

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. EBITDA 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
FIIIs	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

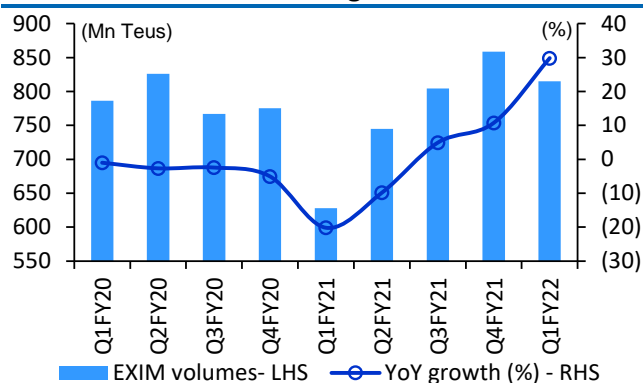
% of Sales	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	YoY (%)	QoQ(%)
Total Cost (%)	86.6	79.2	78.8	90.3	76.0	(10.6)	(14.2)
Staff Cost	6.7	5.6	7.6	6.6	5.4	(1.2)	(1.2)
Rail Freight expenses	54.9	54.6	53.2	54.1	53.4	(1.5)	(0.8)
Other Expenses	25.1	19.0	18.1	29.5	17.2	(7.9)	(12.3)
EBITDA Margin (%)	13.4	20.8	21.2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

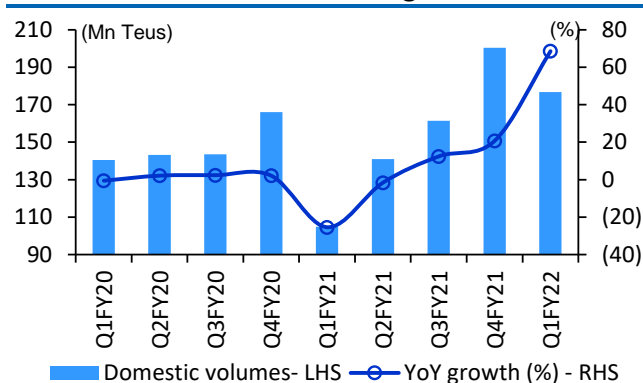
Exhibit 5: Segment Snapshot

(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

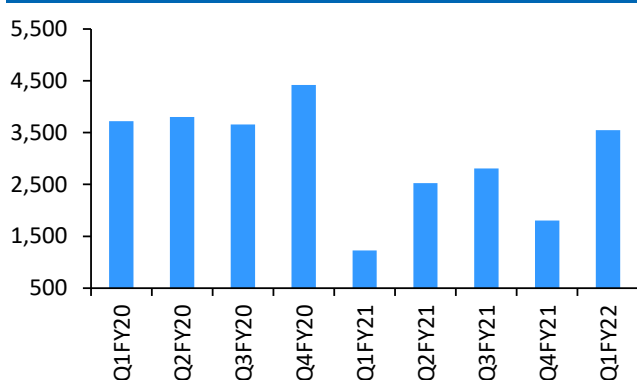
Source: Company, DART

Exhibit 6: EXIM Volume and growth trend


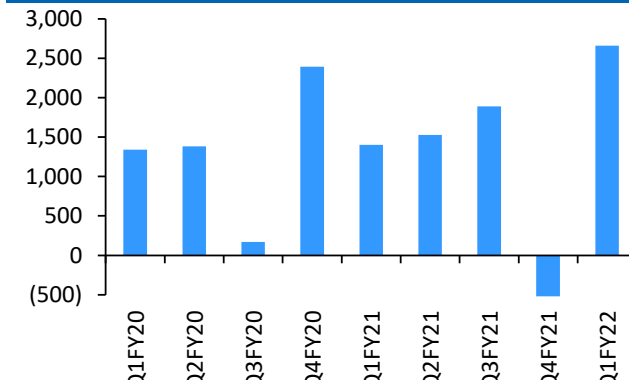
Source: Company, DART

Exhibit 7: Domestic Volume and growth trend


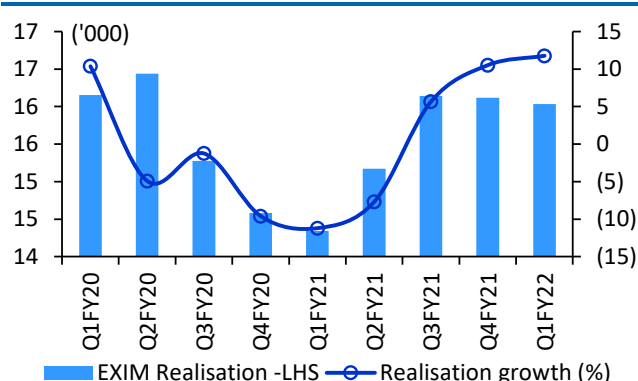
Source: Company, DART

Exhibit 8: EXIM EBIT/teu trend (Rs)


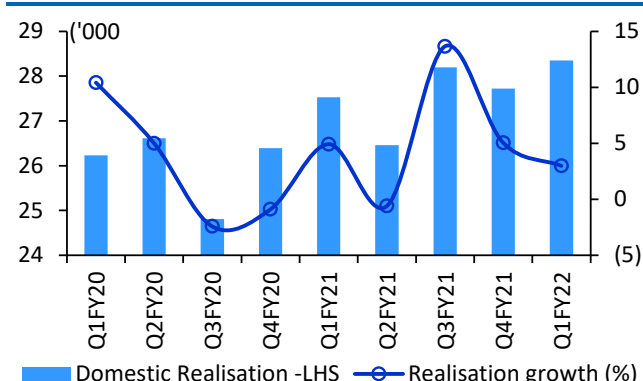
Source: Company, DART

Exhibit 9: Domestic EBIT/teu trend (Rs)


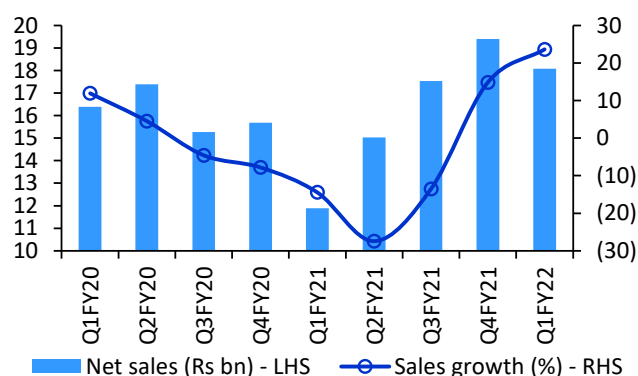
Source: Company, DART

Exhibit 10: EXIM realization and growth trend


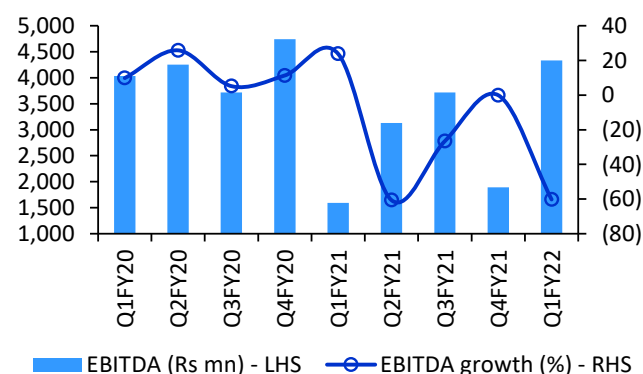
Source: Company, DART

Exhibit 11: Domestic realization and growth trend


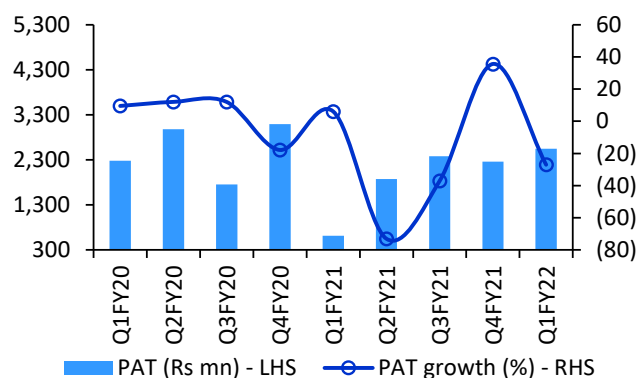
Source: Company, DART

Exhibit 12: Revenue and Revenue growth trend


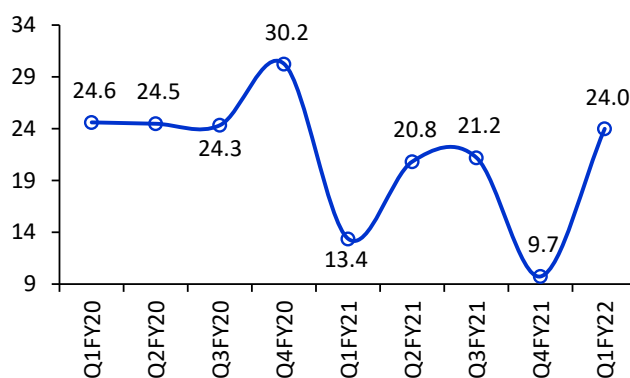
Source: Company, DART

Exhibit 13: EBITDA and EBITDA growth trend


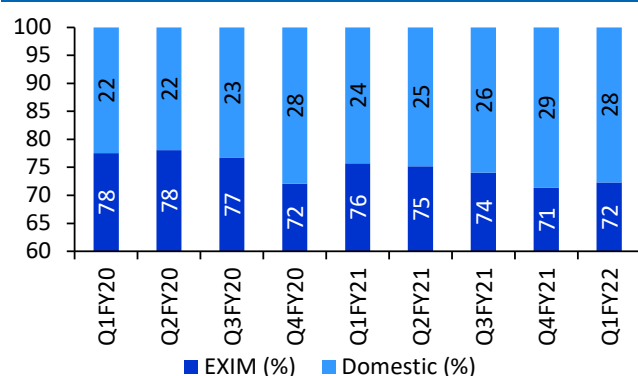
Source: Company, DART

Exhibit 14: PAT and PAT growth trend


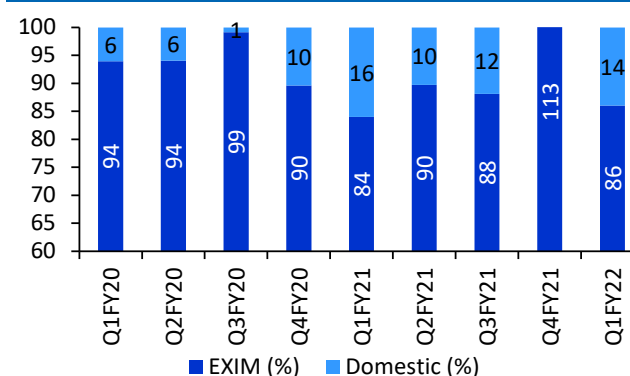
Source: Company, DART

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

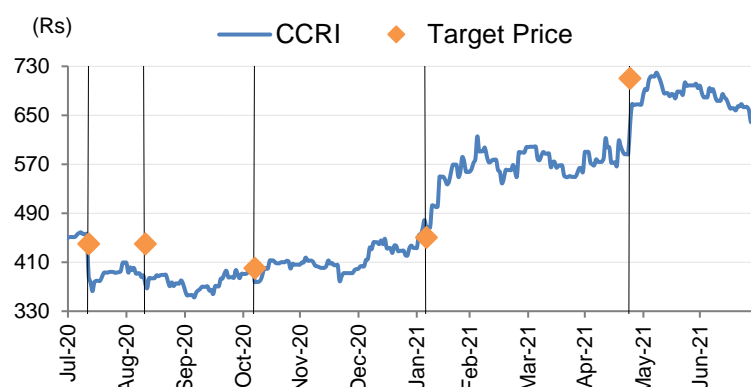
E – Estimates

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

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