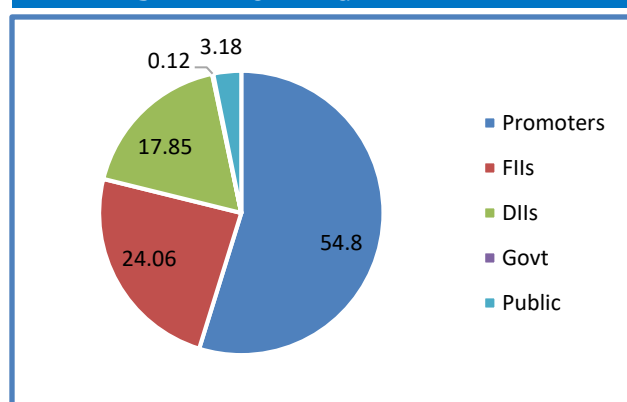


November 2022

VALUE PARAMETERS

Industry	Logistics
Sector	Logistics
Face Value (Rs.)	5.00
Mrk.Cap (Rs. in Cr)	44,655
Enterprise value (Rs in Cr)	42,026
52-Week High/Low	829/554
EPS (TTM)	18.8
P/E Ratio (TTM)	39.1
Book Value per share (Rs)	181
Industry P/E	24.2
P/B Ratio (calc at CMP)	4.07
Dividend Yield (%)	1.24
Cash equivalents (Rs. Cr)	3377
Debt (Rs. Cr)	748
EV/EBITDA (x)	20

SHAREHOLDING PATTERN



FINANCIAL PERFORMANCE

Consolidated	FY22	FY23E	FY24E
Revenue (Rs. Cr)	7652.73	8260	9140
Growth (%)	19.10%	8%	10.65%
EBITDA (Rs. Cr)	1747.28	1940	2147.9
Growth (%)	66.9%	13.6%	10.7%
Margin (%)	22.8%	23.5%	23.5%
PAT (Rs. Cr)	1028.37	1175	1435
Growth (%)	119.2%	14.3%	22.0%
Margin (%)	13.4%	14.2%	15.7%
EPS (Rs)	17.32	19.74	23.8
RoE (%)	10.05	10.6	11.5
RoCE (%)	13.83	12.5	13.8
P/E (x)	38.83	38.5	32

Our Recommendation: With the opening up of economy post COVID, we expect strong growth in business activities in freight sector and CONCOR being the market leader, is well placed to capture big market share. The company's endeavors to grab the market share in transporting commodities in domestic business is a step in this direction. CONCOR has strong financials and is almost debt free. Prospects look bright due to commencement of dedicated freight corridor and pending privatization of business. Given these scenarios, we expect company would present good set of numbers in the coming quarters. We value the stock at Rs. 820 (premised on 34x FY24E EPS). We recommend BUY in price range Rs. 700-720 with target price Rs 820 (upside 14%)

Investment Rationale:

About Company: Container Corporation of India (CONCOR) is engaged in the business of providing inland transportation of containers by rail. CONCOR's core business consists of three distinct activities: Carrier, Terminal operator, and warehouse operator. Rail is the foundation of CONCOR's transportation plans and strategy. The majority of CONCOR terminals are rail-connected, with rail serving as the primary mode of transportation.

Q2FY23 Results: CONCOR presented encouraging set of results.

- Consolidated revenue increased 8.12% YoY to Rs. 1986.34 crore in Q2FY23, up from Rs. 1837.2 crores in Q2FY22. Sequentially, revenue was flat down by 0.38% in the previous quarter.
- EBITDA margin up by 10 bps YoY to 25.5 from 23.5 a year ago.
- Consolidated net profit of Rs. 295.6 crores, up 19.71% YoY from Rs. 248.29 crores in Q2FY22.

Sector Potential:

- The logistics industry is a pillar of the emerging Indian economy. The Indian logistics industry, which is currently valued at around US\$ 215 billion, is expected to grow at a CAGR of 10.5% between 2019 and 2025.
- With the rise of e-commerce in India, online freight platforms and aggregators are on the rise in the Indian logistics market, owing to the need for low entry barriers and lower capital investment when compared to establishing an asset-based business model.
- With increased private and government investment in the sector, India's port capacity is expected to grow at a CAGR of 5% to 6% by 2022, adding 275 MT to 325 MT.
- Indian Railways aims to increase freight traffic from 1.1 billion tonnes in 2017 to 3.3 billion tonnes in 2030. Due to various factors and the cargo traffic volume in India's airports is expected to reach 17 million tonnes by FY2040.

Key Highlights from con-call:

- EXIM business gained momentum after last two quarters' dull performance. Domestic business is on strong traction.
- For FY23, the management expects domestic volume to increase by 25%-30%.
- The company is looking to grab the market share in transporting commodities in domestic business.
- Company is considering to add new rakes to facilitate growth in bulk commodities.
- For medium term, the company expects domestic volume will increase by 40% from 30% currently. Company expects guidance of a 10%-12% volume/revenue growth or FY23.

Financials and Valuations

Q2FY23 Quarterly financials consolidated (Rs in Cr)

Y/E March (INR Crore)	Q2FY23	Q2FY22	YoY chang. (%)	Q1FY23	QoQ chang. (%)
Revenue	1,986.34	1,837.20	8.12	1,993.99	-0.38
Expenditure	1,480.78	1,405.34	5.37	1,515.24	-2.27
% of Sales	74.5	76.5	NA	76.0	NA
EBITDA	505.56	431.86	17.07	478.75	5.60
Margin (%)	25.5	23.5	10 bps	24.0	(150) bps
Depreciation	138.55	143.95	NA	137.29	NA
EBIT	367.01	287.91	27.47	341.46	7.48
Int. and Finance Charges	15.94	15.61	2.11	15.49	2.91
Other Income	44.60	63.08	-29.30	68.51	-34.90
PBT bef. EO Exp.	395.67	335.38	17.98	394.48	0.30
EO Items	0.0	0.0	-	0.0	-
PBT	395.67	335.38	17.98	394.48	0.30
Tax	99.81	87.09	NA	100.45	NA
Tax Rate (%)	25.2	26.0	NA	25.5	NA
PAT	295.86	248.29	19.16	294.03	0.62
Margin (%)	14.9%	13.5%	140 bps	14.7%	2 bps
Extraordinary Items	0	0	-	0	-
Prior period items	0	0	-	0	-
Net Profit	295.86	248.29	19.16	294.03	0.62
Minority Int.	-0.33	0.51	NA	0.25	NA
Shares associate	7.94	4.92	NA	2.80	NA
Consolidated Net Profit	303.47	253.72	19.61	297.08	2.15
Adj. EPS	4.98	4.16	19.71	4.88	2.05

Income Statement, consolidated (Rs in Cr)

Y/E March (INR Crore)	FY18	FY19	FY20	FY21	FY22
Revenue	6,612.49	6,956.06	6,539.42	6,427.08	7,652.73
Change (%)		5.2	-6.0	-1.7	19.1
Expenditure	5,120.82	5,165.37	4,845.62	5,380.30	5,905.45
% of Sales	77.4	74.3	74.1	83.7	77.2
EBITDA	1,491.67	1,790.69	1,693.80	1,046.78	1,747.28
Margin (%)	22.6	25.7	25.9	16.3	22.8
Growth (%)		20.0	-5.4	-38.2	66.9
Depreciation	419.97	452.26	544.41	553.38	561.42
EBIT	1,071.70	1,338.43	1,149.39	493.40	1,185.86
Int. and Finance Charges	5.56	6.54	46.05	42.90	62.37
Other Income	286.76	317.01	253.44	270.36	247.08
PBT bef. EO Exp.	1,352.90	1,648.90	1,356.78	720.86	1,370.57
Exception Items	0.0	0.0	-851.8	-78.7	0.0
PBT	1,352.9	1,648.9	505.0	642.2	1,370.6
Tax	348.59	474.40	138.09	172.98	342.20
Tax Rate (%)	25.8	28.8	27.3	26.9	25.0
PAT	1,004.31	1,174.50	366.87	469.23	1,028.37
Margin (%)	15.2%	16.9%	5.6%	7.3%	13.4%
Growth (%)		16.9	-68.8	27.9	119.2
Share associate	55.8	47.84	38.83	31.47	23.9
Minority Int.	0	7.03	-2.18	4.56	2.85
Net Profit	1,060.11	1,229.37	403.52	505.26	1,055.12
Adj. EPS	17.40	25.22	6.62	8.29	17.32

Balance Sheet, consolidated (Rs. Cr)

Y/E March	FY18	FY19	FY20	FY21	FY22
Shareholders' fund	9373.71	10367.87	10064.74	10203.74	10777.30
Share Capital	243.72	304.65	304.65	304.65	304.65
Reserves & Surplus	9,129.99	10,063.22	9,760.09	9,899.09	10,472.65
Total Debt	252.39	245.75	361.20	694.65	637.81
Other liabilities	33.40	30.32	323.36	557.16	551.23
Deferred Tax Liab	173.21	161.55	0.00	0.00	0.00
Long term Provisions	45.78	53.88	37.84	137.49	86.58
Curr. Liab & prov	1079.83	1993.18	1140.03	1296.16	1386.57
Current liabilities	1055.23	1975.13	1108.68	1263.74	1315.22
Provisions	24.60	18.05	31.35	32.42	71.35
Total Liabilities	1584.61	2484.68	1862.43	2685.46	2662.19
Total Equity & Liabilities	10705.93	12606.80	11565.97	12194.55	12801.68
Non-Curr. Assets	7494.59	7875.69	8672.75	9009.06	9159.94
Net Fixed Assets	3638.41	4187.94	4965.61	5294.32	5384.30
Intangible assets	9.98	6.75	3.76	7.43	6.48
CWIP	671.04	624.67	937.51	919.83	737.51
Investments	1389.02	1402.90	1444.08	1445.17	1435.56
Other Non-curr assets	1739.15	1598.17	1238.26	1216.93	1458.61
Long-term loans & Avanc.	46.99	55.26	68.99	71.10	46.92
Deferred Tax Assets	0.00	0.00	14.54	54.28	90.56
Current Assets	3211.34	4731.11	2894.03	3185.49	3631.01
Inventories	27.41	23.25	26.08	23.94	30.68
Trade receivables	60.4	88.36	159.13	155.48	176.14
Cash/Bank Balance	1981.7	170.42	2168.59	2473.21	2887.85
Current investments	0	0	0	50	0
Other current assets	981.99	4381.7	527.74	468	524.74
Loans & Advances	159.84	67.38	12.49	14.86	11.60
Total Assets	10705.93	12606.80	11566.78	12194.55	12801.68

Cash Flow statement (Rs. Cr)

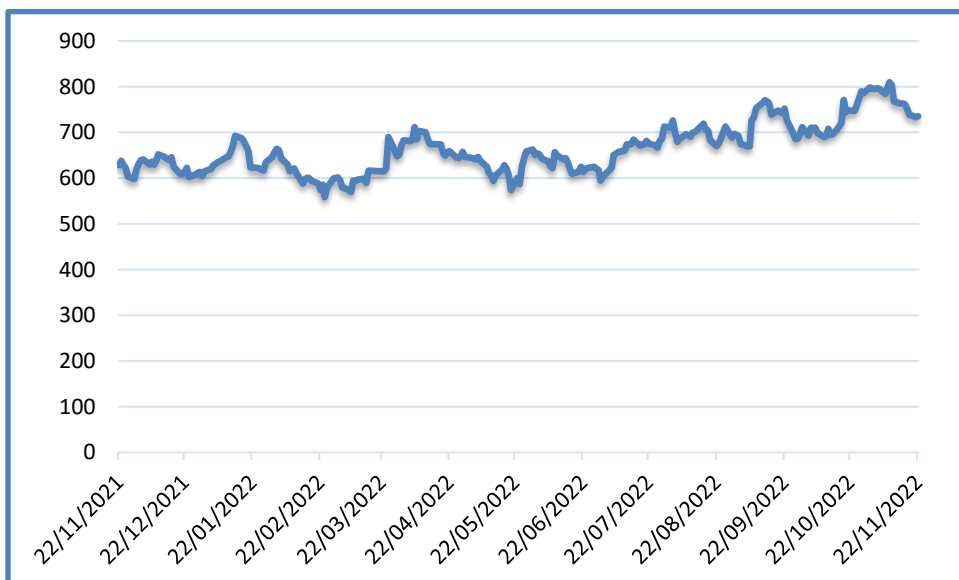
Y/E: March	FY18	FY19	FY20	FY21	FY22
Profit Before Tax	1,408.70	1,698.99	544.74	673.59	1,394.47
Net CashFlow From Operating Activities	1,313.29	-1,878.19	4,285.78	1,029.06	1,369.42
Net Cash Used In Investing Activities	-745.2	1,315.92	-2,879.64	33.71	-1,070.19
Net Cash Used From Financing Activities	-492.43	480.63	-1,470.15	-456.62	-594.98
Foreign Exchange Gains / Losses	0	0	0	0	0
Other Adjustments	0	0	0	0	0
NET INCREASE/DECREASE IN CASH	75.66	-81.64	-64.01	606.15	-295.75
Opening Cash Balance	135.28	210.94	131.68	72.26	678.41
Ending Cash Balance	210.94	129.3	67.67	678.41	382.66

Key Ratios:

Y/E March	FY2018	FY2019	FY2020	FY2021	FY2022
Per Share Data (Rs)					
EPS	17.54	20.18	6.62	8.29	17.32
BV/Share	153	169.5	164.88	167.2	176.52
DPS	17	9	4	5	9
Dividend Payout (%)	39.0%	42.4%	54.4%	60.3%	52.0%
Margin Ratios					
EBITDA margin (%)	22.6	25.7	25.9	16.3	22.8
EBIT margin (%)	16.2%	19.2%	17.6%	7.7%	15.5%
PAT margin (%)	15.2%	16.9%	5.6%	7.3%	13.4%
Valuation Ratios					
P/E (x)	11.34	26.00	50.05	72.02	38.83
P/BV (x)	3.25	3.1	2.01	3.57	3.81
EV/EBITDA	5.7	15.4	16.5	26.7	18.9
Return Ratios (%)					
RoE	11.1	11.95%	3.60%	4.95%	10.05%
RoCE	14.92%	16.17%	5.20%	7.04%	13.83%
RoA	9.55%	9.91%	2.99%	4.15%	8.34%
Leverage Ratio (x)					
Current Ratio	2.8	2.3	2.5	2.4	2.6
Quick Ratio	2.78	2.31	2.47	2.40	2.56
Interest Cover Ratio	216.09	241.72	11.87	16.52	23.19
Net Debt/Equity	0.01	0.07	0.01	0.01	0.01

Peer Comparison

Company Name	Price	MCap(Cr)	TTM PE	P/B	ROE(%)	1 Yr Return(%)	Net Sales(Rs.)	Net Profit(Rs.)	Debt to Equity
Container Corp	735	44,783	39.20	4.13	10.00	17.70	7,653	1,028	0.01
TCI Express	1891	7289	52.12	12.6	26.02	-8.18	1,081	128	0
Transport Corp	643.85	4991	15.73	3.4	20.24	-8.73	3,256	265	0.04
VRL Logistics	541.65	4785	24.22	7.34	24.57	17.26	2,393	160	0.22
Mahindra Log.	484	3487	80.90	6.13	6.27	-34.4	4,083	34	0.06

Price Performance in 1 Year


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Disclosure:

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