



DALAL & BROACHA
STOCK BROKING PVT. LTD.

Head Of Research: Kunal Bhatia 022 67141442

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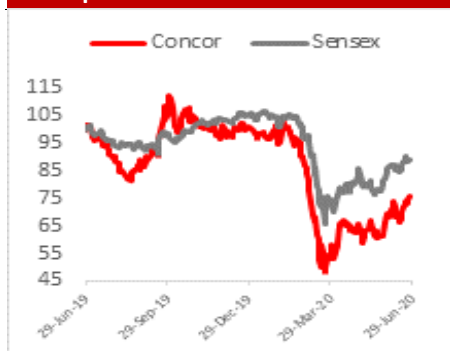
HOLD

Current Price	418
Target Price	485
Upside/Downside	16%
52 Week Range	Rs.263/665

Key Share Data

Market Cap (Rs.bn)	255
Market Cap (US\$ mn)	3377
No of o/s shares (mn)	609
Face Value	5
Monthly	2840
Avg.vol(BSE+NSE) Nos	
BSE Code	531344
NSE Code	CONCOR
Bloomberg	CCRI:IN

Price performance



% Shareholding	Mar-20	Dec-19
Promoters	54.8	54.8
Public	45.2	45.2
Others	0.00	0.00
Total	100.0	100.0

Key Financials (Rs. Mn)

Year	Net Sales	%growth	EBIDTA	OPM%	PAT	%growth	EPS	PE(x)	RoE%	RoCE%
FY19	69,560.6	12.3	17,907.9	25.7	12,247.0	15.5	20.1	20.8	12	12
FY20	65,394.2	(6.0)	16,931.7	25.9	9,969.3	(18.6)	16.4	25.6	9	10
FY21E	54,593.4	(21.5)	16,351.0	30.0	9,902.8	(0.7)	16.3	25.8	9	8
FY22E	65,500.1	0.2	19,921.1	30.4	11,833.9	19.5	19.4	21.6	9	10

Result above expectations due to improved margin:

Revenue down 14.3% yoy at Rs15.8bn (Exp: Rs17n). EXIM revenue (71% of total rev) down 19% yoy at Rs11.3bn. Domestic revenue (29% of total rev) up 1.1% yoy at Rs4.5bn. Overall volume down 3.85% yoy to 9.4lac TEUs. EXIM volume down 5% while domestic volume up 2% yoy.

Empty running cost for the quarter is Rs212mn (EXIM: Rs107mn, Domestic: Rs96mn) as against Rs420mn yoy. Overall lead distance at 734km as against 735km yoy.

Margin up 500bps yoy:

Operating margin has increased from 25.4% to 30.4% yoy. Gross margin increased from 36% to 38.6% yoy. Reduction in provisioning reduced employee cost by 44% yoy and other expenses are down 17.8% yoy. EBITDA increased by 2.3% yoy.

The company incurred capex of Rs10.5bn in FY20. Depreciation increased by 19% yoy. PAT down 9.6% yoy at Rs3.1bn.

Segment Highlights: EXIM: (71% of revenue) Sales down 19% yoy at Rs11.3bn.

Volume down 5% yoy. Realisation/TEU declined by 15% yoy. EBIT % increased from 28% to 30% yoy supported by decrease in rail freight cost and other expenses. EBIT down by 12% yoy.

Domestic: (29% of revenue) Sales increased 1.1% yoy at Rs4.5bn. Volume up 2% yoy. EBIT % up from 4% to 8.6% yoy.

Outlook & Valuation: Management guided for negative 20% volume growth for FY21E on the back of weak Exim volumes. In the near term although railway has gained market share due to lockdown the management indicated that as road sector opens up post lockdown the shift will happen to road sector again. Management guided for 32-34% margin on the back of reduced freight cost and employee and other expenses. DFC has got delayed and now the stretch till Palanpur is likely to get completed by Q3-Q4FY21E. We expect Concor to post topline decline of 18% in FY21E and EBITDA margin of 29.5%. We expect Concor to post EPS of Rs16.3 in FY21E and 19.4 in FY22E. At CMP Concor is trading at 25.8x FY21E and 21.6x FY22E. The recent moves of the company towards surrendering railway terminals and increase in land license fees are indications towards disinvestments process. We feel any such move will be beneficial for the stock. We maintain 'HOLD'.



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Other Highlights

Volume guidance at -20% for FY21E: Management guided for -20% volume growth for FY21E. Management expects EXIM volumes to remain lacklustre and pick up only in H2FY21E. Domestic volumes have gone up recently as railway has gained market share due to lockdown. However, management expects road volumes to pick up once lockdown is lifted. Therefore, overall volume is likely to go down from 3.74lakh TEUs in FY20 to 3lakh TEUs in FY21E.

Confident of maintaining margin: During Q4FY20 operating margin has increased to 30.4%. The increase is on account of increased gross margin from 36% to 38.5% yoy. This has contributed by reduced freight cost. Management indicated that gross margin is likely to be maintained at current level as company has not taken any price decrease. Employee cost has reduced by 44% yoy during the quarter due to reverse of provisioning. Management indicated that employee cost and other expenses are likely to remain in this range. Therefore, overall margin is likely to be maintained at current level of 30%.

Land licence fees to increase to Rs4.5bn in FY21E: The company has paid land license fees of Rs1.5bn towards 29 terminals in FY20. As step towards privatisation this has increased to Rs4.5bn in FY21E. The company has made application to and it is likely to get response. However, land license fees is likely to increase to Rs4.5bn in FY21E.

North-East corridor contributes 40% of total volumes: At overall industry level North-East corridor contributes 40% of total volume while for Concor it contributes around 60% of total volume.

No advance freight payment in FY21E: The company had paid advance freight in FY20 of Rs30bn. This year company has not paid any advance freight.

Capex guidance reduced: The company has incurred capex of Rs10.5bn in FY20 however, in the current circumstances the company has reduced capex guidance to Rs5bn for FY21E. The capex will be towards increasing logistic centers, rake and rolling stock procurement and IT, digitisation.

Foray into in-land shipping: Management clarified that the company has paid no lease during covid time for ships. However, the segment remains their focus area.



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Result Highlights

Q4FY20 Result Snapshot

P&L (Rs mn)	Q4FY20	Q4FY19	yoy%	Q3FY20	qoq%
Operating Income	15843.4	18485.5	-14.29	15447.4	2.56
Freight Cost	9722.1	11826.1	-17.79	10196.1	-4.65
% OP Income	61.4%	64.0%	-4.08	66.0%	-7.03
Employee Cost	611.6	1108.4	-44.82	907.8	-32.63
% OP Income	3.9%	6.0%	-35.62	5.9%	-34.31
Other Expenses	698.3	849.7	-17.82	582	19.98
EBIDTA	4811.40	4701.30	2.34	3761.50	27.91
EBIDTA Margins	30.37%	25.43%	19.41	24.35%	24.71
Depreciation	1412.2	1187.1	18.96	1342	5.23
PBIT	3399.20	3514.20	-3.27	2419.50	40.49
Other income	749.7	1291.3	-41.94	656	14.28
Interest	132.1	21.2	523.11	84.3	56.70
PBT Before Exeptional	4016.80	4784.30	-16.04	2991.20	34.29
Excep. Item	-91.30	0.00	NM	0.00	NM
Provision for tax	974.10	1316.90	-26.03	1271.80	-23.41
PAT	3134.00	3467.40	-9.62	1719.40	82.27
NPM	19.8%	18.8%	5.46	11.1%	77.72
Equity	3046.5	3046.5	0.00	3046.5	0.00
EPS on Adjusted PAT	5.14	5.69	-9.62	2.82	82.27



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Financials

Particulars	FY18	FY19	FY20	FY21E	FY22E	Cash Flow St. (Rs. mn)	FY18	FY19	FY20	FY21E	FY22E
Net Sales	66,125.2	69,560.6	65,394.2	54,593.4	65,500.1	Net Profit	10,601.5	12,247.0	9,969.3	9,902.8	11,833.9
Freight Expenses	(45,389.1)	(45,609.7)	(42,774.9)	(34,009.3)	(40,966.9)	Add: Dep. & Amort.	4,199.7	4,522.6	5,444.1	6,151.4	6,858.6
Employee Cost	(2,793.8)	(3,370.0)	(3,169.5)	(2,218.7)	(2,396.1)	Cash profits	14,801.2	16,769.6	15,413.4	16,054.1	18,692.5
Other Expenses	(3,025.3)	(2,673.0)	(2,518.1)	(2,014.5)	(2,215.9)	(Inc)/Dec in					
Operating Profit	14,917.0	17,907.9	16,931.7	16,351.0	19,921.1	-Sundry debtors	(277.7)	(45.4)	55.5	148.5	(150.0)
Depreciation	(4,199.7)	(4,522.6)	(5,444.1)	(6,151.4)	(6,858.6)	-Inventories	(46.9)	41.9	(38.8)	45.5	(45.9)
PBIT	10,717.3	13,385.3	11,487.6	10,199.7	13,062.5	-Loans/advances	(482.0)	874.6	604.4	-	-
Other income	2,867.7	3,170.9	2,534.4	2,759.9	2,574.4	-Other Current Assets	(169.7)	(31,964.7)	(106.2)	(116.9)	(128.6)
Interest	(55.6)	(65.4)	(412.7)	(375.2)	(375.2)	-Current Liab and					
Exceptional item			(8,518.2)			Provisions	2,860.9	1,046.2	(915.3)	(448.3)	421.6
						Sundry Creditors	166.5	771.9	(930.7)	(532.9)	423.0
PBT	13,529.4	16,490.8	13,609.3	12,584.4	15,261.7	Change in working					
Profit before tax (post						capital	2,051.1	(29,275.5)	(1,331.3)	(904.1)	520.2
exceptional)	13,529.4	16,490.8	5,091.1	12,584.4	15,261.7	CF from Oper.					
Provision for tax	(3,485.9)	(4,744.0)	(1,380.9)	(3,127.2)	(3,944.6)	activities	16,852.3	(12,505.9)	14,082.1	15,150.0	19,212.7
Reported PAT	10,043.5	11,746.8	3,710.2	9,457.2	11,317.1	CF from Inv. activities	(9,059.0)	(9,787.0)	(8,029.2)	(9,000.0)	(9,000.0)
Share profit from JV	558.0	500.2	397.8	445.5	516.8	CF from Fin. activities	(5,076.7)	4,171.4	(4,486.2)	(5,156.2)	(5,325.3)
Net Profit	10,601.5	12,247.0	3,312.4	9,902.8	11,833.9						
Adjusted Profit (excl						Cash					
Exceptionals)	10,601.5	12,247.0	9,969.3	9,902.8	11,833.9	generated/(utilised)	2,716.6	(18,121.5)	1,566.8	993.8	4,887.5
						Cash at start of the					
						year	17,462.3	20,178.9	2,057.4	3,624.2	4,617.9
						Cash at end of the year	20,178.9	2,057.4	3,624.2	4,617.9	9,505.4
						Ratios	FY18	FY19	FY20	FY21E	FY22E
Balance Sheet	FY18	FY19	FY20	FY21E	FY22E	OPM	22.6	25.7	25.9	30.0	30.4
Equity capital	2,437.2	3,046.5	3,046.5	3,046.5	3,046.5	NPM	15.37	16.84	14.68	17.27	17.38
CCPS	-	-	-	-	-	Tax rate	(25.8)	(28.8)	(27.1)	(24.8)	(25.8)
Reserves	90,780.5	100,252.5	105,735.6	111,182.1	117,690.8	Growth Ratios (%)					
Net worth	93,217.7	103,299.0	108,782.1	114,228.6	120,737.3	Net Sales	12.3	5.2	(6.0)	(16.5)	20.0
MI	1,133.7	1,063.4	1,063.4	1,063.4	1,063.4	Operating Profit	23.2	20.1	(5.5)	(3.4)	21.8
Non Current Liabilities	3,207.4	3,229.3	3,211.2	2,494.9	2,480.3	PBIT	27.0	24.9	(14.2)	(11.2)	28.1
Current Liabilities	11,637.2	20,411.5	18,583.5	17,618.6	18,477.9	PAT	29.4	15.5	(18.6)	(0.7)	19.5
TOTAL LIABILITIES	109,196.0	128,003.2	131,640.3	135,405.6	142,758.8	Per Share (Rs.)					
Non Current Assets	76,559.7	80,480.3	82,461.0	85,309.6	87,451.0	Net Earnings (EPS)	17.40	20.10	16.36	16.25	19.42
Fixed Assets	47,110.6	51,904.0	54,489.1	57,337.7	59,479.1	Cash Earnings (CPS)	30.4	27.5	25.3	26.3	30.7
Goodwill	-	-	-	-	-	Dividend	6.8	7.5	6.1	6.1	7.3
Non Current Investments	11,262.8	11,711.6	11,711.6	11,711.6	11,711.6	Book Value	191.2	169.5	178.5	187.5	198.2
Deferred Tax Asset	20.2	28.2	28.2	28.2	28.2	Free Cash Flow	16.0	(36.5)	14.3	10.0	16.5
Long Term Loans and						Valuation Ratios					
Advances	515.2	604.4	-	-	-	P/E(x)	24.1	20.8	25.6	25.8	21.6
Other Non Current Assets	17,650.9	16,232.1	16,232.1	16,232.1	16,232.1	P/B(x)	2.2	2.5	2.3	2.2	2.1
Current Assets	32,636.3	47,522.9	49,179.3	50,095.9	55,307.8	EV/EBIDTA(x)	11.6	13.9	14.2	15.0	12.1
Current investments	-	-	-	-	-	Div. Yield(%)	1.6	1.8	1.5	1.4	1.7
Inventories	278.3	236.4	275.2	229.8	275.7	FCF Yield(%)	3.8	(8.7)	3.4	2.4	3.9
Trade Receivables	909.4	954.8	899.3	750.8	900.8	Return Ratios (%)					
Cash and Bank Balances	20,178.9	2,057.4	3,624.2	4,617.9	9,505.4	ROE	11%	12%	9%	9%	10%
Short Term Loans and						ROCE	11%	12%	10%	8%	10%
Advances	1,332.0	368.2	368.2	368.2	368.2		-	-	-	-	-
Other Current Assets	9,937.7	43,906.1	44,012.3	44,129.2	44,257.8						
TOTAL ASSETS	109,196.0	128,003.2	131,640.3	135,405.6	142,758.8						



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Contact	Email ID	Contact No.	Sector
Mr. Kunal Bhatia	kunal.bhatia@dalal-broacha.com	022 67141442	Auto, Auto Ancillary, FMCG
Mrs.Charulata Gaidhani	charulata.gaidhani@dalal-broacha.com	022 67141446	Pharma /Healthcare
Mr. Mayank Babla	mayank.babladalal-broacha.com	022 67141412	I.T/Telecom/Media
Mr. Avinash Tanawade	avinash.tanawade@dalal-broacha.com	022 67141449	BFSI
Mr. Akshay Ashok	akshay.ashok@dalal-broacha.com	022 67141486	BFSI
Mr. Suraj Nandu	suraj.nandu@dalal-broacha.com	022 67141438	Associate
Mr. Tanush Mehta	tanush.mehta@dalal-broacha.com	022 67141441	Associate
Mr. Kunal Bhatia	kunal.bhatia@dalal-broacha.com	022 67141442	Auto, Auto Ancillary, FMCG

Address: - 508, Maker Chambers V, 221 Nariman Point, Mumbai 400 021

Tel: 91-22- 2282 2992, 2287 6173 Fax: 91-22-2287 0092

E-mail: equity.research@dalal-broacha.com