalf of The Stock Exchange Investors' Protection Fund
Bombay Stock Exchange Ltd.

P J Towers, Dalal Street, Mumbai. Tel: 22721233/34 www.bseindia.com



BSE
INVESTORS' PROTECTION FUND

