



DALAL & BROACHA
STOCK BROKING PVT. LTD.

Analyst: Abhilasha Satale / Nidhi Babaria

Result Update @ Dalal & Broacha

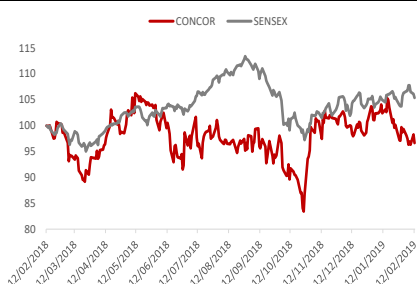
BUY

Current Price	500
52 Week Range	569/433
Target Price	667
Upside %	33%

Key Share Data

Market Cap (Rs.bn)	303.58
Market Cap (US\$ mn)	4288
No of o/s shares (mn)	609.3 (post bonus)
Face Value	5
Monthly Avg. vol (BSE+NSE) Nos (in '000)	745
BSE Code	531344
NSE Code	CONCOR
Bloomberg	CCRI IN

Price performance



% Shareholding	Dec-18	Sep-18
Promoters	54.80	54.80
Public	45.20	45.20
Total	100.0	100.0

Revenues below expectations impacted due to high empty running:

Revenue up 3.2% yoy at Rs16.5bn (Exp: Rs17.4bn). **Overall volume** up 6.77% yoy to 92.6lac TEUs. Reported **SEIS** income of Rs845mn for the quarter.

EBITDA down 2.3% at Rs4183mn. **Margin** down 150bps yoy at 25.2%.

PAT marginally down by 0.9% at Rs2746mn. **EPS** at Rs5.64 per share. (pre bonus)

Segmental Performance:

EXIM (78.5% of revenue, 92% of EBIT): EXIM revenue stable yoy at Rs13bn. EXIM volume up 6% yoy at 7.85lac TEUs. Realization down 5.8% yoy due to high empty running cost (Rs317mn vs Rs250mn). EBIT margin down from 28% to 24% yoy.

Domestic (21.5% of revenue/ 8% of EBIT): Domestic revenue up 16.7% yoy at Rs3.6bn. Volume up 9.6% yoy at 1.4lac TEUs and realization up 6.5% yoy. EBIT margin reported at 7% as against loss of Rs76mn in Q3FY18. Empty running cost down from Rs350mn to Rs308mn yoy.

Overall lead distance at 709km as against 729km for Q3FY18 impacting margin.

Other Highlights

Addition of DFC complaint rakes: Concor added 4 rakes in Q3FY19 and 15 rakes in 9MFY19. Plans to add total 18 rakes in FY19E. Overall company has plans to add 270 DFC compliant rakes over next 4-5 years at a total cost of Rs45bn.

Improved double stack movement: Total double stack movement increased by 43% yoy to 708 trains. Double stacking accounts for 10% of total volume and is expected to improve further.

Focus on distribution logistics: Concor has 82 distribution centers and adding 8-10 centers in Q4FY19. By FY20E Concor plans to increase its distribution centers to 120 including 6 MMLPs. This will improve Concor's nation-wide reach.

Foray into in-land shipping: Management is positive about shipping business and expects 2 container ships to commence soon. Expects shipping segment to be sizable business over next few years in coastal shipping.

Outlook & Valuation: Management maintained volume growth guidance of 12-14%. Commencement of DFC to facilitate time-tabled movement of trains facilitating improved rail-coefficient of rail. We expect CONCOR to post volume growth of 12% over FY19E and FY20E and growth momentum to pick up post DFC commissioning. We expect bottom-line to grow at a CAGR of 16% over FY18-21E. At CMP Concor is trading at 21.3x and 18.9x FY20E and FY21E earnings. We recommend **'BUY'**.

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	35.7	10	10
FY18	66,224.7	10.7	14,986.8	22.6	10,636.7	24.5	17.5	28.6	11	11
FY19E	75,068.4	13.4	18,216.3	24.3	12,149.3	14.2	19.9	25.1	12	13
FY20E	89,073.1	18.7	21,542.4	24.2	14,291.3	17.6	23.5	21.3	13	15
FY21E	99,408.1	32.4	24,116.7	24.3	16,079.2	12.5	26.4	18.9	14	15



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Particulars	Q3FY18	Q3FY19	9MFY18	9MFY18
Revenue from Operations	16056.8	16570.7	45181.10	50476.20
<i>Growth</i>	<i>20.7%</i>	<i>3.2%</i>		<i>12%</i>
EXPENDITURE :				
Rail and Freight Expenses	8657.9	9237.1	26085.80	27673.90
Other Operating Expenses	1591.6	1806.9	4815.10	5731.00
TOTAL COGS	10249.5	11044	30900.9	33404.9
<i>Growth</i>	<i>6.0%</i>	<i>7.8%</i>		<i>8%</i>
<i>% to sales</i>	<i>63.8%</i>	<i>66.6%</i>	<i>68.4%</i>	<i>66.2%</i>
Employee Cost	991.1	767.8	1969.60	2270.60
<i>Growth</i>	<i>139.5%</i>	<i>-22.5%</i>		<i>15%</i>
<i>% to sales</i>	<i>6.2%</i>	<i>4.6%</i>	<i>4.4%</i>	<i>4.5%</i>
Other Expenses	531.9	575.1	1537.80	1673.30
<i>Growth</i>	<i>-12.2%</i>	<i>8.1%</i>		<i>9%</i>
<i>% to sales</i>	<i>3.3%</i>	<i>3.5%</i>	<i>3.4%</i>	<i>3.3%</i>
Total Expenditure	11772.5	12386.9	34408.3	37348.8
<i>Growth</i>	<i>10.1%</i>	<i>5.2%</i>		<i>9%</i>
<i>% to sales</i>	<i>73.3%</i>	<i>74.8%</i>	<i>76.2%</i>	<i>74.0%</i>
EBIDTA	4284.3	4183.8	10772.8	13127.4
<i>Growth</i>	<i>64.0%</i>	<i>-2.3%</i>		<i>21.9%</i>
EBIDTA Margins	26.7%	25.2%	23.8%	26.0%
Depreciation	994.9	1058.8	2916.10	3128.60
<i>Growth</i>	<i>7.3%</i>	<i>6.4%</i>		<i>7%</i>
<i>% to sales</i>	<i>6.2%</i>	<i>6.4%</i>	<i>6.5%</i>	<i>6.2%</i>
EBIT	3289.4	3125	7856.7	9998.8
<i>Growth</i>	<i>95.3%</i>	<i>-5.0%</i>		<i>27%</i>
<i>% to sales</i>	<i>20.5%</i>	<i>18.9%</i>	<i>17.4%</i>	<i>19.8%</i>
Interest	0.2	0.2	0.70	0.60
Other Income	715.2	741.2	2343.90	2054.10
<i>Growth</i>	<i>-15.4%</i>	<i>3.6%</i>		<i>-12%</i>
Profit Before Tax and extraordinary items	4004.4	3866	10199.9	12052.3
<i>Growth</i>	<i>58.4%</i>	<i>-3.5%</i>		<i>18%</i>
Extraordinary items				
PBT	4004.4	3866	10199.9	12052.3
Current Tax	1680.7	1224.4	3049.90	3940.90
Deferred Tax	-447.4	-105.2	-375.60	-519.60
total tax	1233.3	1119.2	2674.3	3421.3
<i>Tax Rate</i>	<i>31%</i>	<i>29%</i>		<i>28%</i>
Reported Net Profit	2771.1	2746.8	7525.6	8631
<i>Growth</i>	<i>49.0%</i>	<i>-0.9%</i>		<i>15%</i>
<i>% to sales</i>	<i>16.5%</i>	<i>15.9%</i>	<i>15.8%</i>	<i>16.4%</i>
Equity	2437.2	2437.2	2437.2	2437.2
Fv	5	5	5	5
EPS	5.69	5.64	15.44	17.71



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Contact	Email ID	Contact No.	Sector
Mr. Kunal Bhatia	kunal.bhatia@dalal-broacha.com	022 67141442	Auto, Auto Ancillary, FMCG
Ms. Charulata Gaidhani	charulata.gaidhani@dalal-broacha.com	022 67141446	Pharma /Healthcare
Ms. Abhilasha Satale	abhilasha.satale@dalal-broacha.com	022 67141135	Senior Analyst
Mr. Avinash Tanawade	avinash.tanawade@dalal-broacha.com	022 67141439	BFSI
Mrs. Nidhi Babaria	nidhi.babaria@dalal-broacha.com	022 67141450	Associate
Mr. Suraj Nandu	suraj.nandu@dalal-broacha.com	022 67141438	Associate
Mr. Tanush Mehta	tanush.mehta@dalal-broacha.com	022 67141441	Associate

Address: - 508, Maker Chambers V, 221 Nariman Point, Mumbai 400 021. Tel: 91-22- 2282 2992, 2287 6173, (D) 6630 8667 Fax: 91-22-2287 0092
E-mail: research@dalalbroachaindia.com, equity.research@dalal-broacha.com