



Analyst: Abhilasha Satale / Nidhi Babaria
022 67141435/67141450

Result Update @ Dalal & Broacha

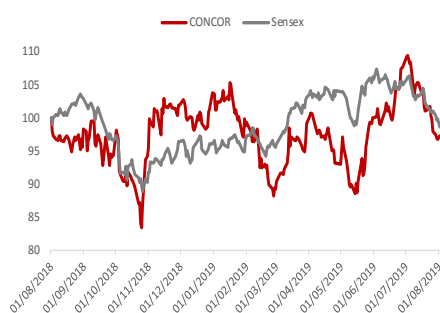
BUY

Current Price	510
52 Week Range	583/433
Target Price	670
Upside %	31%

Key Share Data

Market Cap (Rs.bn)	307
Market Cap (US\$ mn)	4459
No of o/s shares (mn)	609.3
Face Value	5
Monthly Avg. vol (BSE+NSE) Nos (in '000)	816
BSE Code	531344
NSE Code	CONCOR
Bloomberg	CCRI IN

Price performance



% Shareholding	June-19	Mar-19
Promoters	54.80	54.80
Public	45.20	45.20
Total	100.0	100.0

Result in-line backed by improved realization:

Revenue up 3.6% yoy at Rs16.5bn. **Overall volume** down 1% yoy to 9.26lac TEUs. Realization up 4% yoy contributed by price hikes. No reported SEIS income as company has not received notification from DGFT.

EBITDA up 17% yoy to Rs4672mn. **Margin** down 30bps yoy to 24.4%.

Other income up 12.5%yoy as company has received tax rebate of Rs280mn.

Interest cost increased from Rs14mn to Rs136mn as company had borrowed Rs7bn for advance payment of freight expense.

PAT down 8% yoy to Rs3.5bn. **EPS** at Rs3.71per share.

Segmental Performance:

EXIM (75.8% of revenue/94.5% of EBIT): EXIM revenue up 1.7%yoy at Rs12.7bn, volume down 1% yoy at 7.866lac TEUs and realization up 2.8% yoy at Rs16157/TEU price increases. EBIT margin down 90bps yoy to 22.7%.

Domestic (24.2% of revenue/5.5% of EBIT): Domestic revenue up 10.4% yoy at Rs3.84bn. Volume down 0.55% yoy at 1.4lac TEUs and realization up 10% yoy. EBIT margin down 190bps to 2.7%.

Other Highlights

Adjusting SEIS margin has improved: Concor has not accounted for SEIS income during the quarter. It had accounted Rs707mn SEIS income in Q1FY19 and Rs843mn SEIS income in Q4GY19. Adjusting the same topline for the quarter is up 9% yoy and EBITDA % up300bps yoy. PAT +20% yoy. EXIM realization increased 8% yoy post adjusting SEIS income and domestic is up 10% yoy.

Lost market share in EXIM market: Concor has lost market share in the quarter by 300bps in EXIM market. Its current market share in EXIM is 68% and Domestic is 64%. Market share loss is on account of increase in low margin short lead distance container cargo and increase in axle load norms making road players competitive. Management is confident of improving volume growth with pick-up in economy.

Revenue contribution to improve from distribution logistics and coastal services:

Concor opened a distribution logistics center at Chennai. It is planning to set up 4 more centers in FY20E. These will be asset-light model where Concor will develop these centers on PPP basis. During the quarter Concor has current terminal network of 83 terminals. It plans to add 8-10 centers during the year.

Concor did 2-3 voyages under coastal segment. It will start East-coast shipping services connecting to Bangladesh. Concor accounted for revenue of Rs380mn under this segment and expects to post Rs1.5bn during the year.

FINANCIALS

Year	Net Sales	%growth	EBIDTA	OPM%	PAT	%growth	EPS	PE(x)	RoE%	RoCE%
FY17	59,797.2	(4.8)	12,457.3	20.8	8,541.2	(11.6)	14.0	36.4	10	10
FY18	66,224.7	10.7	15,014.7	22.7	10,699.2	25.3	17.6	29.0	11	12
FY19	69,560.6	5.0	17,907.6	25.7	12,245.9	14.5	20.1	25.4	12	13
FY20E	79,943.2	14.9	20,463.5	25.6	13,235.7	8.1	21.7	23.5	12	14
FY21E	91,596.0	31.7	23,927.0	26.1	15,532.3	17.4	25.5	20.0	13	16



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Other Highlights:

Turned debt-free: Repaid its short-term debt of Rs700cr and turned debt-free. Holds cash balance of Rs10bn. Other income includes Rs28cr as tax refund.

IND-AS116 impact-marginal: Concor has 8-9rakes on lease. On this rent cost is now added to depreciation which earlier was recognized in freight expenses. On PAT basis there is no major impact.

Originating volume down 5.7% yoy at 5.68lac TEUs. EXIM originating down 5.8%, Domestic originating down 4.7% yoy. Aggregate lead distance increased 9% yoy at 777kms. Empty running cost for the quarter is at Rs49cr vs Rs29cr.

Port-wise market share- JNPT-71%, Mundra- 46% and Pipavav- 53%. Port-wise revenue share JNPT- 32.7%, Mundra- 32.7%, Pipavav- 15.8%.

DFC commencement to improve volume growth: It is expected that North-West corridor to get commissioned in 2020-21. North-West corridor contributes 40% to Concor's total volumes. Volume pick-up expected post DFC commissioning as Concor will be able to offer transit guarantee.

Distribution logistics- Concor opened a distribution logistics center at Chennai. It is planning to set up 4 more centers in FY20E. These will be asset-light model where Concor will develop these centers on PPP basis. During the quarter Concor has current terminal network of 83 terminals. It plans to add 8-10 centers during the year.

Coastal Services- Concor did 2-3 voyages under coastal segment. It will start East-coast shipping services connecting to Bangladesh. Concor accounted for revenue of Rs380mn under this segment and expects to post Rs1.5bn during the year.

Concor Added 3 rakes during the quarter.

Outlook: We reduce Concor's volume growth for the year to 9.3% vs 11.5% earlier for FY20e factoring in weak volume during the quarter. Management maintained guidance at 10-12% volume growth. Realisation growth increased to 6% vs 4% earlier. We expect Concor to post EPS of Rs21.7 in FY20E and Rs25.5 in FY21E. At CMP Concor is trading at 23.5x FY20E earnings and 20x FY21E earnings. We recommend **BUY** with target price of Rs670.



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Particulars (Rs in MN)	Q1FY19	Q1FY20
Revenue from Operations	15971.9	16547.6
<i>Growth (yoy %)</i>	<i>8.8%</i>	<i>3.6%</i>
EXPENDITURE :		
Rail and Freight Expenses	8722.9	8953.3
Other Operating Expenses	2048.2	2187.6
TOTAL COGS	10771.1	11140.9
<i>Growth</i>	<i>3.7%</i>	<i>3.4%</i>
% to sales	67.4%	67.3%
Gross Margins	5200.8	5406.7
<i>Growth</i>	<i>21%</i>	<i>4%</i>
% to sales	32.6%	32.7%
Employee Cost	716.5	813.2
<i>Growth</i>	<i>59.9%</i>	<i>13.5%</i>
% to sales	4.5%	4.9%
Other Expenses	546.2	548.8
<i>Growth</i>	<i>16.9%</i>	<i>0.5%</i>
% to sales	3.4%	3.3%
Total Expenditure	12033.8	12502.9
<i>Growth</i>	<i>6.5%</i>	<i>3.9%</i>
% to sales	75.3%	75.6%
EBIDTA	3938.1	4044.7
<i>Growth</i>	<i>16.6%</i>	<i>2.7%</i>
EBIDTA Margins	24.7%	24.4%
Depreciation	1090.8	1335.7
<i>Growth</i>	<i>14.5%</i>	<i>22.5%</i>
% to sales	6.8%	8.1%
EBIT	2847.3	2709.0
<i>Growth</i>	<i>17.5%</i>	<i>-8.9%</i>
% to sales	17.8%	16.4%
Interest	13.9	135.9
Other Income	604.9	680.3
<i>Growth</i>	<i>-30.9%</i>	<i>12.5%</i>
Profit Before Tax and extraord	3438.3	3253.4
<i>Growth</i>	<i>4.2%</i>	<i>-11.0%</i>
Extraordinary items		
PBT	3438.3	3253.40
Current Tax	1143.1	1097.70
Deferred Tax	-164.5	-102.70
total tax	978.6	995.00
Tax Rate	28%	31%
Reported Net Profit	2459.7	2258.40
<i>Growth</i>	<i>-0.2%</i>	<i>-8.2%</i>
% to sales	14.8%	13.1%
Equity	3046.5	3046.5
Fv	5	5
EPS	4.04	3.71



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