



DALAL & BROACHA
STOCK BROKING PVT. LTD.

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Company Update @ Dalal & Broacha

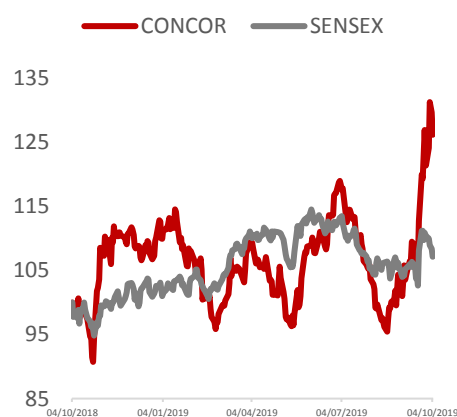
HOLD

Current Price	571
52 Week Range	665/433
Target Price	615
Upside %	8%

Key Share Data

Market Cap (Rs.bn)	349
Market Cap (US\$ mn)	4926
No of o/s shares (mn)	609.3
Face Value	5
Monthly Avg. vol (BSE+NSE) Nos (in '000)	2177
BSE Code	531344
NSE Code	CONCOR
Bloomberg	CCRI IN

Price performance



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

Container Corporation Of India (CONCOR) Update:

Concor announced that in respect of SEIS claim of CONCOR, it is in receipt of a letter from the office of Directorate General of Foreign Trade (DGFT) wherein they have intimated DGFT's central licensing area office (with a copy marked to CONCOR) that services towards customs transit of foreign liners sealed containers by rail transport placed under customs control to/from ICDs are not eligible for SEIS.

Accounted claims Rs1044cr towards SEIS: CONCOR's total claim for the year 2015-16 to 2018-19 for SEIS was Rs.1044 crores and in view of the above information from the office of DGFT and as per Company's estimate for same, the amount of SEIS benefit on rail transportation element which DGFT is claiming as not eligible is likely to be around Rs.861 crores, this is subject to further verification by DGFT's central licensing area office. Concor is taking appropriate action of contesting the above decision of DGFT in line with DGFT's central licensing area office.

Post-tax write-off Rs602cr to impact profitability: As per company's estimates Concor will likely to take write-off of around Rs602cr for FY20E. This is likely to impact Concor's sales reducing sales from earlier estimates of Rs79.9bn to Rs73.9bn. Also in FY21E with SEIS benefits Concor's sales estimates will reduce from earlier Rs91.5bn to Rs84.7bn. We anticipated Concor to post volume growth of 9.3% in FY20E and 12% in FY21E.

Earnings to be impacted by 21% in FY20E: The write-off is likely to impact Concor's EBITDA margin by 320bps in FY20E from 25.6% to 22.4% in FY20E. In FY21E we expect margin to be 24.4% as against earlier estimates of 26%. We expect impact at PBT level at around 23% in FY20E and 12% in FY21E. At PAT level at 19% in FY20E post corporate tax rate reduction benefit. We reduce Concor's EPS estimates for FY20E from Rs21.7 to Rs17.5 and from Rs25.5 to Rs22.6 for FY21E. At CMP Concor trades at 33x FY20E and 25x FY21E earnings. The Government of India, had last week announced that they are looking to divest up to 30% stake in CONCOR, which may trigger or warrant a re-rating as and when it happens. Therefore, we change our rating to **HOLD** with a Target Price of Rs. 615, despite the earnings downgrade, as our original recommendation is based on structural volume growth post DFC commissioning.

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	32.5	11	12
FY19	69,560.6	5.0	17,907.6	25.7	12,245.9	14.5	20.1	28.4	12	13
FY20E	73,916.2	6.3	16,160.9	21.9	10,664.3	(12.9)	17.5	32.6	10	11
FY21E	84,726.0	21.8	20,705.3	24.4	13,773.9	29.2	22.6	25.3	12	13



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