



DALAL & BROACHA
STOCK BROKING PVT. LTD.

Analyst: Abhilasha Satale / Nidhi Babaria
022 67141435/67141450

Result Update @ Dalal & Broacha

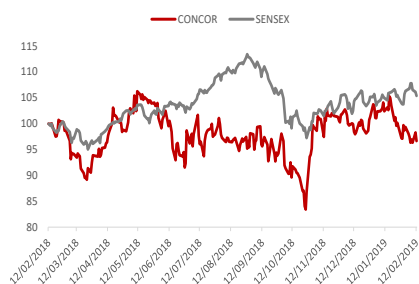
BUY

Current Price	495
52 Week Range	569/433
Target Price	629
Upside %	27%

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	745
(BSE+NSE) Nos (in '000)	
BSE Code	531344
NSE Code	CONCOR
Bloomberg	CCRI IN

Price performance



% Shareholding	Mar-19	Dec-18
Promoters	54.80	54.80
Public	45.20	45.20
Total	100.0	100.0

Revenues above expectations backed by improved realization:

Revenue up 12% yoy at Rs18.3bn (Exp: Rs17bn). **Overall volume** up 3% yoy to 9.78lac TEUs. Realisation up 8.7% yoy contributed by price hikes and reduced empty running charges. Reported SEIS income of Rs845mn for the quarter.

EBITDA up 17% yoy to Rs4672mn. **Margin** up 120bps yoy to 25.5% largely contributed by increase in gross margin.

Other income up 89%yoy as company has received tax rebate of Rs240mn.

Interest cost increased from Rs0.2mn to Rs6.8mn as company has borrowed Rs7bn for advance payment of freight expense.

PAT up 21% yoy to Rs3.5bn. **EPS** at Rs5.78 per share.

Segmental Performance:

EXIM (76.4% of revenue/94.5% of EBIT): EXIM revenue up 11%yoy at Rs14bn, volume up 2.5% yoy at 8.16lac TEUs and realization up 8.5% yoy due to low empty running cost (Rs160mn vs Rs317mn). EBIT margin down from 30% to 28% yoy.

Domestic (23.6% of revenue/5% of EBIT): Domestic revenue up 14.4% yoy at Rs4.3bn. Volume up 5.4% yoy at 1.6lac TEUs and realization up 8.5% yoy. EBIT margin reported at 6%. Empty running cost down from Rs260mn to Rs308mn yoy.

Other Highlights

Advance freight payment assures stable freight charge for the year: In FY19, the holding company has entered into an agreement with the Indian Railways wherein Concor has agreed to pay Rs4,500Cr in advance in two instalments towards payment of freight charges for FY20 and paid Rs3000cr as advance rail freight towards first instalment. To fulfil this commitment the holding company has liquidated its investment and borrowed Rs700Cr as working capital loan from bank. Fixed freight rate for the year will improve volume growth. Management has guided for 12-14% volume growth.

Price adjustment of 4% to benefit margin: Concor has undertaken price adjustment of 4% which will give them realisation benefit. This price adjustment will absorb freight rate increase for the year. As Concor is offering fixed pricing for the entire year it is positive for customers especially when fuel price is volatile. We expect Concor's gross margin to be maintained at 34.5% and EBITDA margin to improve by 100bps to 26.7% in FY20E.

DFC connectivity to improve volume: Mgmt is confident of connecting Mundra and Pipavav port through DFC by this year end. As 80-85% volumes from these ports are contributed by North-West region Concor is likely to improve its volume. Mundra and Pipavav port contribute 33.16% and 15.2% to Concor's volumes resp. JNPT contributes

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	33.7	10	10
FY18	66,224.7	10.7	15,014.7	22.7	10,699.2	25.3	17.6	26.9	11	12
FY19	69,560.6	5.0	17,907.6	25.7	12,245.9	14.5	20.1	23.5	12	12
FY20E	80,746.7	16.1	21,598.3	26.7	13,336.3	8.9	21.9	21.6	12	15
FY21E	91,878.5	32.1	24,960.9	27.2	15,465.1	16.0	25.4	18.6	13	16



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Other Highlights:

Addition of DFC compliant rakes: Concor added 19 rakes in FY19. 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: Double stack trains for the quarter were 780 and the same for the year were 3126 (up29% yoy). Average lead distance for EXIM segment was 722km and for domestic segment was 1373km. Average lead distance was 843km for the quarter.

Reduced empties improved realisation: Empty running charges have gone down from Rs30cr to Rs16cr for EXIM segment qoq and from Rs40 cr to Rs26cr for domestic segment. This led to realisation improvement 8.7% yoy during the quarter.

Focus on distribution logistics: Concor has 83 terminals and 4 distribution centers. The company plans to add 3-4 logistics centers in FY20E. This will improve Concor's nation-wide reach. The company commenced its first logistics centre in Chennai-Ennore.

Capex to be funded through internal accruals: Concor has incurred capex of Rs760cr towards addition of rakes and distribution logistics. The company plans to incur capex of Rs10bn in FY20E financed through internal accruals. The company generates cash profit of Rs14-15bn annually which will suffice capex requirement.

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. Concor plans to expand in East Coast and Bangladesh region in FY20E.

Concor's market share at major ports: Concor has 77.47% market share at JNPT, 51.71% at Mundra and 54.14% at Pipavav port. Market share at JNPT has gone down during H2 as shipments towards nearby areas like Vapi and Mumbai increased.

No provision towards FHEL as restructuring plan approved: Fresh & Healthy Enterprises Ltd. (FHEL) is a wholly owned subsidiary of Concor. Though accumulated losses of FHEL amounting to Rs.172.57 crores exceeds CONCOR's investment of Rs.160.07 crores in the subsidiary as on 31st March 2019, no provision for diminution in the value of investment, outstanding loans (including interest) and other receivables amounting to Rs.56.24 crores has been made, as business plan finalized by the management for revival of FHEL has already started getting implemented.

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. Advance freight expense payment to IR will increase finance cost and reduce other income. However, improved volume will have positive impact on EBITDA margin. With this advance freight payment, Concor has locked-in the rail haulage charge with Indian Railways till such time as this Rs45 bn gets exhausted. Until such time, Concor will be unaffected by any hike in rail haulage charge. We expect Concor to post volume growth of 12% over FY20E and FY21E and growth momentum to pick up post DFC commissioning. We expect Concor to post EPS of Rs22 and Rs25.4 in FY20E and FY21E respectively. At CMP Concor is trading at 21.6x FY20E and 18.5x FY21E earnings and EV/EBITDA is at 13x FY20E and 10.4x FY21E EBITDA. We recommend 'BUY' with target price of **Rs629**.



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Q4FY19 Result Table

P&L (Rs mn)	Q4FY18	Q4FY19	FY18	FY19
Operating Income	16390.5	18342.90	66224.7	69560.60
<i>Growth</i>		<i>12%</i>		<i>5%</i>
Freight Cost	10781.6	11770.00	45389.10	45610.00
<i>Growth</i>		<i>9%</i>		<i>0%</i>
% OP Income	65.8%	64.2%	68.5%	65.6%
Employee Cost	809.4	1097.20	2793.8	3370.00
<i>Growth</i>		<i>36%</i>		<i>21%</i>
% OP Income	4.9%	6.0%	4.2%	4.8%
Other Expenses	814.3	803.40	3025.3	2673.00
<i>Growth</i>		<i>-1%</i>		<i>-12%</i>
EBIDTA	3985.20	4672.30	15016.50	17907.60
<i>Growth</i>		<i>17%</i>		<i>19%</i>
EBIDTA Margins	24.31%	25.47%	22.68%	25.74%
Depreciation	1010.4	1117.20	4199.7	4522.60
PBIT	2974.80	3555.10	10816.80	13385.00
Other income	682	1288.20	2867.70	3170.10
<i>Growth</i>		<i>89%</i>		<i>11%</i>
Interest	0.2	6.80	55.6	65.40
<i>Growth</i>		<i>3300%</i>		<i>18%</i>
PBT Before Exeptional	3656.60	4836.50	13628.90	16489.70
<i>Growth</i>		<i>32%</i>		<i>21%</i>
Share of profit related to joint venture	0	0	558	500.2
Profit before tax (post exceptional)	3656.60	4836.50	14186.90	16989.90
Provision for tax	735.2	1313.40	3485.90	4744.00
PAT	2921.40	3523.10	10701.00	12245.90
Mionority Interest			0	0.00
Net Profit Reported	2921.40	3523.10	10701.00	12245.90
Adjusted Net Profit	2,921.40	3,523.10	10,701.00	12,245.90
<i>Growth</i>		<i>21%</i>		<i>14%</i>
NPM	17.1%	17.9%	15.5%	16.8%
Equity	3046.5	3046.5	3046.5	3046.5
EPS on Adjusted PAT	4.79	5.78	17.56	20.10



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	FY16	FY17	FY18	FY19E	FY20E	FY21E	Cash Flow St. (Rs. mn)	FY16	FY17	FY18	FY19E	FY20E	FY21E
Net Sales	62,782.0	59,797.2	66,224.7	69,560.6	80,746.7	91,878.5	Net Profit	9,666.1	8,541.2	10,699.2	12,245.9	13,336.3	15,465.1
Freight Expenses	(45,038.3)	(42,681.2)	(45,390.9)	(45,610.0)	(52,622.0)	(59,738.5)	Add: Dep. & Amort.	3,549.0	3,670.7	4,199.7	4,522.6	4,710.8	5,322.8
Employee Cost	(1,586.7)	(1,886.7)	(2,793.8)	(3,370.0)	(3,639.6)	(4,003.6)	Cash profits	13,215.1	12,211.9	14,898.9	16,768.5	18,047.0	20,787.9
Other Expenses	(2,734.0)	(2,772.0)	(3,025.3)	(2,673.0)	(2,886.8)	(3,175.5)	(Inc)/Dec in						
Operating Profit	13,423.0	12,457.3	15,014.7	17,907.6	21,598.3	24,960.9	-Sundry debtors	63.6	(36.6)	(277.7)	(45.4)	(154.0)	(152.9)
Depreciation	(3,549.0)	(3,570.7)	(4,199.7)	(4,522.6)	(4,710.8)	(5,322.8)	-Inventories	299.5	(48.4)	(46.9)	41.9	(102.9)	(46.8)
PBIT	9,874.0	8,786.6	10,815.0	13,385.0	16,887.5	19,638.1	-Loans/advances	(40.3)	(1,264.2)	(482.0)	874.6	604.4	-
Other income	3,132.8	2,850.4	2,867.7	3,170.1	1,748.4	1,861.8	-Other Current Assets	(20,782.8)	10,399.1	(169.7)	(31,964.7)	(106.2)	9,883.1
							-Current Liab and						
Interest	(1.5)	(36.6)	(55.6)	(65.4)	(693.6)	(693.6)	Provisions	773.4	402.2	2,860.9	1,046.2	(301.2)	429.0
PBT	13,005.3	11,600.4	13,627.1	16,489.7	17,942.3	20,806.3	Sundry Creditors	(111.9)	649.7	166.5	771.9	(332.2)	432.6
Profit before tax (post exceptional)	13,005.3	11,600.4	13,627.1	16,489.7	17,942.3	20,806.3	Change in working capital	(19,798.5)	10,101.8	2,051.1	(29,275.5)	(392.2)	10,545.1
							CF from Oper. activities	(6,583.4)	22,313.7	16,950.0	(12,507.0)	17,654.8	31,333.0
Provision for tax	(3,679.9)	(3,294.4)	(3,485.9)	(4,744.0)	(5,186.3)	(6,014.2)	CF from Inv. activities	(9,152.3)	(9,838.8)	(9,059.0)	(9,787.0)	(8,029.2)	(9,000.0)
Reported PAT	9,325.4	8,306.0	10,141.2	11,745.7	12,756.0	14,792.1	CF from Fin. activities	(2,590.7)	(3,925.8)	(5,174.4)	4,172.5	(8,474.3)	(6,959.3)
Share profit from JV	340.7	235.2	558.0	500.2	580.2	673.1	Cash generated/(utilised)	(18,326.4)	8,549.1	2,716.6	(18,121.5)	1,151.4	15,373.7
Net Profit	9,666.1	8,541.2	10,699.2	12,245.9	13,336.3	15,465.1	Cash at start of the year	27,239.6	8,913.2	17,462.3	20,178.9	2,057.4	3,208.8
Adjusted Profit (excl Exceptionals)	9,666.1	8,541.2	10,699.2	12,245.9	13,336.3	15,465.1	Cash at end of the year	8,913.2	17,462.3	20,178.9	2,057.4	3,208.8	18,582.5
								-	-	-	(0.0)	0.0	-
Balance Sheet	FY16	FY17	FY18	FY19E	FY20E	FY21E	Ratios	FY16	FY17	FY18	FY19E	FY20E	FY21E
Equity capital	1,949.7	1,949.7	2,437.2	3,046.5	3,046.5	3,046.5	OPM	21.4	20.8	22.7	25.7	26.7	27.2
CCPS	-	-	-	-	-	-	NPM	14.66	13.63	15.49	16.84	16.17	16.50
Reserves	81,123.6	85,761.8	90,780.5	100,252.5	105,114.5	113,620.3	Tax rate	(28.3)	(28.4)	(25.6)	(28.8)	(28.9)	(28.9)
Net worth	83,073.3	87,711.5	93,217.7	103,299.0	108,161.0	116,666.8	Growth Ratios (%)						
MI	972.0	1,075.0	1,133.7	1,063.4	1,063.4	1,063.4	Net Sales	3	(4.8)	10.7	5.0	16.1	13.8
Non Current Liabilities	4,320.8	4,000.8	3,207.4	3,229.3	3,211.2	3,194.9	Operating Profit	(37.1)	(7.2)	20.5	19.3	20.6	15.6
Current Liabilities	7,442.9	8,482.8	11,637.2	20,411.5	19,796.2	20,674.1	PBIT	(42.7)	(11.0)	23.1	23.8	26.2	16.3
TOTAL LIABILITIES	95,809.0	101,270.1	109,196.0	128,003.2	132,231.8	141,599.3	PAT	(8.3)	(11.6)	25.3	14.5	8.9	16.0
Non Current Assets	82,010.5	74,447.4	76,559.7	80,480.3	83,194.3	86,871.6	Per Share (Rs.)						
Fixed Assets	36,307.2	42,745.3	47,110.6	51,904.0	55,222.4	58,899.7	Net Earnings (EPS)	15.86	14.02	17.56	20.10	21.89	25.38
Goodwill	-	-	-	-	-	-	Cash Earnings (CPS)	27.1	25.1	30.6	27.5	29.6	34.1
Non Current Investments	11,006.2	10,799.4	11,262.8	11,711.6	11,711.6	11,711.6	Dividend	2.2	4.8	6.8	7.5	8.2	9.5
Deferred Tax Asset	18.5	16.0	20.2	28.2	28.2	28.2	Book Value	170.4	179.9	191.2	169.5	177.5	191.5
Long Term Loans and Advances	-	-	515.2	604.4	-	-	Free Cash Flow	(28.5)	24.6	16.2	(36.5)	16.0	36.7
Other Non Current Assets	34,678.6	20,886.7	17,650.9	16,232.1	16,232.1	16,232.1	Valuation Ratios						
Current Assets	13,798.5	26,822.7	32,636.3	47,522.9	49,037.4	54,727.7	PE(x)	29.8	33.7	26.9	23.5	21.6	18.6
Current investments	-	-	-	-	-	-	PB(x)	2.8	2.6	2.5	2.8	2.7	2.5
Inventories	183.0	231.4	278.3	236.4	339.3	386.1	EV/EBIDTA(x)	15.7	16.3	13.3	15.8	13.0	10.6
Trade Receivables	595.1	631.7	909.4	954.8	1,108.8	1,261.7	Div. Yield(%)	0.5	1.0	1.4	1.6	1.7	2.0
Cash and Bank Balances	8,913.2	17,462.3	20,178.9	2,057.4	3,208.8	18,582.5	FCF Yield(%)	(6.0)	5.2	3.4	(7.7)	3.4	7.8
Short Term Loans and Advances	101.0	1,365.2	1,332.0	368.2	368.2	368.2	Return Ratios (%)						
Other Current Assets	4,006.2	7,132.1	9,937.7	43,906.1	44,012.3	34,129.2	ROE	12%	10%	11%	12%	12%	13%
TOTAL ASSETS	95,809.0	101,270.1	109,196.0	128,003.2	132,231.8	141,599.3	ROCE	12%	10%	12%	12%	15%	16%



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