

Accumulate

Operational beat; positive surprise on LLF

- Q1 was an operating beat led by EXIM, buoyed by volume and realization growth. LLF for the quarter was at Rs1.13bn, in line with the FY22 guided number of Rs4.5bn, though its current calculations peg a lower LLF of Rs3.8bn.
- For FY22, management has retained its guidance of a 12% topline growth and doubling of the FY21 RPAT. It has already stated plans to enter into a 35-year land lease with Indian, with a one-time payment pegged between Rs60-70bn
- The overhang of LLF has faded and focus is back on its business, where DFC remains the key long trigger, which will aid modal shift to rail. We maintain Accumulate with a DCF based TP of Rs740.

Q1 was an operating beat led by EXIM

Revenue at Rs18.1bn was in line with estimates, 52% YoY and -7% QoQ led by 35% YOY volume and 12% YOY realization growth. EXIM/Domestic revenue mix was at 72:28% vs 74:26% YoY and 71:29% QoQ. EXIM revenue grew 45% while domestic revenue grew 73%. EXIM realization improved 12% YoY along with domestic realization up by 3% YoY. EBIDTA margins sharply up at 10.6pp YoY at 24%, buoyed by the strong volume and realization growth seen by the company. LLF for the quarter is Rs1.13bn, in line with the guided LLF of Rs4.5bn for FY22. In terms of volumes, it reported 9,91,746 TEUs in Q1FY22 of which 815,077 TEUs were EXIM and 176,669 TEUs were of Domestic. Overall volumes were up 35%, led by 30% growth in EXIM and 69% growth in domestic, with the low base effect of last year coming into play.

FY22 guidance maintained; Positive surprise on LLF.

For FY22, management has retained its guidance of a 12% topline growth and doubling of the FY21 RPAT. While Concor has provided LLF in Q1 on the basis of Rs4.5bn in FY22, it has also collated land rates from the revenue department based on which it has indicated a LLF of Rs3.75bn, a saving on 17%. It has already stated plans to enter into a 35-year land lease with Indian, with a one-time payment pegged between Rs60-70bn, to be met with a combination of internal accruals and debt of Rs35bn.

Q1FY22 Result (Rs Mn)

| Particulars | Q1FY22 | Q1FY21 | YoY (%) | Q4FY21 | QoQ (%) |
|-------------------|--------|--------|---------|--------|---------|
| Revenue | 18,075 | 11,891 | 52.0 | 19,393 | (6.8) |
| Total Expense | 13,740 | 10,301 | 33.4 | 17,503 | (21.5) |
| EBITDA | 4,335 | 1,590 | 172.6 | 1,890 | 129.4 |
| Depreciation | 1,303 | 1,260 | 3.4 | 1,324 | (1.5) |
| EBIT | 3,032 | 330 | 818.5 | 566 | 435.3 |
| Other Income | 555 | 588 | (5.6) | 732 | (24.2) |
| Interest | 139 | 85 | 64.2 | 86 | 62.1 |
| EBT | 3,448 | 833 | 313.7 | 379 | 809.8 |
| Tax | 899 | 217 | 315.0 | 217 | 314.1 |
| RPAT | 2,549 | 617 | 313.3 | 162 | 1475.2 |
| APAT | 4,029 | 617 | 553.3 | 2,259 | 78.4 |
| | | | (bps) | | (bps) |
| Gross Margin (%) | 46.6 | 45.1 | 148 | 45.9 | 77 |
| EBITDA Margin (%) | 24.0 | 13.4 | 1061 | 9.7 | 1424 |
| NPM (%) | 14.1 | 5.2 | 891 | 0.8 | 1327 |
| Tax Rate (%) | 26.1 | 26.0 | 8 | 57.3 | (3122) |
| EBIT Margin (%) | 16.8 | 2.8 | 1400 | 2.9 | 1385 |

| | |
|--------------------------|-------------------|
| CMP | Rs 630 |
| Target / Upside | Rs 740 / 17% |
| NIFTY | 15,779 |
| Scrip Details | |
| Equity / FV | Rs 3,046mn / Rs 5 |
| Market Cap | Rs 384bn |
| | USD 5bn |
| 52-week High/Low | Rs 748 / 351 |
| Avg. Volume (no) | 3,279,420 |
| Bloom Code | CCRI IN |
| Price Performance | |
| | 1M 3M 12M |
| Absolute (%) | (10) 7 40 |
| Rel to NIFTY (%) | (10) (1) 0 |

Shareholding Pattern

| | Dec'20 | Mar'21 | Jun'21 |
|-----------------|--------|--------|--------|
| Promoters | 54.8 | 54.8 | 54.8 |
| MF/Banks/FIs | 16.7 | 15.8 | 16.3 |
| FIs | 23.3 | 24.0 | 24.9 |
| Public / Others | 5.3 | 5.4 | 4.0 |

Valuation (x)

| | FY21A | FY22E | FY23E |
|-----------|-------|-------|-------|
| P/E | 53.8 | 34.8 | 29.9 |
| EV/EBITDA | 34.8 | 19.5 | 17.0 |
| ROE (%) | 7.0 | 10.1 | 10.7 |
| RoACE (%) | 6.1 | 10.4 | 11.0 |

Estimates (Rs mn)

| | FY21A | FY22E | FY23E |
|-----------|--------|--------|--------|
| Revenue | 63,850 | 74,372 | 86,629 |
| EBITDA | 10,329 | 18,593 | 21,917 |
| PAT | 7,130 | 11,020 | 12,820 |
| EPS (Rs.) | 11.7 | 18.1 | 21.0 |

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Reducing EXIM dependence.

CCRI is diversifying its goods with bulk transport of cement, caustic soda, salt etc. It has floated a tender for the bulk transport of cement, and is targeting to transport 0.5mn tons in the first year. It is targeting to take its EXIM/Domestic mix from the current 80/20 to 70/30 in a year and the longer term target is to have the mix at 60/40

Maintain Accumulate; focus back on business drivers

The overhang of LLF has faded with its pending agreement with IR and focus is back on its business, where DFC remains the key long trigger for a modal shift towards rail thereby benefiting Concor. We maintain Accumulate with a DCF based TP of Rs740

Exhibit 1: Actual V/s DART estimates

| (Rs mn) | Actual | Estimated | Variance | Consensus | Variance | |
|-------------------|--------|-----------|----------|-----------|----------|----------------------------------|
| | Q1FY22 | Q1FY22E | (%) | Q1FY22E | (%) | Comments |
| Net sales | 18,075 | 17,811 | 1.5 | 17,382 | 4.0 | Sales was in line with estimates |
| EBITDA | 4,335 | 3,516 | 23.3 | 3,514 | 23.4 | |
| EBITDA margin (%) | 24.0 | 19.7 | 424bps | 20.2 | 377bps | EXIM led margin beat |
| Adj net income | 2,549 | 2,087 | 22.1 | 1,980 | 28.7 | Led to a PAT beat |
| FDEPS (Rs) | 3.7 | 4.4 | 22.1 | 3.2 | 14.1 | |

Source: Company, DART

Exhibit 2: Change in estimates

| Key parameters | FY22E | | | FY23E | | |
|--------------------|--------|--------|-------|--------|--------|-------|
| | Old | New | % Chg | Old | New | % Chg |
| Revenue (Rs mn) | 71,512 | 74,372 | 4.0 | 83,297 | 86,629 | 4.0 |
| EBITDA (Rs mn) | 17,520 | 18,593 | 6.1 | 20,658 | 21,917 | 6.1 |
| EBITDA margin (%) | 24.5 | 25.0 | 50bps | 24.8 | 25.3 | 50bps |
| Net profit (Rs mn) | 10,137 | 11,020 | 8.7 | 11,783 | 12,820 | 8.8 |
| EPS (Rs) | 16.6 | 18.1 | 8.7 | 19.3 | 21.0 | 8.8 |

Source: Company, DART

Exhibit 3: Key Assumptions in our estimates

| Key assumptions | FY18 | FY19 | FY20 | FY21 | FY22E | FY23E |
|----------------------|--------|--------|--------|--------|--------|--------|
| Revenue (Rs mn) | 61,572 | 65,427 | 64,738 | 63,850 | 74,372 | 86,629 |
| YoY % | 9.8 | 6.3 | (1.1) | (1.4) | 16.5 | 16.5 |
| Volumes (mn Teus) | 3.5 | 3.8 | 3.7 | 3.6 | 4.1 | 4.6 |
| YoY % | 13.9 | 8.4 | (2.1) | (2.8) | 12.0 | 12.0 |
| Realisation (Rs/teu) | 17,433 | 17,085 | 17,274 | 17,525 | 18,226 | 18,955 |
| YoY % | (3.5) | (2.0) | 1.1 | 1.5 | 4.0 | 4.0 |

Source: Company, DART

Exhibit 4: Result Snapshot

| (Rs mn) | Q1FY21 | Q2FY21 | Q3FY21 | Q4FY21 | Q1FY22 | YoY (%) | QoQ(%) |
|-------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|
| Net sales | 11,891 | 15,027 | 17,538 | 19,393 | 18,075 | 52.0 | (6.8) |
| Expenditure | 10,301 | 11,898 | 13,819 | 17,503 | 13,740 | 33.4 | (21.5) |
| Staff cost | 796 | 842 | 1,327 | 1,286 | 985 | 23.8 | (23.4) |
| Rail freight | 6,523 | 8,205 | 9,323 | 10,501 | 9,647 | 47.9 | (8.1) |
| Other Operating exp | 2,983 | 2,851 | 3,169 | 5,716 | 3,108 | 4.2 | (45.6) |
| Operating profit | 1,590 | 3,130 | 3,719 | 1,890 | 4,335 | 172.6 | 129.4 |
| Other income | 588 | 713 | 822 | 732 | 555 | (5.6) | (24.2) |
| Interest | 85 | 85 | 84 | 86 | 139 | 64.2 | 62.1 |
| Depreciation | 1,260 | 1,272 | 1,364 | 1,324 | 1,303 | 3.4 | (1.5) |
| PBT | 833 | 2,486 | 3,093 | 1,213 | 3,448 | 313.7 | 184.4 |
| Tax | 217 | 610 | 714 | 217 | 899 | 315.0 | 314.1 |
| PAT | 617 | 1,876 | 2,379 | 2,259 | 2,549 | 313.3 | 12.8 |
| EPS (INR) | 1.0 | 3.1 | 3.9 | 3.7 | 4.2 | 313.3 | 12.9 |

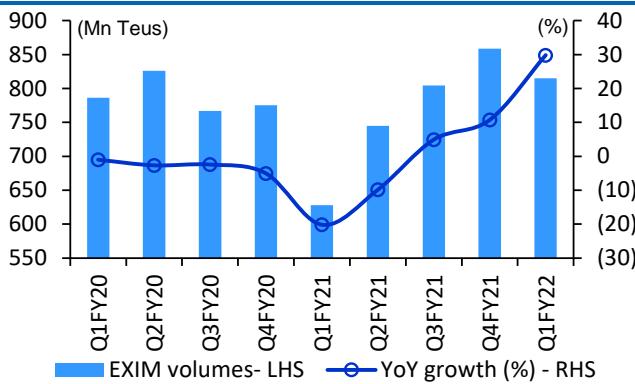
| % of Sales | Q1FY21 | Q2FY21 | Q3FY21 | Q4FY21 | Q1FY22 | YoY (%) | QoQ(%) |
|-----------------------|--------|--------|--------|--------|--------|---------|--------|
| Total Cost (%) | 86.6 | 79.2 | 78.8 | 90.3 | 76.0 | (10.6) | (14.2) |
| Staff Cost | 6.7 | 5.6 | 7.6 | 6.6 | 5.4 | (1.2) | (1.2) |
| Rail Freight expenses | 54.9 | 54.6 | 53.2 | 54.1 | 53.4 | (1.5) | (0.8) |
| Other Expenses | 25.1 | 19.0 | 18.1 | 29.5 | 17.2 | (7.9) | (12.3) |
| EBITDA Margin (%) | 13.4 | 20.8 | 21.2 | 9.7 | 24.0 | 10.6 | 14.2 |
| Net Profit Margin (%) | 5.2 | 12.5 | 13.6 | 11.6 | 14.1 | 8.9 | 2.5 |

Source: Company, DART

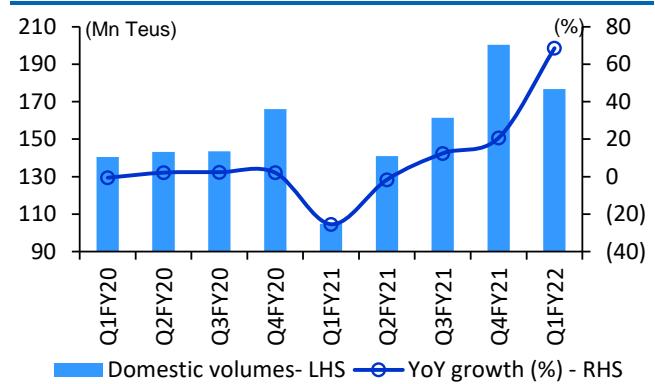
Exhibit 5: Segment Snapshot

| (Rs mn) | Q1FY21 | Q2FY21 | Q3FY21 | Q4FY21 | Q1FY22 | YoY (%) | QoQ(%) |
|--------------------|----------------|----------------|----------------|------------------|----------------|---------|---------|
| Sales | 11,891 | 15,027 | 17,538 | 19,393 | 18,075 | 52.0 | (6.8) |
| Exim | 9,007 | 11,300 | 12,986 | 13,838 | 13,067 | 45.1 | (5.6) |
| Domestic | 2,885 | 3,727 | 4,553 | 5,555 | 5,008 | 73.6 | (9.9) |
| Volumes | 732,711 | 885,673 | 966,015 | 1,058,931 | 991,755 | 35.4 | (6.3) |
| Exim | 627,905 | 744,788 | 804,557 | 858,544 | 815,083 | 29.8 | (5.1) |
| Domestic | 104,806 | 140,885 | 161,458 | 200,387 | 176,671 | 68.6 | (11.8) |
| Realisation | 16,229 | 16,967 | 18,155 | 18,313 | 18,226 | 12.3 | (0.5) |
| Exim | 14,344 | 15,172 | 16,140 | 16,117 | 16,032 | 11.8 | (0.5) |
| Domestic | 27,524 | 26,456 | 28,197 | 27,722 | 28,346 | 3.0 | 2.3 |
| EBIT | 917 | 2,099 | 2,566 | 1,366 | 3,361 | 266.5 | 146.1 |
| Exim | 770 | 1,883 | 2,261 | 1,550 | 2,892 | 275.4 | 86.6 |
| Domestic | 147 | 215 | 305 | (184) | 470 | 219.5 | (355.5) |
| EBIT/Tue | 1,252 | 2,369 | 2,656 | 1,290 | 3,389 | 170.7 | 162.8 |
| Exim | 1,227 | 2,529 | 2,810 | 1,805 | 3,548 | 189.2 | 96.6 |
| Domestic | 1,403 | 1,528 | 1,888 | (917) | 2,658 | 89.5 | (389.8) |
| EBIT Margin % | 7.7 | 14.0 | 14.6 | 7.0 | 18.6 | 10.9 | 11.6 |
| Exim | 8.6 | 16.7 | 17.4 | 11.2 | 22.1 | 13.6 | 10.9 |
| Domestic | 5.1 | 5.8 | 6.7 | (3.3) | 9.4 | 4.3 | 12.7 |

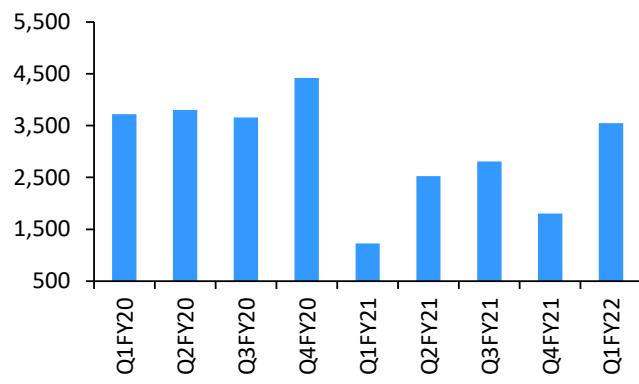
Source: Company, DART

Exhibit 6: EXIM Volume and growth trend


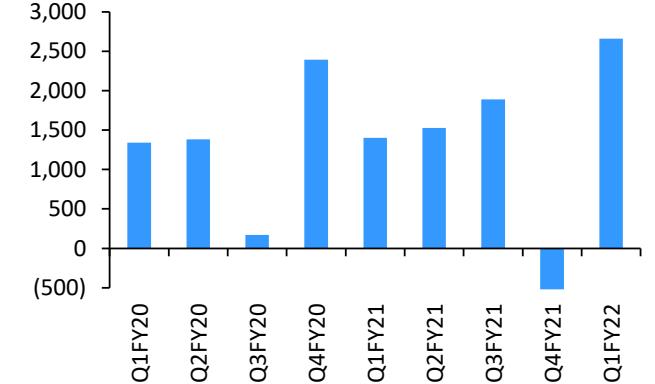
Source: Company, DART

Exhibit 7: Domestic Volume and growth trend


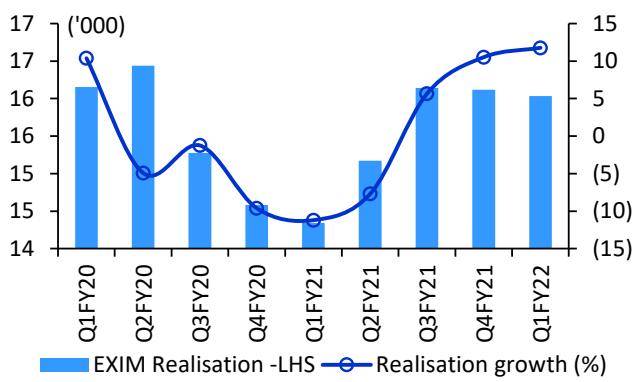
Source: Company, DART

Exhibit 8: EXIM EBIT/teu trend (Rs)


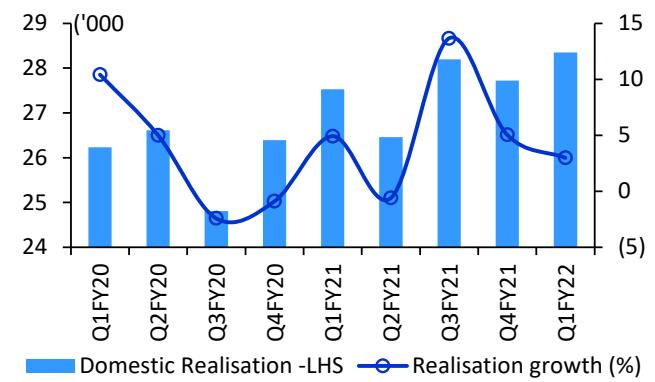
Source: Company, DART

Exhibit 9: Domestic EBIT/teu trend (Rs)


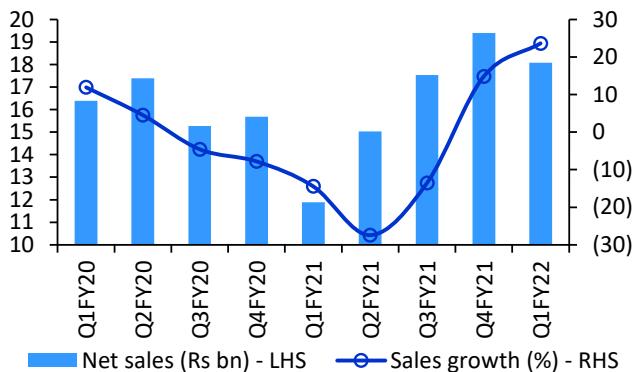
Source: Company, DART

Exhibit 10: EXIM realization and growth trend


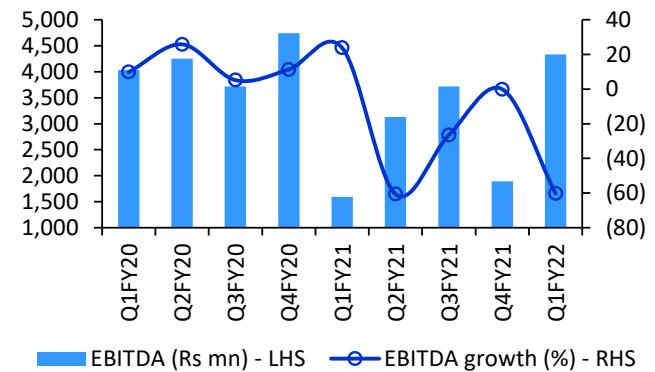
Source: Company, DART

Exhibit 11: Domestic realization and growth trend


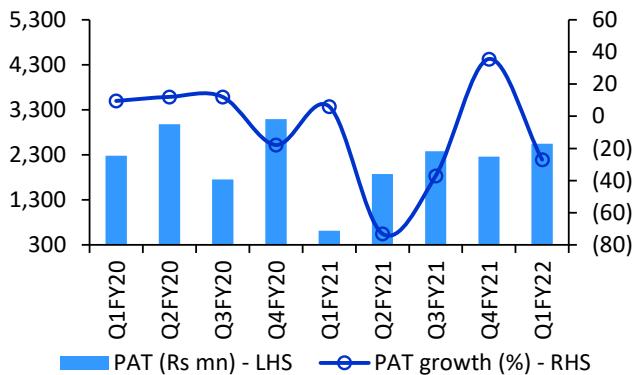
Source: Company, DART

Exhibit 12: Revenue and Revenue growth trend


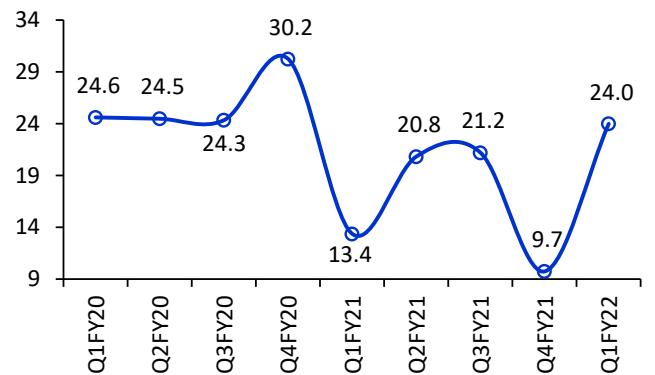
Source: Company, DART

Exhibit 13: EBITDA and EBITDA growth trend


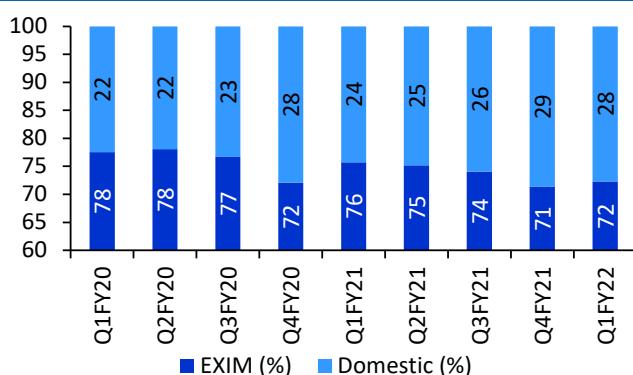
Source: Company, DART

Exhibit 14: PAT and PAT growth trend


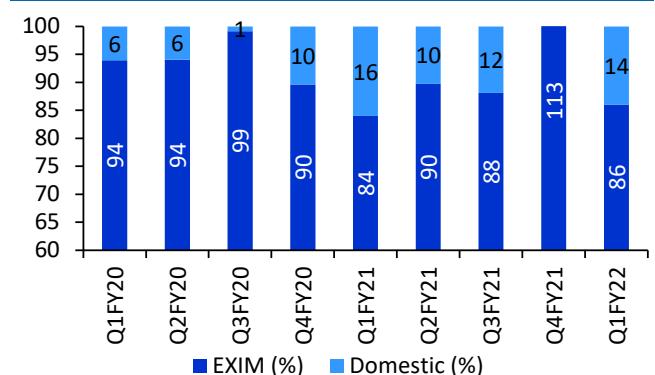
Source: Company, DART

Exhibit 15: EBITDA margin trend


Source: Company, DART

Exhibit 16: Revenue mix trend


Source: Company, DART

Exhibit 17: EBIT mix trend


Source: Company, DART

Profit and Loss Account

| (Rs Mn) | FY20A | FY21A | FY22E | FY23E |
|--|---------------|---------------|---------------|---------------|
| Revenue | 64,738 | 63,850 | 74,372 | 86,629 |
| Total Expense | 47,989 | 53,521 | 55,779 | 64,712 |
| COGS | 42,468 | 46,615 | 48,714 | 56,742 |
| Employees Cost | 3,135 | 4,251 | 3,719 | 4,331 |
| Other expenses | 2,386 | 2,655 | 3,347 | 3,638 |
| EBIDTA | 16,749 | 10,329 | 18,593 | 21,917 |
| Depreciation | 5,130 | 5,219 | 6,783 | 8,185 |
| EBIT | 11,619 | 5,109 | 11,810 | 13,732 |
| Interest | 361 | 340 | 287 | 333 |
| Other Income | 2,797 | 2,855 | 3,347 | 3,898 |
| Exc. / E.O. items | (8,816) | (834) | 0 | 0 |
| EBT | 5,240 | 6,791 | 14,869 | 17,297 |
| Tax | 1,482 | 1,758 | 3,848 | 4,477 |
| RPAT | 3,758 | 5,033 | 11,020 | 12,820 |
| Minority Interest | 0 | 0 | 0 | 0 |
| Profit/Loss share of associates | 0 | 0 | 0 | 0 |
| APAT | 10,106 | 7,130 | 11,020 | 12,820 |

Balance Sheet

| (Rs Mn) | FY20A | FY21A | FY22E | FY23E |
|-------------------------------|----------------|----------------|----------------|----------------|
| Sources of Funds | | | | |
| Equity Capital | 3,046 | 3,046 | 3,046 | 3,046 |
| Minority Interest | 0 | 0 | 0 | 0 |
| Reserves & Surplus | 97,601 | 98,991 | 112,779 | 119,896 |
| Net Worth | 100,647 | 102,037 | 115,825 | 122,942 |
| Total Debt | 0 | 0 | 0 | 0 |
| Net Deferred Tax Liability | 0 | 0 | 0 | 0 |
| Total Capital Employed | 100,647 | 102,037 | 115,825 | 122,942 |

Applications of Funds

| | | | | |
|---|----------------|----------------|----------------|----------------|
| Net Block | 49,694 | 53,018 | 68,593 | 83,772 |
| CWIP | 9,375 | 9,198 | 9,290 | 9,383 |
| Investments | 14,441 | 14,952 | 15,452 | 15,952 |
| Current Assets, Loans & Advances | 42,158 | 44,778 | 43,121 | 35,997 |
| Inventories | 261 | 239 | 306 | 355 |
| Receivables | 1,591 | 1,555 | 1,834 | 2,136 |
| Cash and Bank Balances | 21,686 | 24,732 | 21,115 | 12,231 |
| Loans and Advances | 18,620 | 18,252 | 19,866 | 21,275 |
| Other Current Assets | 0 | 0 | 0 | 0 |
| Less: Current Liabilities & Provisions | 15,020 | 19,908 | 20,631 | 22,161 |
| Payables | 1,553 | 2,709 | 2,292 | 2,659 |
| Other Current Liabilities | 13,468 | 17,199 | 18,338 | 19,502 |
| <i>sub total</i> | | | | |
| Net Current Assets | 27,138 | 24,870 | 22,491 | 13,835 |
| Total Assets | 100,647 | 102,037 | 115,825 | 122,942 |

E – Estimates

Important Ratios

| Particulars | FY20A | FY21A | FY22E | FY23E |
|---|---------|---------|---------|---------|
| (A) Margins (%) | | | | |
| Gross Profit Margin | 34.4 | 27.0 | 34.5 | 34.5 |
| EBIDTA Margin | 25.9 | 16.2 | 25.0 | 25.3 |
| EBIT Margin | 17.9 | 8.0 | 15.9 | 15.9 |
| Tax rate | 28.3 | 25.9 | 25.9 | 25.9 |
| Net Profit Margin | 5.8 | 7.9 | 14.8 | 14.8 |
| (B) As Percentage of Net Sales (%) | | | | |
| COGS | 65.6 | 73.0 | 65.5 | 65.5 |
| Employee | 4.8 | 6.7 | 5.0 | 5.0 |
| Other | 3.7 | 4.2 | 4.5 | 4.2 |
| (C) Measure of Financial Status | | | | |
| Gross Debt / Equity | 0.0 | 0.0 | 0.0 | 0.0 |
| Interest Coverage | 32.2 | 15.0 | 41.1 | 41.2 |
| Inventory days | 1 | 1 | 2 | 1 |
| Debtors days | 9 | 9 | 9 | 9 |
| Average Cost of Debt | 391.0 | | | |
| Payable days | 9 | 15 | 11 | 11 |
| Working Capital days | 153 | 142 | 110 | 58 |
| FA T/O | 1.3 | 1.2 | 1.1 | 1.0 |
| (D) Measures of Investment | | | | |
| AEPS (Rs) | 16.6 | 11.7 | 18.1 | 21.0 |
| CEPS (Rs) | 25.0 | 20.3 | 29.2 | 34.5 |
| DPS (Rs) | 3.6 | 5.0 | 7.0 | 8.0 |
| Dividend Payout (%) | 21.7 | 42.7 | 38.7 | 38.0 |
| BVPS (Rs) | 165.2 | 167.5 | 190.1 | 201.8 |
| RoANW (%) | 9.9 | 7.0 | 10.1 | 10.7 |
| RoACE (%) | 12.6 | 6.1 | 10.4 | 11.0 |
| RoAIC (%) | 12.7 | 6.5 | 13.7 | 13.4 |
| (E) Valuation Ratios | | | | |
| CMP (Rs) | 630 | 630 | 630 | 630 |
| P/E | 38.0 | 53.8 | 34.8 | 29.9 |
| Mcap (Rs Mn) | 383,919 | 383,919 | 383,919 | 383,919 |
| MCap/ Sales | 5.9 | 6.0 | 5.2 | 4.4 |
| EV | 362,233 | 359,187 | 362,804 | 371,688 |
| EV/Sales | 5.6 | 5.6 | 4.9 | 4.3 |
| EV/EBITDA | 21.6 | 34.8 | 19.5 | 17.0 |
| P/BV | 3.8 | 3.8 | 3.3 | 3.1 |
| Dividend Yield (%) | 0.6 | 0.8 | 1.1 | 1.3 |
| (F) Growth Rate (%) | | | | |
| Revenue | (1.1) | (1.4) | 16.5 | 16.5 |
| EBITDA | 16.3 | (38.3) | 80.0 | 17.9 |
| EBIT | 14.3 | (56.0) | 131.1 | 16.3 |
| PBT | (61.2) | 29.6 | 118.9 | 16.3 |
| APAT | 4.1 | (29.4) | 54.6 | 16.3 |
| EPS | 4.1 | (29.4) | 54.6 | 16.3 |

Cash Flow

| (Rs Mn) | FY20A | FY21A | FY22E | FY23E |
|--------------|----------|---------|----------|----------|
| CFO | 17,313 | 9,495 | 18,593 | 21,917 |
| CFI | (8,240) | (803) | (12,820) | (20,059) |
| CFF | (14,467) | (8,489) | (6,671) | (6,036) |
| FCFF | 31,814 | 9,904 | (2,160) | (6,246) |
| Opening Cash | 1,704 | 21,686 | 25,445 | 19,461 |
| Closing Cash | 21,686 | 25,445 | 19,461 | 10,577 |

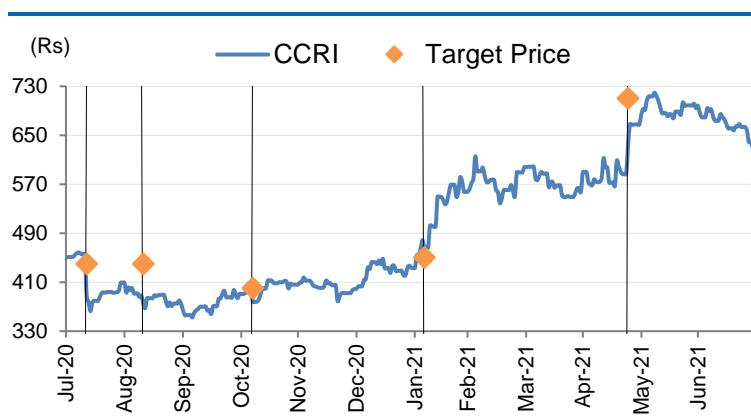
E – Estimates

DART RATING MATRIX

Total Return Expectation (12 Months)

| | |
|------------|-----------|
| Buy | > 20% |
| Accumulate | 10 to 20% |
| Reduce | 0 to 10% |
| Sell | < 0% |

Rating and Target Price History



| Month | Rating | TP (Rs.) | Price (Rs.) |
|--------|------------|----------|-------------|
| Aug-20 | Accumulate | 440 | 386 |
| Sep-20 | Accumulate | 440 | 375 |
| Nov-20 | Reduce | 400 | 378 |
| Feb-21 | Reduce | 450 | 467 |
| May-21 | Accumulate | 710 | 634 |

*Price as on recommendation date

DART Team

| | | | |
|-------------|-------------------|-------------------------|-----------------|
| Purvag Shah | Managing Director | purvag@dolatcapital.com | +9122 4096 9747 |
|-------------|-------------------|-------------------------|-----------------|

| | | | |
|-------------------|------------------|-----------------------|-----------------|
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|-------------------|------------------|-----------------------|-----------------|

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