



**DALAL & BROACHA**  
STOCK BROKING PVT. LTD.

Analyst: Abhilasha Satale  
022 67141435

## Result Update @ Dalal & Broacha

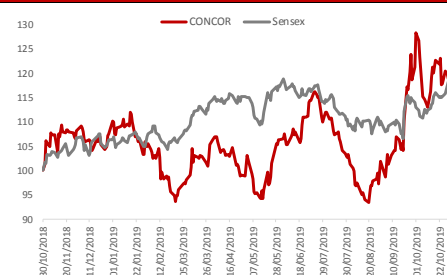
### HOLD

Current Price	571
52 Week Range	665/460
Target Price	610
Upside %	7%

### Key Share Data

Market Cap (Rs.bn)	358
Market Cap (US\$ mn)	5,057
No of o/s shares (mn)	609.3
Face Value	5
Monthly Avg. vol (BSE+NSE) Nos (in '000)	1,211
BSE Code	531344
NSE Code	CONCOR
Bloomberg	CCRI IN

### Price performance



% Shareholding	Dec-19	Sep-19
Promoters	54.8	54.8
Public	45.2	45.2
<b>Total</b>	<b>100</b>	<b>100</b>

### Result below expectations due to weak volume:

**Revenue** down 6.8% yoy at Rs15.4bn (Exp: Rs16.8bn). In Q3FY19 Concor reported Rs844.6mn SEIS income, adjusting for the same revenue is down by 1.8% yoy. **Overall volume** down 1.7% yoy to 9.1lac TEUs.

**EBITDA** down 10% yoy to Rs3.8bn (Exp: Rs4.2bn). **Margin** at 24.4% (Exp: 25%). Other expenses include an amount of Rs. 91.5mn provided for as estimated discount on the eligible amount of Rs. 1.83bn.

**Other income** is down 12% yoy at Rs656mn.

**Interest cost** increased from Rs02mn to Rs84.3mn.

**PBT** down 22% yoy at Rs2.99bn (Exp: Rs3.3bn). The company has taken adjustment for deferred tax increasing tax liability to 43% in Q3FY20. **PAT** down 34% yoy at Rs1.8bn (Exp: Rs2.5bn).

### Segmental Performance:

**EXIM (76% of revenue):** EXIM revenue (adjusting for SEIS in Q3FY19) down 3.6%yoy at Rs11.7bn, volume down 2.4% yoy at 7.66lac TEUs and realization down 7% yoy at Rs15277/TEU. EBIT margin at 24% vs 24.4% yoy.

**Domestic (24% of revenue):** Domestic revenue up 2% yoy at Rs3.6bn. Volume up 2% yoy at 1.4lac TEUs and realization remained flat. Reported Rs13mn loss at EBIT level.

### Other Highlights

**Volume growth outlook remains weak:** Concor has lost market share by 600bps to 68% during 9MFY20. As company is not participating in negative margin short lead distance cargo and is maintaining its pricing it has lost market share to other operators. During FY19 Concor achieved 3.83mn TEUs volume and during 9MFY20 Concor has done 2.82mn TEUs. As volume growth for Concor is likely to be lower single digit for Q4FY20 we expect the company to post volume of Rs3.8mn TEUs in FY20E.

**Realisation has gone down on the back of weak volume:** EXIM realisation for Q3FY20 has gone down by 1% yoy (adjusting for SEIS benefit) to Rs15277/TEU. Realisation for domestic segment has gone up by 2.2%. Weak volume growth in long lead distance has been putting pressure on realisation and margin in domestic segment. With expect realisation for the year to remain flat.

**DFC- Rewari- Palanpur to commence by June 20:** Rewari-Palanpur stretch of DFC is likely to commence by June-20. This will connect Mundra and Pipavav port to DFC. North-West corridor contributes 40% to Concor's total volume. Commencement of DFC and time-tabled is likely to benefit Concor.

**Outlook:** We reduce Concor's volume growth to -0.72% for FY20E and realisation growth to 1.9% yoy to Rs18517/TEU. We feel loss of market share is negative and in current weak economic conditions it will be difficult for Concor to gain market share maintaining pricing. We reduce our FY20E EPS estimates from Rs17.7 to Rs17.4 and FY21E EPS from Rs22.5 to Rs21.7. At CMP stock trades at 33x FY21E and 26x FY21E earnings. We recommend 'HOLD' with target price of Rs610.

### FINANCIALS

Year	Net Sales	%growth	EBIDTA	OPM%	PAT	%growth	EPS	PE(x)	RoE%	RoCE%
FY17	58,897.1	(6.2)	12,108.3	20.6	8,192.2	(15.2)	13.4	37.9	9	10
FY18	66,125.2	12.3	14,917.0	22.6	10,601.5	29.4	17.4	32.8	11	11
FY19	69,560.6	5.2	17,907.9	25.7	12,247.0	15.5	20.1	28.4	12	12
FY20E	70,402.0	1.2	17,269.2	24.5	10,596.8	(13.5)	17.4	32.8	10	11
FY21E	78,983.8	13.5	19,663.2	24.9	13,201.3	24.6	21.7	26.4	11	12



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### Concall Highlights:

**Loss in market share in short lead distance:** Concor has lost market share as it is not participating in lower margin short lead distance volume. Management has said that the company has maintained market share in long lead distance volume.

**Port-wise market share-** JNPT- 67% vs 73% yoy, Mundra- 45.4% vs 52.5% yoy, Pipavav- 50.86% vs 53.8%

**Originating volume** down 2.3% yoy at 5.5lac TEUs. Volume carried is 20.86mnt vs 22.02mnt yoy. EXIM originating down 3.5%, Domestic originating volume is up 8.6% yoy. Aggregate lead distance increased 10% yoy at 785kms. Empty running cost for the quarter is at Rs511mn vs Rs625mn yoy.

**Double stacking down due to imbalance:** Double stack containers during the quarter have gone down to 812 containers as against 602 containers yoy. Reduction in double stack is on account of increased imbalance in export-imports. Exports during the period have gone down by 2% yoy while imports have gone down by 9% yoy.

**Distribution logistics-** Out of 15 MMLPs planned 7-9 MMLPs will get commissioned during 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 84 terminals. It plans to add 7 centers during the year. Amongst these terminals 41 terminals are on railways land. Land license fees is paid on per TEU basis for these containers.

**Wagon Procurement:** During 9MFY20 Concor has incurred capex of Rs2.6bn towards wagon procurement. The company has procured 25t axle load wagon which will give them competitive advantage. Management has maintained capex guidance at Rs10bn for the year.

**More commodities will be added to containers:** Concor has done food grain trials and are likely to go for marketing to customers. Also, company is trying to bring bulk commodities like cement under containerization. This will boost their volumes in long term.



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P&L (Rs mn)	Q3FY20	Q3FY19	9MFY20	9MFY19
Operating Income	15447.4	16570.7	49551.10	50915.10
<i>Growth</i>	<i>-7%</i>			
Freight Cost	10196.1	11044	33052.80	33685.10
<i>Growth</i>	<i>-8%</i>			
<b>% OP Income</b>	<b>66.0%</b>	<b>66.6%</b>	<b>66.7%</b>	<b>66.2%</b>
Employee Cost	907.8	767.8	2557.90	2292.50
<i>Growth</i>	<i>18%</i>			
<b>% OP Income</b>	<b>5.9%</b>	<b>4.6%</b>	<b>5.2%</b>	<b>4.5%</b>
Other Expenses	582	575.1	1813.50	1756.90
<i>Growth</i>	<i>1%</i>			
<b>EBIDTA</b>	<b>3761.50</b>	<b>4183.80</b>	<b>12126.90</b>	<b>13180.60</b>
<i>Growth</i>	<i>-10%</i>			
<b>EBIDTA Margins</b>	<b>24.35%</b>	<b>25.25%</b>	<b>24.47%</b>	<b>25.89%</b>
Depreciation	1342	1058.8	4031.90	3264.10
PBIT	2419.50	3125.00	8095.00	9916.50
Other income	656	741.2	1784.70	1952.80
<i>Growth</i>	<i>-11%</i>			
Interest	84.3	0.2	328.40	29.20
<i>Growth</i>	<i>42050%</i>			
<b>PBT Before Exeptional</b>	<b>2991.20</b>	<b>3866.00</b>	<b>7856.70</b>	<b>9916.50</b>
<i>Growth</i>	<i>-23%</i>			
Extra Ordinary Fixed term consultant fees			8610.50	0.00
Profit before tax (post exceptional)	2991.20	3866.00	-753.80	9916.50
Provision for tax	1271.80	1119.20	406.80	3426.70
PAT	1719.40	2746.80	-1160.60	6489.80
Mionority Interest	74	0	0.00	0.00
Net Profit Reported	1793.40	2746.80	534.00	8413.40
<b>Adjusted Net Profit</b>	<b>1,793.40</b>	<b>2,746.80</b>	<b>6,730.80</b>	<b>8,413.40</b>
<i>Growth</i>				
<b>NPM</b>	<b>11.1%</b>	<b>15.9%</b>	<b>13.1%</b>	<b>15.9%</b>
Equity	3046.5	3046.5	3046.5	3046.5
<b>EPS on Adjusted PAT</b>	<b>2.94</b>	<b>4.51</b>	<b>11.05</b>	<b>13.81</b>



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	FY18	FY19	FY20E	FY21E	Cash Flow St. (Rs. mn)	FY18	FY19	FY20E	FY21E
Net Sales	66,125.2	69,560.6	70,402.0	78,983.8	Net Profit	10,601.5	12,247.0	10,596.8	13,201.3
Freight Expenses	(45,389.1)	(45,609.7)	(46,552.9)	(52,023.9)	Add: Dep. & Amort.	4,199.7	4,522.6	4,710.8	5,322.8
Employee Cost	(2,793.8)	(3,370.0)	(3,639.6)	(4,003.6)	<b>Cash profits</b>	<b>14,801.2</b>	<b>16,769.6</b>	<b>15,307.6</b>	<b>18,524.1</b>
Other Expenses	(3,025.3)	(2,673.0)	(2,940.3)	(3,293.1)	<b>(Inc)/Dec in</b>				
<b>Operating Profit</b>	<b>14,917.0</b>	<b>17,907.9</b>	<b>17,269.2</b>	<b>19,663.2</b>	-Sundry debtors	(277.7)	(45.4)	(13.4)	(118.0)
Depreciation	(4,199.7)	(4,522.6)	(4,710.8)	(5,322.8)	-Inventories	(46.9)	41.9	(59.9)	(36.1)
PBIT	10,717.3	13,385.3	12,558.5	14,340.4	-Loans/advances	(482.0)	874.6	604.4	-
Other income	2,867.7	3,170.9	2,563.5	2,755.1	-Other Current Assets	(169.7)	(31,964.7)	(106.2)	(116.9)
					-Current Liab and				
Interest	(55.6)	(65.4)	(412.7)	(375.2)	Provisions	2,860.9	1,046.2	(715.0)	327.0
Exceptional item			(8,610.5)		Sundry Creditors	166.5	771.9	(701.0)	332.6
					Change in working				
PBT	13,529.4	16,490.8	14,709.3	16,720.3	capital	2,051.1	(29,275.5)	(991.2)	388.6
Profit before tax (post					<b>CF from Oper.</b>				
exceptional)	13,529.4	16,490.8	6,098.8	16,720.3	<b>activities</b>	<b>16,852.3</b>	<b>(12,505.9)</b>	<b>14,316.4</b>	<b>18,912.7</b>
Provision for tax	(3,485.9)	(4,744.0)	(1,044.6)	(4,168.8)	<b>CF from Inv. activities</b>	<b>(9,059.0)</b>	<b>(9,787.0)</b>	<b>(8,029.2)</b>	<b>(9,000.0)</b>
<b>Reported PAT</b>	<b>10,043.5</b>	<b>11,746.8</b>	<b>5,054.2</b>	<b>12,551.5</b>	<b>CF from Fin. activities</b>	<b>(5,076.7)</b>	<b>4,171.4</b>	<b>(4,768.6)</b>	<b>(6,640.6)</b>
Share profit from JV	558.0	500.2	580.2	649.9					
Net Profit	10,601.5	12,247.0	4,474.0	13,201.3	<b>Cash</b>				
<b>Adjusted Profit ( excl</b>					<b>generated/(utilised)</b>	<b>2,716.6</b>	<b>(18,121.5)</b>	<b>1,518.6</b>	<b>3,272.1</b>
<b>Exceptionals)</b>	<b>10,601.5</b>	<b>12,247.0</b>	<b>10,596.8</b>	<b>13,201.3</b>	Cash at start of the				
					year	17,462.3	20,178.9	2,057.4	3,576.0
					Cash at end of the year	20,178.9	2,057.4	3,576.0	6,848.1
						-	(0.0)	0.0	(0.0)
					<b>Ratios</b>				
<b>Balance Sheet</b>	<b>FY18</b>	<b>FY19</b>	<b>FY20E</b>	<b>FY21E</b>	OPM	22.6	25.7	24.5	24.9
Equity capital	2,437.2	3,046.5	3,046.5	3,046.5	NPM	15.37	16.84	14.52	16.15
CCPS	-	-	-	-	Tax rate	(25.8)	(28.8)	(17.1)	(24.9)
Reserves	90,780.5	100,252.5	106,080.7	113,341.5	<b>Growth Ratios (%)</b>				
<b>Net worth</b>	<b>93,217.7</b>	<b>103,299.0</b>	<b>109,127.2</b>	<b>116,388.0</b>	Net Sales	12.3	5.2	1.2	12.2
MI	1,133.7	1,063.4	1,063.4	1,063.4	Operating Profit	23.2	20.1	(3.6)	13.9
<b>Non Current Liabilities</b>	<b>3,207.4</b>	<b>3,229.3</b>	<b>3,211.2</b>	<b>2,494.9</b>	PBIT	27.0	24.9	(6.2)	14.2
<b>Current Liabilities</b>	<b>11,637.2</b>	<b>20,411.5</b>	<b>19,013.5</b>	<b>19,689.4</b>	PAT	29.4 <sup>▲</sup>	15.5 <sup>▲</sup>	(13.5) <sup>▲</sup>	24.6 <sup>▲</sup>
<b>TOTAL LIABILITIES</b>	<b>109,196.0</b>	<b>128,003.2</b>	<b>132,415.4</b>	<b>139,635.8</b>	<b>Per Share (Rs.)</b>				
<b>Non Current Assets</b>	<b>76,559.7</b>	<b>80,480.3</b>	<b>83,194.3</b>	<b>86,871.6</b>	Net Earnings (EPS)	17.40	20.10	17.39	21.67
Fixed Assets	47,110.6	51,904.0	55,222.4	58,899.7	Cash Earnings (CPS)	30.4	27.5	25.1	30.4
Goodwill	-	-	-	-	Dividend	6.8	7.5	6.5	8.1
Non Current Investments	11,262.8	11,711.6	11,711.6	11,711.6	Book Value	191.2	169.5	179.1	191.0
Deferred Tax Asset	20.2	28.2	28.2	28.2	Free Cash Flow	16.0	(36.5)	16.0	15.8
Long Term Loans and					<b>Valuation Ratios</b>				
Advances	515.2	604.4	-	-	P/E(x)	32.8	28.4	32.8	26.4
Other Non Current Assets	17,650.9	16,232.1	16,232.1	16,232.1	P/B(x)	3.0	3.4	3.2	3.0
<b>Current Assets</b>	<b>32,636.3</b>	<b>47,522.9</b>	<b>49,221.1</b>	<b>52,764.2</b>	EV/EBIDTA(x)	16.6	19.1	19.3	17.1
Current investments	-	-	-	-	Div. Yield(%)	1.2	1.3	1.1	1.4
Inventories	278.3	236.4	296.3	332.4	<b>FCF Yield(%)</b>	<b>2.8</b>	<b>(6.4)</b>	<b>2.8</b>	<b>2.8</b>
Trade Receivables	909.4	954.8	968.2	1,086.2	<b>Return Ratios (%)</b>				
Cash and Bank Balances	20,178.9	2,057.4	3,576.0	6,848.1	ROE	11%	12%	10%	11%
Short Term Loans and					ROCE	11%	12%	11%	12%
Advances	1,332.0	368.2	368.2	368.2		-	-	-	-
Other Current Assets	9,937.7	43,906.1	44,012.3	44,129.2					
<b>TOTAL ASSETS</b>	<b>109,196.0</b>	<b>128,003.2</b>	<b>132,415.4</b>	<b>139,635.8</b>					



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