

India

ADD (no change)

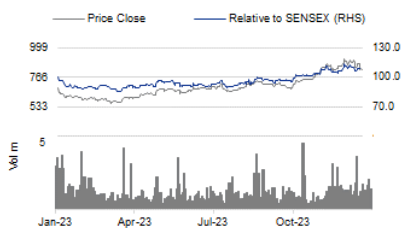
Consensus ratings\*: Buy 12 Hold 9 Sell 6

Current price:	Rs829
Target price: ▲	Rs1,083
Previous target:	Rs940
Up/downside:	30.6%
InCred Research / Consensus:	32.2%
Reuters:	CCRI.NS
Bloomberg:	CCRI IN
Market cap:	US\$6,075m
	Rs504,892m
Average daily turnover:	US\$12.1m
	Rs1006.5m
Current shares o/s:	609.3m
Free float:	45.2%

\*Source: Bloomberg

## Key changes in this note

- Introduce FY26F estimates.
- Roll forward our target price to Mar 2025F.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	(1.6)	19.9	27.6
Relative (%)	(0.7)	7.1	8.6

Major shareholders	% held
Promoter and Promoter Group	54.8
Kotak Mutual Fund	2.4
DSP Midcap fund	1.7

## Research Analyst(s)



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## Container Corp of India Ltd

## Despite hiccups, long-term story is intact

- Concor's originating cargo (TEU km) rose by 14% yoy in 3QFY24. We expect its originating cargo to rise by 47% over FY24F-26F.
- The delay in passing on the busy season surcharge dented 3QFY24 EBITDA margin. We feel this will not dent Concor's volume or margin over FY25F-26F.
- We roll forward our valuation to Mar 2025F. We maintain ADD rating on Concor with a higher target price of Rs1,083 (vs. Rs940 earlier).

## Strong volume growth performance

Container Corporation of India or Concor's originating cargo (TEU km) rose by 14% yoy in 3QFY24 (vs. a 17% yoy rise in 2QFY24). The strong pick-up was facilitated by commencement of the Rewari to Dadri stretch of the Dedicated Freight Corridor or DFC. Management gave guidance of a 10% yoy volume growth in FY24F. Volume growth in 9MFY24 was 6% yoy & thus management expects 4QFY24F volume growth of 20% yoy. We feel it's achievable as Indian Railways' container cargo grew 19% yoy in Aug-Oct 2023.

## Delay in passing on busy season surcharge dents EBITDA margin

Sales (Rs22bn) rose by 11% yoy due to a 14% rise in originating volume (TEU km). Handled cargo rose by 6% yoy. The gross profit margin (41.3%) declined by 160bp yoy and 379bp qoq, despite a 56% yoy rise in double-stack rakes. Concor stated that this was because of the 10% busy season surcharge on containers implemented by Indian Railways from Oct 2023. Concor has started passing it on to the customers from 11 Nov 2023. Rail freight expenses were at 55% of revenue in FY23. We believe that a 10% rise in rail freight cost will not dent Concor's volume or margin in the medium term. Empty loss was flat yoy (Rs1.34bn), despite a 14% rise in originating cargo (TEU km). Opex (ex-rail freight expenses) rose by 2% yoy. Despite the weak gross profit margin, EBITDA margin (21.6%) rose by 20bp. Land License Fee (LLF) booked was Rs0.7bn (net of reversal of Rs0.36bn). We have adjusted our EBITDA calculation to factor in Rs1.1bn LLF. Management gave guidance of Rs4.5bn LLF for FY25F.

## Roll forward our valuation to Mar 2025F; maintain ADD rating

We reduced our FY24F EBITDA estimate by 14%, in line with 9MFY24 performance, and cut our FY25F EBITDA estimate by 34% due to the delay in connecting Jawaharlal Nehru Port Trust (JNPT) to the DFC. We have introduced FY26F estimates and factored in sales/originating cargo/ EBITDA growth of 51%/ 47%/ 61%, respectively, over FY24F-26F. We roll forward our valuation to Mar 2025F, valuing Concor at 18x EV/EBITDA (in line with the five-year average EV/EBITDA of 18.3x). We maintain our ADD rating on Concor with a higher target price of Rs1,083 (vs. Rs940 earlier). Downside risk: A sharp rise in rail freight costs.

## Financial Summary

	Mar-22A	Mar-23A	Mar-24F	Mar-25F	Mar-26F
Revenue (Rsm)	77,116	82,438	89,338	103,120	134,663
Operating EBITDA (Rsm)	18,655	18,433	20,255	24,060	32,629
Net Profit (Rsm)	10,522	11,715	13,432	16,981	23,774
Core EPS (Rs)	19.1	19.2	22.0	27.9	39.0
Core EPS Growth	60.1%	0.7%	14.6%	26.4%	40.0%
FD Core P/E (x)	43.41	43.10	37.59	29.73	21.24
DPS (Rs)	9.0	11.0	6.6	0.0	11.7
Dividend Yield	1.09%	1.33%	0.80%	0.00%	1.41%
EV/EBITDA (x)	25.52	25.74	22.90	18.57	13.15
P/FCFE (x)	43.29	34.45	34.81	29.25	20.34
Net Gearing	(26.8%)	(27.1%)	(33.6%)	(41.9%)	(48.8%)
P/BV (x)	4.68	4.49	4.14	3.64	3.25
ROE	11.1%	10.6%	11.5%	13.0%	16.2%
% Change In Core EPS Estimates			(14.82%)	(33.78%)	
InCred Research/Consensus EPS (x)					

SOURCE: INCRED RESEARCH, COMPANY REPORTS

## Despite hiccups, long-term story is intact

Figure 1: Growth rates (% yoy) of Indian Railways' container cargo (tkm) and Concor's cargo (TEU km)

(%)	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24
<b>Indian Railways' containers</b>	<b>45.9</b>	<b>22.5</b>	<b>10.7</b>	<b>8.2</b>	<b>11.6</b>	<b>9.1</b>	<b>7.9</b>	<b>7.3</b>	<b>0.9</b>	<b>16.5</b>	na
EXIM	34.1	15.0	3.6	(0.1)	2.1	5.5	6.3	8.9	3.7	20.7	na
Domestic	83.2	41.0	26.3	25.8	33.7	16.4	10.8	4.7	(4.2)	9.0	na
<b>Concor containers</b>	<b>40.3</b>	<b>20.2</b>	<b>5.6</b>	<b>(3.7)</b>	<b>(2.3)</b>	<b>(7.3)</b>	<b>(9.9)</b>	<b>(5.0)</b>	<b>(2.0)</b>	<b>17.4</b>	<b>14.1</b>
EXIM	31.8	13.8	(0.3)	(8.5)	(10.0)	(12.8)	(17.1)	(11.4)	(3.2)	19.7	19.4
Domestic	77.1	43.1	26.3	9.4	22.7	8.8	9.9	9.7	0.9	12.0	2.8

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 2: Quarterly financials

(Rs m)	3QFY24	3QFY23	% Chg	2QFY24	% Chg
<b>Net Sales</b>	<b>22,051</b>	<b>19,884</b>	<b>11</b>	<b>21,904</b>	<b>1</b>
Rail Freight	12,946	11,356	14	12,030	8
Other opex	1,118	1,077	4	1,052	6
Overheads	3,233	3,188	1	3,279	-1
<b>EBITDA</b>	<b>4,754</b>	<b>4,264</b>	<b>11</b>	<b>5,543</b>	<b>-14</b>
Depreciation	1,543	1,357	14	1,486	4
Interest	175	142	23	147	19
Other income	1,007	1,136	-11	1,025	-2
Tax	974	936	4	1,230	-21
<b>Adjusted PAT</b>	<b>3,069</b>	<b>2,965</b>	<b>3</b>	<b>3,705</b>	<b>-17</b>
Extraordinary income	276	0	-128		
<b>Reported PAT</b>	<b>3,344</b>	<b>2,965</b>	<b>13</b>	<b>3,577</b>	<b>-7</b>
<b>EBITDA margin (%)</b>	<b>21.6</b>	<b>21.4</b>		<b>25.3</b>	

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 3: Segmental break-up

(Rs m)	3QFY24	3QFY23	% Chg	2QFY24	% Chg
<b>EXIM</b>					
Revenue	14,365	12,697	13	14,438	-1
EBIT before empty losses	3,550	3,323	7	3,862	-8
Empty loss/ TEU (Rs/ TEU)	391	444	-12	324	21
EBIT post empty losses	3,197	2,953	8	3,548	-10
% margin	22	23		25	
Volume (kTEU)	903	834	8	970	-7
Tariff (Rs/ TEU originating)	27,354	27,299	0	26,687	2
Originating volume (kTEU)	525	465	13	541	-3
Originating as % of overall	58	56		56	
<b>Domestic</b>					
Revenue	7,687	7,187	7	7,467	3
EBIT before empty losses	1,725	1,398	23	1,698	2
Empty loss/ TEU (Rs/ TEU)	3,980	3,859	3	3,322	20
EBIT post empty losses	737	428	72	831	-11
% margin	10	6		11	
Volume (kTEU)	248	251	-1	261	-5
Tariff (Rs/ TEU originating)	69,795	65,649	6	69,782	0
Originating volume (kTEU)	110	109	1	107	3
Originating as % of overall	44	44		41	

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 4: Lead distance and double-stacked cargo for the EXIM segment

	3QFY24	3QFY23	% Chg	2QFY24	% Chg
EXIM Lead distance (km)	715	676	6	705	1
Empty losses as % overall revenue	2.5	2.9		2.2	1
Double stacking (rakes)	1,376	880	56	1,556	-12
Double stack as % of overall EXIM Originating	42	30		46	

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 5: Last five-year median EV/EBITDA of 18.3x



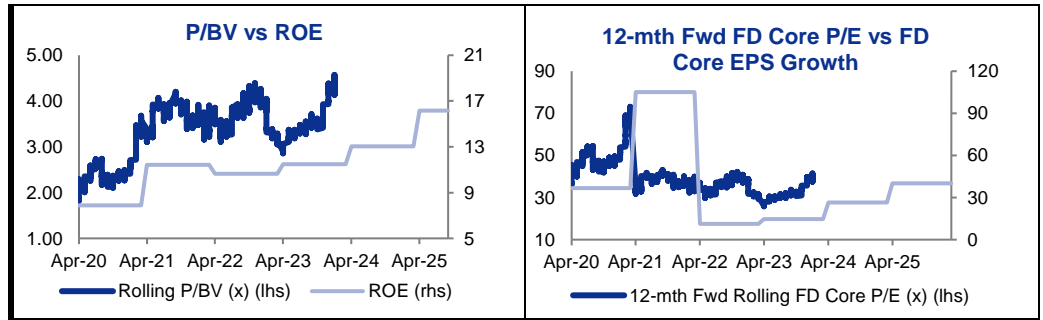
SOURCE: INCRED RESEARCH, COMPANY REPORTS, BLOOMBERG

Figure 6: Our revised earnings estimates

(Rs bn)	FY24F		FY25F		FY26F
	Old	New	Old	New	
Sales	94.6	89.3	133.7	103.1	134.7
% change		(6)		(23)	
EBITDA	23.6	20.3	36.5	24.1	32.6
% change		(14)		(34)	
PAT	15.8	13.4	25.6	17.0	23.8
% change		(15)		(34)	

SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS



Profit & Loss

(Rs mn)	Mar-22A	Mar-23A	Mar-24F	Mar-25F	Mar-26F
<b>Total Net Revenues</b>	77,116	82,438	89,338	103,120	134,663
<b>Gross Profit</b>	26,093	26,706	28,986	34,638	45,889
<b>Operating EBITDA</b>	18,655	18,433	20,255	24,060	32,629
Depreciation And Amortisation	(5,298)	(5,541)	(5,693)	(6,170)	(6,648)
<b>Operating EBIT</b>	13,357	12,892	14,563	17,890	25,981
Financial Income/(Expense)	2,086	2,670	3,279	4,666	5,599
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)					
<b>Profit Before Tax (pre-EI)</b>	15,442	15,562	17,842	22,556	31,580
Exceptional Items	(1,473)				
<b>Pre-tax Profit</b>	13,969	15,562	17,842	22,556	31,580
Taxation	(3,447)	(3,847)	(4,410)	(5,575)	(7,806)
Exceptional Income - post-tax					
<b>Profit After Tax</b>	10,522	11,715	13,432	16,981	23,774
Minority Interests					
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
<b>Net Profit</b>	10,522	11,715	13,432	16,981	23,774
Recurring Net Profit	11,632	11,715	13,432	16,981	23,774
<b>Fully Diluted Recurring Net Profit</b>	11,632	11,715	13,432	16,981	23,774

Cash Flow

(Rs mn)	Mar-22A	Mar-23A	Mar-24F	Mar-25F	Mar-26F
<b>EBITDA</b>	18,655	18,433	20,255	24,060	32,629
Cash Flow from Invt. & Assoc.					
Change In Working Capital	(67)	(2,437)	1,379	109	400
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	(1,473)				
Other Operating Cashflow					
Net Interest (Paid)/Received	2,086	2,670	3,279	4,666	5,599
Tax Paid	(3,447)	(3,847)	(4,410)	(5,575)	(7,806)
<b>Cashflow From Operations</b>	15,753	14,819	20,503	23,260	30,822
Capex	(4,186)	(96)	(6,000)	(6,000)	(6,000)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/Investments					
Other Investing Cashflow	96	(70)			
<b>Cash Flow From Investing</b>	(4,090)	(165)	(6,000)	(6,000)	(6,000)
Debt Raised/(repaid)					
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	(6,580)	(8,043)	(4,835)		(8,559)
Preferred Dividends					
Other Financing Cashflow	(937)	(5,011)	805	1,024	1,430
<b>Cash Flow From Financing</b>	(7,517)	(13,054)	(4,030)	1,024	(7,129)
Total Cash Generated	4,146	1,600	10,473	18,284	17,693
<b>Free Cashflow To Equity</b>	11,664	14,654	14,503	17,260	24,822
<b>Free Cashflow To Firm</b>	12,210	15,224	15,112	17,260	24,822

SOURCE: INCRED RESEARCH, COMPANY REPORTS

**BY THE NUMBERS...cont'd**

<b>Balance Sheet</b>					
<b>(Rs mn)</b>	<b>Mar-22A</b>	<b>Mar-23A</b>	<b>Mar-24F</b>	<b>Mar-25F</b>	<b>Mar-26F</b>
Total Cash And Equivalents	28,879	30,479	40,952	58,211	75,902
Total Debtors	1,761	2,131	2,309	2,666	3,481
Inventories	307	372	372	372	372
Total Other Current Assets	9,147	10,361	11,520	13,297	17,365
<b>Total Current Assets</b>	<b>40,094</b>	<b>43,343</b>	<b>55,153</b>	<b>74,546</b>	<b>97,120</b>
Fixed Assets	73,567	75,038	75,345	75,174	74,527
Total Investments	14,356	14,425	14,425	14,425	14,425
Intangible Assets					
Total Other Non-Current Assets					
<b>Total Non-current Assets</b>	<b>87,923</b>	<b>89,463</b>	<b>89,770</b>	<b>89,600</b>	<b>88,952</b>
Short-term Debt					
Current Portion of Long-Term Debt					
Total Creditors	13,152	12,506	15,222	17,464	22,747
Other Current Liabilities	1,579	1,437	1,437	1,437	1,437
<b>Total Current Liabilities</b>	<b>14,732</b>	<b>13,943</b>	<b>16,659</b>	<b>18,901</b>	<b>24,184</b>
Total Long-term Debt					
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	5,512	6,413	6,413	6,413	6,413
<b>Total Non-current Liabilities</b>	<b>5,512</b>	<b>6,413</b>	<b>6,413</b>	<b>6,413</b>	<b>6,413</b>
Total Provisions					
<b>Total Liabilities</b>	<b>20,244</b>	<b>20,356</b>	<b>23,072</b>	<b>25,314</b>	<b>30,597</b>
Shareholders Equity	107,773	112,450	121,852	138,832	155,475
Minority Interests					
<b>Total Equity</b>	<b>107,773</b>	<b>112,450</b>	<b>121,852</b>	<b>138,832</b>	<b>155,475</b>

<b>Key Ratios</b>					
	<b>Mar-22A</b>	<b>Mar-23A</b>	<b>Mar-24F</b>	<b>Mar-25F</b>	<b>Mar-26F</b>
Revenue Growth	19.0%	6.9%	8.4%	15.4%	30.6%
Operating EBITDA Growth	49.8%	(1.2%)	9.9%	18.8%	35.6%
Operating EBITDA Margin	24.2%	22.4%	22.7%	23.3%	24.2%
Net Cash Per Share (Rs)	47.40	50.02	67.21	95.54	124.53
BVPS (Rs)	176.88	184.56	199.99	227.86	255.09
Gross Interest Cover	24.47	22.62	23.91		
Effective Tax Rate	24.7%	24.7%	24.7%	24.7%	24.7%
Net Dividend Payout Ratio	45.7%	57.2%	30.0%		30.0%
Accounts Receivables Days	7.85	8.62	9.07	8.80	8.33
Inventory Days	1.95	2.22	2.25	1.98	1.53
Accounts Payables Days	90.74	84.02	83.85	87.11	82.67
ROIC (%)	19.5%	18.4%	19.7%	24.5%	35.8%
ROCE (%)	15.2%	14.7%	15.7%	17.3%	21.5%
Return On Average Assets	7.9%	6.9%	7.3%	8.0%	10.4%

<b>Key Drivers</b>					
	<b>Mar-22A</b>	<b>Mar-23A</b>	<b>Mar-24F</b>	<b>Mar-25F</b>	<b>Mar-26F</b>
Volumes Moved (% Change)	11.8%	7.1%	9.2%	12.1%	24.3%
Rates Charged (% Change)	6.7%	(0.2%)	(0.7%)	3.0%	5.1%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

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been engaged in market making activity for the subject company	NO	NO

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