

India

**ADD** (no change)

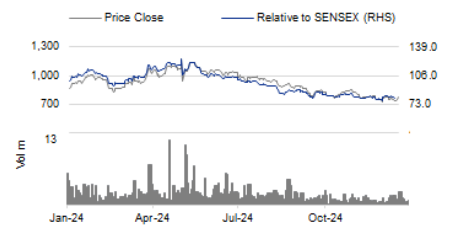
Consensus ratings\*: Buy 13 Hold 4 Sell 5

Current price:	Rs780
Target price: ▲	Rs1,133
Previous target:	Rs1,083
Up/downside:	45.3%
InCred Research / Consensus:	22.8%
Reuters:	CCRI.NS
Bloomberg:	CCRI IN
Market cap:	US\$5,488m
	Rs475,311m
Average daily turnover:	US\$14.4m
	Rs1248.8m
Current shares o/s:	609.3m
Free float:	45.2%

\*Source: Bloomberg

**Key changes in this note**

- Roll forward our valuation to Mar 2026F.
- Reduce FY26F EBITDA estimate by 21%.
- Introduce FY27F estimates.

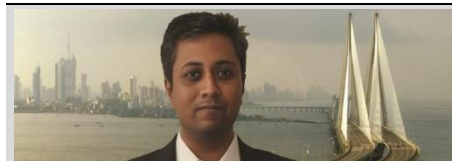


Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	(1.0)	(7.9)	(12.1)
Relative (%)	0.3	(5.3)	(18.7)

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

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# Container Corp of India Ltd

## Looking at a turnaround in 4QFY25F

- Concor is looking towards the Varnama terminal to post growth from 4QFY25F.
- The 6% qoq rise in rail freight cost/ TEUkm dented the EBITDA margin.
- Roll forward our valuation; maintain ADD rating with a higher TP of Rs1,133.

### Looking towards the Varnama terminal to post growth from 4QFY25F

Exim TEUkm of Container Corporation of India (Concor) rose by just 0.1% yoy in 3QFY25. Despite the weak 9M, Concor is optimistic of strong volume from 4QFY25F, driven by double stacking between Dadri/Khatuwas & Varnama (started operations in mid-Dec 2024) and single stack from Varnama & JNPT (on the existing Indian Railways). Rail coefficient at JNPT is constant over the last four quarters (15-17%). JNPT is likely to be connected to the Dedicated Freight Corridor or DFC in Dec 2025F. Domestic TEUkm rose by just 0.5% yoy, after a strong 16% yoy rise in the last three quarters.

### 6% qoq rise in rail freight cost/TEUkm dents EBITDA margin

Sales (Rs22bn) were flat yoy/down 4% qoq, in line with originating TEUkm (flat yoy and down 7% qoq). Thus, sales per TEUkm were flat yoy/up 3% qoq. Rail freight costs (ex-empty loss)/ TEUkm were flat yoy but up 6% qoq. Empty loss/ sales rose from 3.7% in 2Q to 4.8% in 3QFY25. Thus, the gross margin declined by 240bp qoq to 42.7%. The qoq rise in empty loss/sales is partly due to a 12% qoq fall in double stack rakes. The dip in gross margin led to a 345bp qoq fall in the EBITDA margin. Concor gave LLF guidance of Rs4bn for FY25F vs. Rs3.2bn in 9MFY25. A change in the depreciation rate for wagons boosted PBIT (up 11% yoy), despite the 7% yoy decline in EBITDA.

### Roll forward our valuation; maintain ADD with a new TP of Rs1,133

We have reduced our FY26F EBITDA estimate by 21% due to the delay in connecting Jawaharlal Nehru Port Trust (JNPT) to the DFC and introduced FY27F estimates. We factor in sales/originating cargo/EBITDA growth of 41%/34%/60%, respectively over FY25F-27F. We roll forward our valuation to Mar 2026F (from Mar 2025F earlier), valuing Concor at 19x EV/EBITDA (in line with the six-year median EV/EBITDA of 19.4x). Concor is trading at 16.7x FY26F EV/EBITDA, at a 14% discount to the six-year median. We maintain our ADD rating on Concor with a higher target price of Rs1,133 (vs. Rs1,083 earlier). Downside risk: A sharp rise in rail freight costs.

**Financial Summary**

	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Revenue (Rsm)	82,438	87,904	93,337	110,870	131,250
Operating EBITDA (Rsm)	18,457	19,452	20,371	25,608	32,672
Net Profit (Rsm)	11,739	12,536	13,439	17,091	22,926
Core EPS (Rs)	19.3	20.6	22.1	28.0	37.6
Core EPS Growth	0.9%	6.8%	7.2%	27.2%	34.1%
FD Core P/E (x)	40.49	37.92	35.37	27.82	20.74
DPS (Rs)	11.0	11.5	0.0	8.4	11.3
Dividend Yield	1.41%	1.47%	0.00%	1.08%	1.45%
EV/EBITDA (x)	24.10	22.77	21.10	16.38	12.38
P/FCFE (x)	50.63	61.51	36.08	30.58	21.80
Net Gearing	(27.1%)	(27.4%)	(34.6%)	(39.0%)	(44.4%)
P/BV (x)	4.23	4.02	3.61	3.31	2.98
ROE	10.7%	10.9%	10.8%	12.4%	15.1%
% Change In Core EPS Estimates			(47.59%)		
InCred Research/Consensus EPS (x)					

SOURCE: INCRED RESEARCH, COMPANY REPORTS

## Looking at a turnaround in 4QFY25F

**Figure 1: Growth rate (% yoy) of Indian Railways' container cargo (TKM) and Concor's cargo (TEUkm) – EXIM TEUkm rose by just 0.1% yoy; despite the weak 9M, Concor is optimistic of strong volume from 4QFY25F, driven by double stacking between Dadri/ Khatuwas & Varnama (started operations in mid-Dec 2024) and single stack from Varnama & JNPT (on the existing Indian Railways); rail coefficient at JNPT is constant over the last four quarters (15-17%); JNPT is likely to be connected to the DFC in Dec 2025F; domestic TEUkm rose by just 0.5% yoy, posting a strong 16% yoy rise in the last three quarters**

(%)	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25
<b>Indian Railways' containers</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	na	na	na	na
EXIM	3.6	(0.1)	2.1	5.5	6.3	8.9	3.7	20.7	na	na	na	na	na
Domestic	26.3	25.8	33.7	16.4	10.8	4.7	(4.2)	9.0	na	na	na	na	na
<b>Concor containers</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>	<b>18.2</b>	<b>9.9</b>	<b>6.2</b>	<b>0.2</b>
EXIM	(0.3)	(8.5)	(10.0)	(12.8)	(17.1)	(11.4)	(3.2)	19.7	19.4	19.2	6.3	3.1	0.1
Domestic	26.3	9.4	22.7	8.8	9.9	9.7	0.9	12.0	2.8	16.3	18.0	14.0	0.5

SOURCE: INCRED RESEARCH, COMPANY REPORTS

**Figure 2: Quarterly financials**

(Rs m)	3QFY25	3QFY24	% Chg	2QFY25	% Chg
<b>Net Sales</b>	<b>22,019</b>	<b>22,051</b>	<b>0</b>	<b>22,830</b>	<b>-4</b>
Rail Freight	12,620	12,946	-3	12,523	1
Other opex	1,240	1,118	11	1,150	8
Overheads	3,761	3,233	16	3,810	-1
<b>EBITDA</b>	<b>4,399</b>	<b>4,754</b>	<b>-7</b>	<b>5,348</b>	<b>-18</b>
Depreciation	1,359	1,543	-12	1,617	-16
Interest	171	175	-2	177	-3
Other income	995	1,007	-1	1,301	-24
Tax	976	974	0	1,196	-18
<b>Adjusted PAT</b>	<b>2,887</b>	<b>3,069</b>	<b>-6</b>	<b>3,659</b>	<b>-21</b>
Extraordinary income	548	276		52	
<b>Reported PAT</b>	<b>3,435</b>	<b>3,344</b>	<b>3</b>	<b>3,711</b>	<b>-7</b>
<b>EBITDA margin (%)</b>	<b>20.0</b>	<b>21.6</b>	<b>-158bps</b>	<b>23.4</b>	<b>-345bps</b>

SOURCE: INCRED RESEARCH, COMPANY REPORTS

**Figure 3: Segmental break-up**

(Rs m)	3QFY25	3QFY24	% Chg	2QFY25	% Chg
<b>EXIM</b>					
Revenue	13,892	14,365	-3	15,320	-9
EBIT before empty losses	3,769	3,550	6	4,297	-12
Empty loss/ TEU (Rs/ TEU)	269	391	-31	300	-10
EBIT post empty losses	3,506	3,197	10	3,995	-12
% margin	25.2	22.3	298bps	26.1	-84bps
Volume (kTEU)	975	903	8	1,006	-3
Tariff (Rs/ TEU originating)	26,420	27,354	-3	27,476	-4
Originating volume (kTEU)	526	525	0	558	-6
Originating as % of overall	53.9	58.2	-427bps	55.4	-152bps
<b>Domestic</b>					
Revenue	8,127	7,687	6	7,510	8
EBIT before empty losses	1,657	1,725	-4	1,221	36
Empty loss/ TEU (Rs/ TEU)	2,585	3,980	-35	1,814	43
EBIT post empty losses	856	737	16	681	26
% margin	10.5	9.6	95bps	9.1	147bps
Volume (kTEU)	310	248	25	298	4
Tariff (Rs/ TEU originating)	69,081	69,795	-1	56,361	23
Originating volume (kTEU)	118	110	7	133	-12
Originating as % of overall	38.0	44.4	-636bps	44.8	-676bps

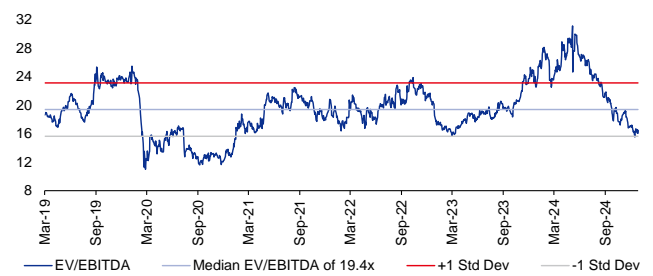
SOURCE: INCRED RESEARCH, COMPANY REPORTS

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

	3QFY25	3QFY24	% Chg	2QFY25	% Chg
EXIM Lead distance (km)	715	715	0	705	1
Empty losses as % overall revenue	1.9	2.5	-57bps	2.0	-8bps
Double stacking (rakes)	1,525	1,376	11	1,733	-12
Double stack as % of overall EXIM Originating	46.4	41.9	448bps	49.7	-333bps

SOURCE: INCRED RESEARCH, COMPANY REPORTS

**Figure 5: Over the last six years, Concor's median one-year forward EV/EBITDA was 19.4x; it is currently trading at 16.7x FY26F EV/ EBITDA (14% discount to the median)**



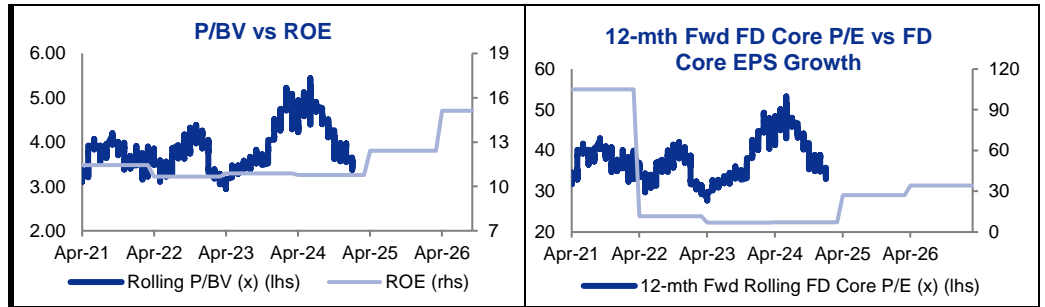
SOURCE: INCRED RESEARCH, COMPANY REPORTS

**Figure 6: Our revised earnings estimates**

(Rs bn)	FY25F		FY26F		FY27F
	Old	New	Old	New	
Sales	103.1	93.3	134.7	110.9	131.3
% change		(9)		(18)	
EBITDA	24.1	20.4	32.6	25.6	32.7
% change		(15)		(21)	
PAT	17.0	13.4	23.8	17.1	22.9
% change		(21)		(28)	

SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS



Profit & Loss

(Rs mn)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
<b>Total Net Revenues</b>	82,438	87,904	93,337	110,870	131,250
<b>Gross Profit</b>	26,730	28,254	29,522	35,780	43,419
<b>Operating EBITDA</b>	18,457	19,452	20,371	25,608	32,672
Depreciation And Amortisation	(5,541)	(6,009)	(7,143)	(8,461)	(8,900)
<b>Operating EBIT</b>	12,916	13,444	13,228	17,147	23,772
Financial Income/(Expense)	2,670	3,129	4,539	5,447	6,536
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)					
<b>Profit Before Tax (pre-EI)</b>	15,586	16,573	17,767	22,594	30,309
Exceptional Items					
<b>Pre-tax Profit</b>	15,586	16,573	17,767	22,594	30,309
Taxation	(3,847)	(4,037)	(4,328)	(5,504)	(7,383)
Exceptional Income - post-tax					
<b>Profit After Tax</b>	11,739	12,536	13,439	17,091	22,926
Minority Interests					
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
<b>Net Profit</b>	11,739	12,536	13,439	17,091	22,926
Recurring Net Profit	11,739	12,536	13,439	17,091	22,926
<b>Fully Diluted Recurring Net Profit</b>	11,739	12,536	13,439	17,091	22,926

Cash Flow

(Rs mn)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
<b>EBITDA</b>	18,457	19,452	20,371	25,608	32,672
Cash Flow from Invt. & Assoc.					
Change In Working Capital	(2,437)	(1,773)	2,725	129	117
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
<b>Other Operating Cashflow</b>					
Net Interest (Paid)/Received	2,670	3,129	4,539	5,447	6,536
Tax Paid	(3,847)	(4,037)	(4,328)	(5,504)	(7,383)
<b>Cashflow From Operations</b>	14,843	16,772	23,307	25,681	31,943
Capex	(5,386)	(10,133)	(10,133)	(10,133)	(10,133)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	(70)	1,090			
<b>Cash Flow From Investing</b>	(5,455)	(9,044)	(10,133)	(10,133)	(10,133)
Debt Raised/(repaid)					1
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	(6,702)	(7,007)		(6,153)	(8,253)
Preferred Dividends					
Other Financing Cashflow	(1,085)	1,189	1,024		
<b>Cash Flow From Financing</b>	(7,787)	(5,818)	1,024	(6,153)	(8,252)
Total Cash Generated	1,601	1,910	14,198	9,395	13,558
<b>Free Cashflow To Equity</b>	9,388	7,728	13,174	15,548	21,811
<b>Free Cashflow To Firm</b>	9,958	8,381	13,174	15,548	21,810

SOURCE: INCRED RESEARCH, COMPANY REPORTS

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

<b>Balance Sheet</b>					
<b>(Rs mn)</b>	<b>Mar-23A</b>	<b>Mar-24A</b>	<b>Mar-25F</b>	<b>Mar-26F</b>	<b>Mar-27F</b>
Total Cash And Equivalents	30,479	32,389	45,563	55,984	70,919
Total Debtors	2,131	3,295	3,498	4,155	4,919
Inventories	372	499	499	499	499
Total Other Current Assets	10,361	10,055	11,445	13,595	16,094
<b>Total Current Assets</b>	<b>43,343</b>	<b>46,237</b>	<b>61,005</b>	<b>74,234</b>	<b>92,431</b>
Fixed Assets	75,038	79,077	82,067	83,739	84,972
Total Investments	14,425	13,336	13,336	13,336	13,336
Intangible Assets					
Total Other Non-Current Assets					
<b>Total Non-current Assets</b>	<b>89,463</b>	<b>92,412</b>	<b>95,402</b>	<b>97,075</b>	<b>98,308</b>
Short-term Debt					
Current Portion of Long-Term Debt					
Total Creditors	12,506	11,653	15,972	18,908	22,288
Other Current Liabilities	1,437	1,501	1,501	1,501	1,501
<b>Total Current Liabilities</b>	<b>13,943</b>	<b>13,154</b>	<b>17,473</b>	<b>20,410</b>	<b>23,790</b>
Total Long-term Debt					1
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	6,413	7,372	7,372	7,372	7,372
<b>Total Non-current Liabilities</b>	<b>6,413</b>	<b>7,372</b>	<b>7,372</b>	<b>7,372</b>	<b>7,373</b>
Total Provisions					
<b>Total Liabilities</b>	<b>20,356</b>	<b>20,526</b>	<b>24,845</b>	<b>27,782</b>	<b>31,163</b>
Shareholders Equity	112,450	118,124	131,563	143,527	159,576
Minority Interests					
<b>Total Equity</b>	<b>112,450</b>	<b>118,124</b>	<b>131,563</b>	<b>143,527</b>	<b>159,576</b>

<b>Key Ratios</b>					
	<b>Mar-23A</b>	<b>Mar-24A</b>	<b>Mar-25F</b>	<b>Mar-26F</b>	<b>Mar-27F</b>
Revenue Growth	6.9%	6.6%	6.2%	18.8%	18.4%
Operating EBITDA Growth	(1.1%)	5.4%	4.7%	25.7%	27.6%
Operating EBITDA Margin	22.4%	22.1%	21.8%	23.1%	24.9%
Net Cash Per Share (Rs)	50.02	53.16	74.78	91.85	116.32
BVPS (Rs)	184.56	193.87	215.92	235.48	261.73
Gross Interest Cover	22.66	20.58			475,442.69
Effective Tax Rate	24.7%	24.4%	24.4%	24.4%	24.4%
Net Dividend Payout Ratio	57.1%	55.9%		30.0%	30.0%
Accounts Receivables Days	8.62	11.26	13.28	12.60	12.62
Inventory Days	2.22	2.67	2.86	2.43	2.08
Accounts Payables Days	84.06	73.92	79.00	84.77	85.60
ROIC (%)	18.4%	18.2%	16.6%	21.4%	29.1%
ROCE (%)	14.7%	14.9%	14.2%	16.4%	20.0%
Return On Average Assets	7.0%	6.9%	6.0%	7.1%	9.1%

<b>Key Drivers</b>					
	<b>Mar-23A</b>	<b>Mar-24A</b>	<b>Mar-25F</b>	<b>Mar-26F</b>	<b>Mar-27F</b>
Volumes Moved (% Change)	7.1%	8.2%	8.7%	12.2%	13.7%
Rates Charged (% Change)	(0.2%)	(1.5%)	(2.3%)	5.9%	4.1%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

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**Recommendation Framework****Stock Ratings**

Definition:

- Add** The stock's total return is expected to exceed 10% over the next 12 months.
- Hold** The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
- Reduce** The stock's total return is expected to fall below 0% or more over the next 12 months.

*The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.*

**Sector Ratings**

Definition:

- Overweight** An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
- Neutral** A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
- Underweight** An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

**Country Ratings**

Definition:

- Overweight** An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
- Neutral** A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
- Underweight** An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.