

Pick of the Day (Short Term Delivery Call)

Company Name: Container Corporation Of India Ltd

NSE code	CONCOR
BSE code	531344
Market Cap (Rs Cr)	56,196
Promotor holding (%)	54.80
PE (x) TTM	46
Industry PE (x)	42.6
EV/EBITDA (x)	23.5
P/PB (x)	4.88

CMP (Rs): 922 | Buy Range: 920-930 | Target Price: 1060 | Upside: 15%

Duration of recommendation: 1 to 3 months

About Company: Container Corporation Of India is engaged in the business of providing inland transportation of containers by rail. Additionally, it manages ports, air cargo complexes, and develops cold chains. The company operates under the Ministry of Railways, with the ministry holding a majority stake of 54.8% in the corporation.

Investment Rationale

Business Outlook:

Business Carrier: In the segment, most of CONCOR's terminals are connected by rail, with 94% of its inland transportation utilizing the Indian Railways network. The company benefits from a strong partnership with Indian Railways, receiving wagons and operational support. These rail-linked terminals provide a cost advantage.

Terminal and Container Freight Station (CFS) Operator: In this category, CONCOR offers transit warehousing for import and export cargo, LCL consolidation, and reworking at nominated hubs. Additionally, it provides bonded trucking for air cargo clearance and bonded warehousing, allowing importers to store goods, make partial deliveries, and defer duty

Market leader in Industry: Currently, CONCOR is the market leader that has the largest network of 61 ICDs and CFSs in India. CCRI maintains a market share of 55-60% in EXIM container volumes.

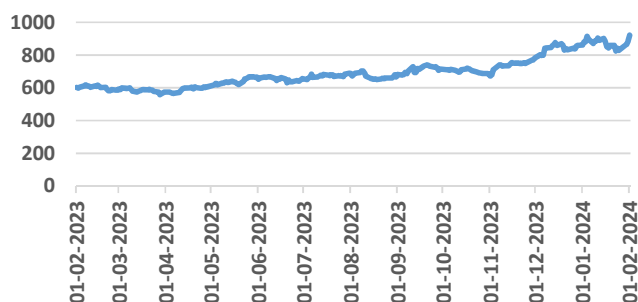
Financial Position: Revenue has grown at a CAGR of 4.5% over FY18-23 period from Rs. 6612 crores in FY18 to Rs. 8169 crores in FY23. Operating margins hovers around 20-23%. PAT has grown at a CAGR of 2% from Rs. 1060 crores in FY18 to Rs. 1173 crores in FY23. Company's ROE/ROCE are 10.6 & 13.7 respectively. Leverage position is also good with D/E is 0.07.

Q3FY24 Results: Company presented mixed set of numbers during the quarter with consolidated Revenue/EBITDA/PAT increasing 10.32%/19.7%/12.9% YoY respectively. EBITDA margins up by 100 bps improving from 22% in Dec 2022 to 23% in Dec 2023. On QoQ basis, Revenue/EBITDA/PAT have been +0.7%/-10.5%/-10.05%. Management maintained its FY24 guidance and expects 15% volume growth in the domestic segment and 10% in the EXIM segment.

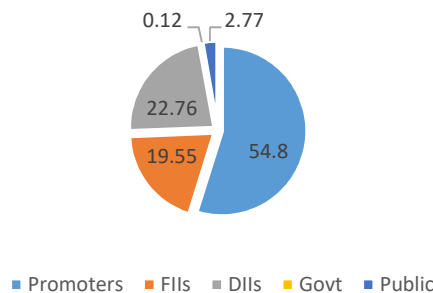
Our Valuation & Recommendation: Stock is currently trading at 43x its FY24E EPS, which puts valuation on higher side, but given the recent Q3FY24 performance and management guidance & Govt's push for infra corridor development in recent interim budget, we recommend BUY in price range of 920-930 with target price 1060, upside 15%.

Key risks: Big Fall in margins due to higher competitive industry, EXIM imbalance worsening

Price Performance



Shareholding Pattern %



Disclosure:

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