May 30, 2017

Container Corporation (CONCOR) ₹ 1170

Consistent FY17 to follow through to FY18…

Rating matrix		
Rating	:	Buy
Target	:	₹ 1370
Target Period	:	12 months
Potential Upside	:	17%

What's changed?	
Target*	Changed from ₹ 1460 to ₹ 1370
EPS FY18E*	Changed from ₹ 46.4 to ₹ 37.2
EPS FY19E*	Changed from ₹ 65.2 to ₹ 49.8
Rating	Unchanged

Quarterly performance

	Q4FY17	Q4FY16	YoY (%)	Q3FY17	QoQ (%)
Revenue	1,557.9	1,595.2	-2.3	1,330.4	17.1
EBITDA	495.0	466.1	6.2	261.2	89.5
EBITDA (%)	31.8	29.2	255 bps	19.6	1214 bps
PAT	335.7	306.2	9.7	186.0	80.5

Key financials

₹ Crore	FY16	FY17	FY18E	FY19E
Net Sales	6,278	5,971	6,514	7,927
EBITDA	1,342	1,246	1,401	1,823
Net Profit	933	828	880	1,188
EPS (₹)	49.6	43.7	37.2	49.8

Valuation summary

	FY16	FY17	FY18E	FY19E
P/E (x)	23.8	27.0	31.7	23.7
Target P/E (x)	27.8	31.6	37.1	27.7
EV / EBITDA (x)	16.5	18.2	16.1	12.3
P / BV (x)	2.8	2.6	2.4	2.2
RONW (%)	11.2	9.4	9.3	11.5
ROCE (%)	11.7	9.8	10.6	13.8

Stock data

Particular	Amount
Market Capitalisation (₹ Crore)	28,515.2
Total Debt (FY17) (₹ Crore)	90.0
Cash and Investment (FY17) (₹ Crore)	477.2
EV (₹ Crore)	28,128.0
52 week H/L	1250 / 985
Equity Capital (₹ Crore)	243.7
Face Value (₹)	10.0

Stock Return

	1M	3M	6M	12M
Container Corpn.	0.5	12.9	33.2	-10.2
Gati	-13.4	32.1	42.3	-14.9
Gateway Distr.	-17.1	-8.9	-5.2	-27.4
Transport Corp.	2.1	28.5	47.4	17.9

Research Analysts

Bharat Chhoda
bharat.chhodal@icicisecurities.com

Ankit Panchmatia
ankit.panchmatia@icicisecurities.com

- Revenues for Q4FY17 de-grew 2% YoY (up 17% QoQ) to ₹ 1558 crore. Exim realisations continued to remain sluggish. On the back of this, it de-grew 5% YoY (up 17% QoQ) to ₹ 1239 crore. However, domestic revenues grew 8% YoY (up 17% QoQ) to ₹ 318.6 crore. The topline includes exceptional export incentive income to the extent of ₹ 233 crore. This also restates Q4FY16 revenues upwards by ₹ 250 crore
- Total volumes for the quarter maintained their high single digit growth rate (8.4% YoY) to 800920 TEUs (highest over past nine months). Throughput volumes for Exim and domestics grew 8% YoY each to 665296 TEUs and 135624 TEUs, respectively
- Lower empty charges (₹ 25.4 crore vs. ₹ 45.2 crore in Q4FY16), coupled with benefits of double stacking led to a 255 bps improvement in EBITDA margins to 31.8% while absolute EBITDA grew 6% YoY to ₹ 495 crore. EBITDA was disproportionately higher compared to its quarterly run rate on account of incentive income directly flowing through the profitability
- The impact of lower other income (down 13% YoY) was completely offset by adjustment related to deferred taxation resulting in lower tax rate for the quarter. Reported PAT grew 10% YoY to ₹ 335.7 crore
- For FY17, total revenues de-grew 5% YoY to ₹ 5971 crore vs. ₹ 6278 crore in FY16. Total volumes grew 5.8% YoY to 3.1 million TEUs compared to 2.9 million TEUs in FY16. EBITDA posted de-growth of 7% YoY to ₹ 1245.5 crore vs. ₹ 1342.3 crore in FY16. PAT for the year de-grew 12% YoY to ₹ 852.7 crore vs. ₹ 967 crore in FY16

Inflection in volumes; lead indicator to realisation & revenue growth…

Concor's container volumes in FY16 de-grew 7% due to the impact of higher haulage charges dampening the competitiveness vis-à-vis road. For FY17, Concor leveraged on a number of efforts undertaken by Indian rail focusing on freight income, resulting 6% growth in FY17 volumes. Concor, managing one of the largest rail networks of 68 ICDs/CFSs, command a lions market share of 72.5% in the container train operator market (CTO). The management intends to scale up this reach to 100 locations by 2020. Subsequently, the annual capital expenditure allocated for the same would continue at a run rate of ₹ 800-1000 crore. The commencement of Kathuwas terminal has been a success for the company. Kathuwas is now the largest container handling terminal for Concor managing 25000 TEUs per month and has a capability to handle a monthly volume of 250000-300000 TEUs. The additional reach would bring in incremental revenues and synergies for the company. This would further strengthen its competitive positioning, enabling revenue, volume CAGR of 15%, 12%, respectively, in FY17-19E.

3PL, warehousing, MMLP, DFC - Long haul to create value; maintain BUY!

Also, Concor has commenced operations at five out of 15 planned multi-modal logistics parks (MMLPs) targets to add another 7 MMLPs by FY18. Expected revenues are likely to scale up in the form of five revenue streams akin ICD, warehousing, commodity and automotive handling, and private freight terminal (PFTs). The infrastructure would also enable Concor to offer third party logistics (3PL) and warehousing services, which it plans to build on a hybrid model. Concor estimates this segment to be as large as its current Exim/domestic segment. We believe that as revenues gather steam from these varied segments, Concor would be operating in altogether different business model, thereby commanding premium valuation. We adjust our EPS/PE multiple accounting for bonus and maintain **BUY** rating with a revised target price of ₹ 1370.

Variance analysis

	Q4FY17	Q4FY17E	Q4FY16	YoY (%)	Q3FY17	QoQ (%)	Comments
Revenue	1,557.9	1,386.7	1,595.2	-2.3	1,330.4	17.1	Shift of traffic to Mundra from JNPT impacting lead distances. In addition to the same, realisations remained subdued
Employee Expenses	67.0	34.7	40.8	64.4	41.4	61.9	
Terminal & other Expenses	828.1	845.9	917.6	-9.8	811.1	2.1	
Administrative Expenses	167.9	228.8	170.7	-1.7	216.7	-22.5	
Total Expense	1,062.9	1,109.3	1,129.1	-5.9	1,069.2	-0.6	
EBITDA	495.0	277.3	466.1	6.2	261.2	89.5	
EBITDA Margin (%)	31.8	20.0	29.2	255 bps	19.6	1214 bps	Lower empties resulted in sequential improvement in margins
Depreciation	87.7	89.8	89.1	-1.5	92.7	-5.4	
Interest	3.2	0.0	0.0		0.1		
Other Income	59.3	80.7	68.4	-13.3	84.5	-29.9	
PBT	463.3	268.2	445.4	4.0	252.9	83.2	
Total Tax	127.6	72.4	139.3	-8.4	66.9	90.8	
PAT	335.7	195.8	306.2	9.7	186.0	80.5	

Key Metrics	Q4FY17	Q4FY16	YoY(%)	Q3FY17	QoQ (%)	Comments
EXIM Volume (TEUs)	665,296	613,543	8.4	660,000	0.8	Exim volumes grew for a fourth consecutive quarter
Domestic Volume (TEUs)	135,624	125,342	8.2	116,000	16.9	Domestic added to the overall volume growth

Source: Company, ICICIdirect.com Research

Change in estimates

		FY18E			FY19E			
(₹ Crore)	FY17	Old	New	% Change	Old	New	% Change	Comments
Revenue	5,971.1	6,284.6	6,514.4	3.7	7,296.3	7,927.0	8.6	Revenues adjusted for the recent market share gain in JNPT and incorporating the benefits of DPD facitlity started at JNPT
EBITDA	1,245.5	1,259.9	1,400.6	11.2	1,532.2	1,823.2	19.0	
EBITDA Margin (%)	20.9	20.0	21.5	145 bps	21.0	23.0	200 bps	Margins to expand following higher contribution from Kathuwas
PAT	828.4	904.2	905.9	0.2	1,271.6	1,214.4	-4.5	
EPS (₹)	43.7	46.4	37.2	-19.9	65.2	49.8	-23.6	EPS adjustment accounting for the bonus issue

Source: Company, ICICIdirect.com Research

Assumptions

			Current		Earlier		Comments
	Unit	FY17	FY18E	FY19E	FY18E	FY19E	
Exim Volume	TEUs	2,635,214	2,898,735	3,298,790	2,725,518	2,861,794	Exim to remain key growth dirver
Domestic Volume	TEUs	458,766	494,286	565,013	535,473	650,870	GST implementation to impact domestic volumes
Exim Realisation	₹/TEUs	17,146	18,251	19,436	17,962	19,110	The revival in volumes to bring in realisation growth
Domestic Realisation	₹/TEUs	23,714	24,761	26,824	25,938	28,076	Higher competitiveness from road to keep domestic realisations subdued

Source: Company, ICICIdirect.com Research

Company Analysis

Infrastructure superiority outpaces competitors…

Concor's network of 68 terminals (mostly rail-linked) gives it a commanding position in the industry. Land for its container terminals has been acquired on long-term lease from Indian Railways (IR) while its terminals are strategically located along the key container-transporting corridors. In addition to the same, to strengthen and improve its service levels, Concor's infrastructure consists of 13773 container wagons (BLC+BLL+BFKN+BVZI). The company also leverages additional wagon requirements by leasing additional 7473 wagons. Furthermore, Concor also owns 52 reach stackers and 16 gantry cranes and is in the process of acquiring an additional five gantry cranes and six reach stackers. Concor manages 298 rakes of which 88.6% are high speed. With a fairly large infrastructure base of rolling stock, the company handles ~72.7% i.e. 35 MMT (3 million TEUs) in CY17.

Exhibit 1: Pan-India presence of 64 terminals; new terminals/MMLPs proposed around DFC

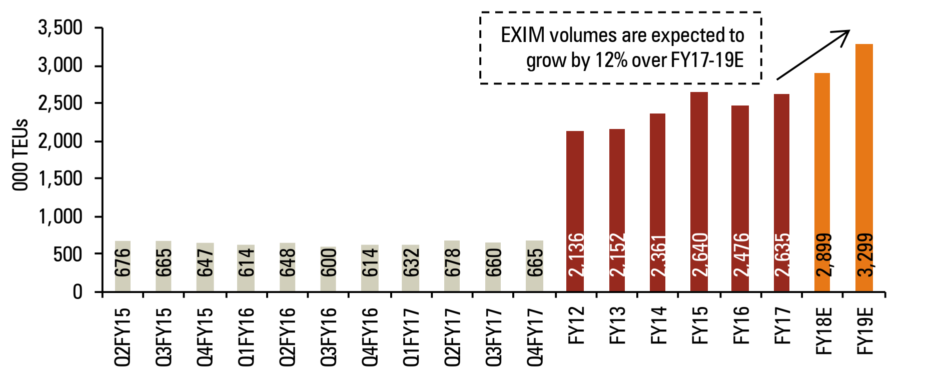
Source: Company, ICICIdirect.com Research

Concor continues to strengthen its infrastructure competency maintaining annual capex of ₹ 800-1000 crore over the next three to five years. The company has already executed a capex of ₹ 6000 crore. Majority of the same ~₹ 2700 crore were allocated towards terminal developments for MMLPs, which have been planned across DFC.

Exim volume growth shows traction; consistency remains key…

Exim volumes form ~85% of Concor's total revenues. Exim volumes grew at ~4% CAGR in FY12-17 with FY15 seeing robust growth of ~12% YoY. However, imposition of port congestion charge and hike in haulage charges resulted in a dampener for Concor's volumes, which de-grew 6% YoY. During the quarter, a variety of Indian rail initiatives like running time tabled freight trains and abolition of port congestion charges resulted in higher rail competitiveness over road. Subsequently, volumes for FY17 grew across four consecutive quarters. Exim volumes for FY17 grew 6% YoY, indicating a reversal. Going ahead, we expect Exim volumes to grow at 12% CAGR in FY16-19E. Newer ports coupled with better efficiency at private ports would support the growth rationale.

Exhibit 2: Exim container volume

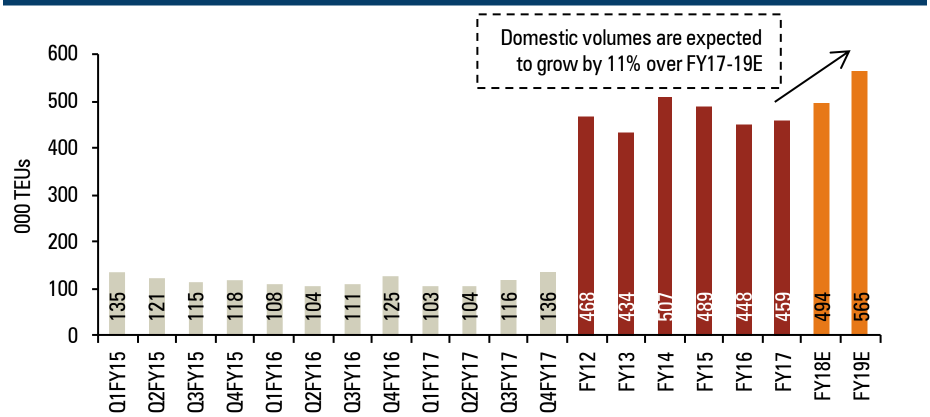


Source: Company, ICICIdirect.com Research

Domestic volumes steep recovery post subdued FY17...

Over FY12-17, domestic cargo volumes had been a laggard and de-grew at a CAGR of 2%. However, FY17 volumes revived with growth of 2% YoY. We believe that post two consecutive year of de-growth, the revival in domestic volumes would see a sharp recovery. Decongestion of road and promotion of coastal shipping would enable higher movement of containers via rail. In addition to the same, the lower base would result in 11% CAGR in volumes for domestic containers in FY17-19E. The same would be accompanied by improvement in handling and inter port transfers.

Exhibit 3: Domestic container volume



Source: Company, ICICIdirect.com Research

Dedicated freight corridor – FY19 seems to be reality

Dedicated freight corridors (DFC) proposed by Indian Railways are expected to bring in a significant improvement in the way freight business is carried out. By modifying basic design features, IR is expected to double its existing carrying capacity by withstanding heavier loads at higher speeds. Furthermore, with enlarged infrastructure, the DFC would optimise productive use with upgraded dimensions of rolling stock, which would enable longer and heavier trains to ply on the same. The total project cost is ~₹ 81000, out of which ₹ 13000 crore pertains to land. The ₹ 20000 crore relates to interest during construction (IDC) and ₹ 48000 crore towards civil and engineering.

Exhibit 4: Proposed Concor terminals on western corridor

Feature	Existing	On DFC
Moving Dimensions		
Height	4.265 m	7.1 m for Western DFC 5.1 m for Eastern DFC
Width	3200 mm	3660 mm
Container Stack	Single Stack	Double Stack
Train length	700 m	1500 m
Train Load	4,000 Ton	15,000 Ton

Feature	Existing	On DFC
Heavier Axle Loads		
Axle Load	22.9t/25t	25 t Bridges & formation designed for 32.5 t
Track Loading Density	8.67 t/m	12 t/m
Maximum Speed	75 Kmph	100 Kmph
Grade	Up to 1 in 100	1 in 200
Curvature	Up to 10 degree	Up to 2.4 degree
Traction	Electrical(25 KV)	Electrical(25 KV AT Feeding)
Station Spacing	7-10 Km	40 Km
Signaling	Absolute/Automatic with 1 Km spacing	Automatic with 2 Km spacing
Communication	Emergency Sockets/Mobile Train Radio	Mobile Train Radio

Source: Company, ICICIdirect.com Research

DFCCIL has accelerated its development around Western and Eastern DFC. It has addressed key issues of land acquisition, especially for western DFC (WDFC). It has completely acquired the land under control to the extent of 11767 hectares. Approximately 92% of civil contracts (1096 km of 1318 kms on Eastern; 1504 km of 1504 km on Western) and 82% of system contracts (62% eastern and 100% western) are already awarded. With the use of automatic track laying machines on dedicated freight corridors, work is expected to get expedited on freight corridors.

Revenue visibility concrete post commencement of MMLPs

Concor's revenues grew at 8.5% CAGR in FY11-16 as container volumes remained sluggish, except 2014. However, going ahead, with an improved market share in private ports, such as Mundra and Gujarat Pipavav, we expect volumes to improve. Further, we believe the government's "Make in India" campaign will perk up trade volumes for exports. In turn, we expect revenues to grow at a CAGR of 12% in FY17-19E. On the back of a revival in volumes and higher utilisation levels, operating margins are expected to grow faster by 20% in FY17-19E vis-à-vis CAGR of ~7% in FY11-17. As EBITDA margins have remained under pressure over the years due to a steep increase in freight rates by railways, going forward, we believe hikes will pause, thereby allowing the company to stabilise its margins. Also, introduction of double stacking and hub & spoke model for its operations is expected to provide further scope to improve margins (in the range of 20-23%) in future. Further, introduction of PFTs is expected to improve earnings of the company in future. Consequently, PAT is also expected to post a CAGR of 19% in FY17-19E against 6% in FY11-17.

Exhibit 5: Pan-India presence of 64 terminals; new terminals / MMLPs proposed around (DFC)

Source: Company website, ICICIdirect.com Research

Key takeaways from annual report

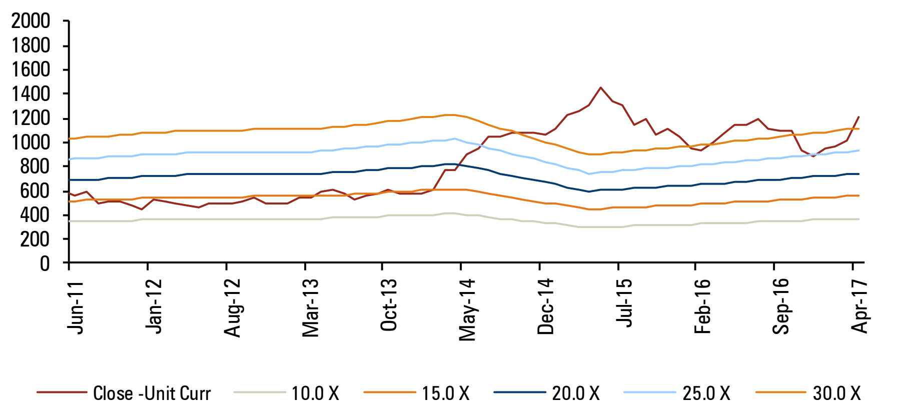
- Cargo volumes for Indian Railways in FY16 marginally grew 0.6% YoY to 1104.17 million tonnes (MT) compared to 1097.58 MT in FY15. However, originating containerised cargo transported by rail declined 5.5% YoY to 46.18 MT compared to 48.84 MT in FY15. Subsequently, Concor's volumes for FY16 also declined 7% YoY to 33.4 MT (72.3% of the IR containerised freight) vs. 36.19 MT (74.1%). On a TEU basis, the handled volumes for FY16 de-grew 6% YoY to 2.9 million TEUs compared to 3.1 million TEUs in FY15. Domestic volumes led the decline with 8.4% YoY de-growth. However, Exim volumes also declined 5.55% YoY
- Exim trade was impacted by a subdued international trade scenario leading to heavy import export imbalances. However, domestic trade continued to remain impacted by lower agricultural produce and decline in purchase manufacturing index (PMI), which indicates low offering of manufactured goods. However, on the costs side, stiff competition from roads due to a reduction in diesel costs coupled with a rise in rail freight costs impacted the competitiveness of rail. The inland penetration of containers from ports to hinterland by rails was around 19%, which was quite lower due to various trade related reasons including high haulage costs involved in rail based multimodal transportation
- Affirming its confidence in the revival of the economy, Concor, in FY16 has incurred a capex of ~₹ 779 crore, directed towards capital expenditure on creation of new terminals, expansion of existing ones and acquisition of 360 BLC wagons
- For FY16, Concor's major focus was on diversifying the business and developing multi modal logistics parks (MMLPs) to offer multi-modal logistics solutions. Subsequently, it has taken major initiatives for expansion of its infrastructure and development of many MMLPs across India. During FY16, MMLP at Khatuwas (one of the largest) was inaugurated and MMLP at Pantnagar (subsidiary M/s Sidcul Concor Infra Company Ltd) has commenced operations. These additional investments are expected to augment Concor's handling capacity substantially
- Concor continue to be the preferred logistics partner for providing end-to-end logistics services. It has formed a number of alliances/JV with government companies, state industrial corporations and newly emerging ports to augment the business prospects
- The total dividend payment for 2015-16 will be ₹ 263.21 crore compared to ₹ 261.27 crore (excluding dividend tax) for FY15, which is an increase of 0.74% over previous year. The dividend for 2015-16 works out to 33.45% of PAT of the company for the year
- For FY16, Government of India (GoI) divested a 5% stake (9748710 shares) in Concor at ₹ 1185/share, which realised ~₹ 1155 crore for the government. Subsequently, revised shareholding of the government in Concor is now at 56.79% compared to earlier 61.80%
- Concor's fully owned subsidiary M/s Fresh & Healthy Enterprises Ltd (FHEL), which provides complete cold chain logistics solutions, incurred a net loss of ₹ 26 crore for FY16 (vs. loss of ₹ 14.5 crore in FY15). As on FY16, accumulated losses of the company were at ₹ 140.4 crore. Another subsidiary of Concor, Concor Air (CAL), earned a profit of ₹ 15 crore for FY16

Outlook and valuation

In 1999-2007, Concor registered robust growth with revenues posting a CAGR of 21% along with EBITDA and PAT also posting CAGR of ~22% over the same period. However, post the financial crisis of 2008, Concor was also severely impacted and has been trying to recover its growth with revenue CAGR of ~7% in 2008-15. EBITDA posted nominal growth of 3% and PAT of 4% CAGR during the same period. The decline in growth rate can be attributed to sluggish economic conditions; growing competition from roadways/new entrants in CTO and incessant fuel price hikes. As a result, the average EBITDA margin declined from 29% in 1999-2007 to 25% in 2008-14 with the lowest margin in FY14 of 21.1%. Going ahead, with FDI in rail and projects such as dedicated freight corridor and goods and services tax (GST) on the priority list of the government, we expect Concor's growth and margins to recover more rapidly. Consequently, we envisage revenue CAGR of ~15% in FY17-19E. This is expected to be followed by a gradual restoration of EBITDA margin to 23% levels in FY17-19E. Hence, this may lead to EBITDA and PAT growth at a CAGR of 20% each over FY16-19E.

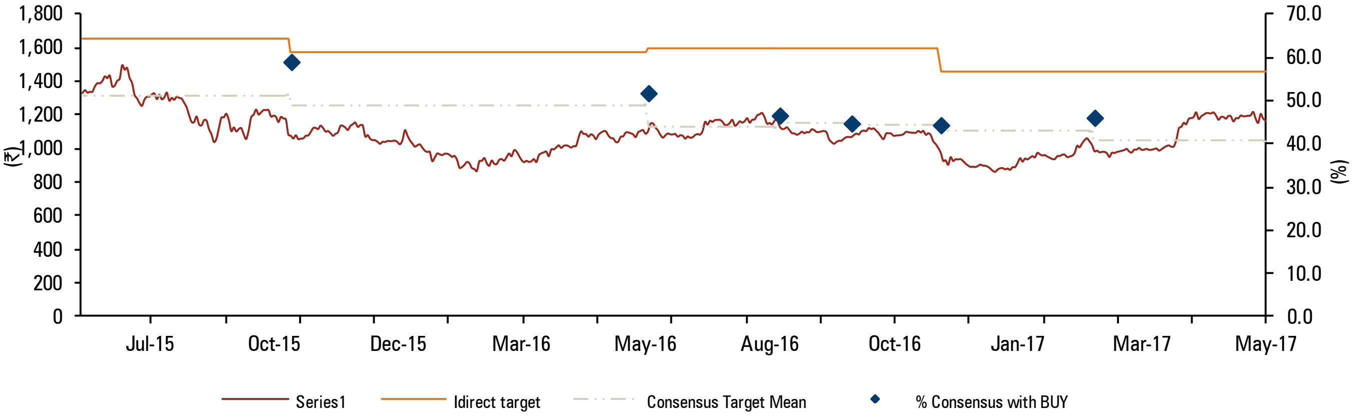
As GST and DFC are expected to roll out in FY17 and FY19, the near term volume growth for Concor is expected to grow at a CAGR of 12% in FY17-19E, thereby leading to revenue CAGR of 15% in the same period. Also, PFTs becoming operational in due course of time are expected to add another revenue line for Concor. Further, any near term risk of adverse freight rate movement is expected to be mitigated by higher Exim volume generation. Accounting for upbeat FY17, we have expanded our earnings and margins estimates for FY18 and FY19 exhibiting a marked recovery in the earnings. Following its leadership position, we continue to expect positively surprises to our estimates, post which we would further revise our guidance. Concor commands higher multiple given its leadership position, debt free status, strong balance sheet and superior cash flow. We adjust our FY19 EPS estimates to ₹ 50 as compared to ₹ 60 accounting for the bonus. Also, we alter the earlier assigned P/E multiple to 27.5x (vs. earlier 22x) to arrive at target price of ₹ 1370. We maintain **BUY** recommendation on the stock.

Exhibit 6: PE trend



Source: Company, ICICIdirect.com Research

Recommendation History vs. consensus estimate



Source: Bloomberg, Company, ICICIdirect.com Research

Key events

Date	Event
Feb-08	Concor NYK to set up JV company
May-09	Q3FY12 profit up 13.9 % YoY; forthcoming Rail Budget keeps stock in focus
Jan-11	Concor TCI plan to set up JV company Infinite Logistics Solutions Ltd for ocean freight carrier service
Jul-11	Concor halves capex plans as Exim business is plagued by cargo imbalance
Feb-12	Concor plans to set up three logistics parks in West Bengal and further plans to set up 15 such parks across the country; Q1FY12 result profit up 5%
Jul-12	Competition panel absolves Concor of abusing its position in container train operator segment
Aug-12	9% hike in haulage charges by railways
Jan-13	Cut in rail freight and stabilisation of container volumes; the freight rate cut varies between 5% and 13% after steep 31% increase in February 2013
Apr-13	Concor announces 1:2 bonus issue; Q1FY14 number disappoints
Jul-14	Concor promoted to Navratna status from Miniratna
Jul-15	Announces Q1FY16 results with lower than expected operating performance
Oct-15	Announces Q2FY16 resutls; margins continue to be pressured, topline in-line with expectation
May-16	Announces Q4FY16 results with lower than expected operating performance. Domestic volumes recovered; EXIM continue to remain soft
Aug-16	Announces Q1FY17 results. EXIM volumes grew (up 3% YoY) post de-growth over four consecutive quarter. Domestic volumes de-grew by 4%
Nov-16	Announce Q2FY17 results. EXIM grew for the 2nd consecutive quarter. Domestic volumes flattish. EBITDA margins impacted by land licence fees
Feb-17	Total volumes for Q3FY17 grew by 10% results. Decline in lead distances led to de-growth in revenue by 5%. Margins stood at 19.6%
May-17	Total volumes for Q4FY17 grew by at EXIM grew by 8.4% YoY. EPS adjusted for bonus (1:4). Revised target price at ₹ 1370

Source: Company, ICICIdirect.com Research

Top 10 Shareholders

Rank	Name	Latest Filing Date	% O/S	Position (m)	Change (m)
1	Government of India	31-Mar-17	0.68	166.9	28.6
2	Aberdeen Asset Management (Asia) Ltd.	31-Mar-17	0.05	13.2	5.7
3	LIC Mutual Fund Asset Management Company Ltd.	31-Mar-17	0.05	11.7	4.3
4	ICICI Prudential Asset Management Co. Ltd.	31-Dec-16	0.04	10.3	3.3
5	Matthews International Capital Management, L.L.C.	31-Dec-16	0.03	8.3	-0.1
6	GIC Private Limited	31-Mar-17	0.03	6.7	1.1
7	Reliance Nippon Life Asset Management Limited	31-Mar-17	0.02	5.0	5.0
8	Goldman Sachs Asset Management (India) Private Ltd.	30-Apr-17	0.01	3.6	-0.3
9	Monetary Authority of Singapore	31-Dec-16	0.01	3.3	-0.1
10	UTI Asset Management Co. Ltd.	31-Mar-17	0.01	3.1	1.8

Source: Reuters, ICICIdirect.com Research

Shareholding Pattern

(in %)	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17
Promoter	56.8	56.8	56.8	56.8	54.8
FII	28.3	28.4	28.7	27.4	26.9
DII	11.6	11.6	11.2	12.7	14.5
Others	3.3	3.2	3.3	3.2	3.8

Recent Activity

Buys			Sells		
Investor name	Value	Shares	Investor name	Value	Shares
Government of India	449.8	28.6	T. Rowe Price International (UK) Ltd.	-39.9	-3.0
Aberdeen Asset Management (Asia) Ltd.	89.0	5.7	Goldman Sachs Asset Management (India) Private Ltd.	-6.3	-0.3
Reliance Nippon Life Asset Management Limited	78.4	5.0	Eastspring Investments (Singapore) Limited	-3.2	-0.2
LIC Mutual Fund Asset Management Company Ltd.	67.2	4.3	Matthews International Capital Management, L.L.C.	-1.7	-0.1
ICICI Prudential Asset Management Co. Ltd.	43.0	3.3	Hermes Investment Management Ltd.	-1.6	-0.1

Source: Reuters, ICICIdirect.com Research

Financial summary

Profit and loss statement				₹ Crore
(Year-end March)	FY16	FY17	FY18E	FY19E
Revenue	6,278.2	5,971.1	6,514.4	7,927.0
Growth (%)	12.6	-4.9	9.1	21.7
Terminal/Other Service charge	4,503.8	4,253.2	4,625.3	5,548.9
Employee Cost	158.7	188.7	162.9	158.5
Administrative & other exp.	273.4	283.7	325.7	396.3
Op. Expenditure	4,935.9	4,725.6	5,113.8	6,103.8
EBITDA	1,342.3	1,245.5	1,400.6	1,823.2
Growth (%)	3.5	-7.2	12.5	30.2
Depreciation	354.9	367.1	375.9	382.9
EBIT	987.4	878.5	1,024.7	1,440.3
Interest	0.2	3.8	8.1	11.1
Other Income	313.3	285.0	214.8	231.9
PBT	1,300.5	1,159.6	1,231.3	1,661.1
Growth (%)	0.5	-10.8	6.2	34.9
Tax	368.0	331.2	350.9	473.4
Reported PAT	932.5	828.4	880.4	1,187.7
Growth (%)	-11.0	-11.2	6.3	34.9
Share of Profit/Loss in JV	34.1	24.2	25.5	26.7
Adj. Net Profit	966.6	852.7	905.9	1,214.4

Source: Company, ICICIdirect.com Research

Cash flow statement				₹ Crore
(Year-end March)	FY16	FY17	FY18E	FY19E
Profit after Tax	966.6	852.7	905.9	1,214.4
Add: Depreciation	354.9	367.1	375.9	382.9
Add: Others	(162.4)	313.1	(1.5)	(4.2)
Cash Profit	1,159.1	1,532.8	1,280.3	1,593.1
Increase/(Decrease) in CL	(35.1)	(103.3)	(26.9)	(189.6)
(Increase)/Decrease in CA	162.4	192.3	(17.5)	14.7
CF from Operating Activities	1,286.4	1,621.8	1,235.9	1,418.2
Purchase of Fixed Assets	(692.4)	(1,753.1)	(799.2)	(780.7)
(Inc)/Dec in Investments	(2,134.4)	(33.2)	(60.1)	(63.3)
Others	-	-	-	-
CF from Investing Activities	(2,826.8)	(1,786.3)	(859.3)	(843.9)
Inc/(Dec) in Loan Funds	31.8	30.5	53.5	11.6
Inc/(Dec) in Sh. Cap. & Res.	(34.1)	(24.2)	(25.5)	(26.7)
Others	(290.0)	(255.8)	(271.8)	(364.3)
CF from financing activities	(292.3)	(249.5)	(243.7)	(379.4)
Change in cash Eq.	(1,832.7)	(414.0)	132.9	194.8
Op. Cash and cash Eq.	2,724.0	891.3	477.2	610.2
Cl. Cash and cash Eq.	891.3	477.3	610.1	805.0

Source: Company, ICICIdirect.com Research

Balance sheet				₹ Crore
(Year-end March)	FY16	FY17	FY18E	FY19E
Source of Funds				
Equity Capital	195.0	195.0	243.7	243.7
Reserves & Surplus	8,112.4	8,611.0	9,236.0	10,059.2
Shareholder's Fund	8,307.3	8,806.0	9,479.7	10,302.9
Minority Interest	97.2	108.7	108.7	108.7
Loan Funds	59.6	90.0	90.0	90.0
Deferred Tax Liability	328.5	245.0	255.0	265.0
Provisions	44.0	58.1	58.1	58.1
Source of Funds	8,836.6	9,307.8	9,991.5	10,824.7
Application of Funds				
Gross Block	5,202.3	6,224.5	7,146.5	8,228.1
Less: Acc. Depreciation	2,211.5	2,578.6	2,954.5	3,337.4
Net Block	2,990.8	3,645.9	4,191.9	4,890.7
Capital WIP	622.9	616.6	647.5	679.8
Total Fixed Assets	3,613.7	4,262.5	4,839.4	5,570.5
Other Intangibles	17.0	12.0	12.0	12.0
Investments	4,570.3	4,603.6	4,663.6	4,726.9
Inventories	18.3	23.1	26.8	32.6
Debtor	59.5	62.2	41.0	50.0
Cash	891.3	477.2	610.2	805.0
Loan & Advance, Other CA	410.7	714.8	726.6	757.2
Total Current assets	1,379.9	1,277.3	1,404.6	1,644.7
Current Liabilities	730.6	829.0	678.2	825.3
Provisions	13.7	18.6	249.9	304.0
Total CL and Provisions	744.3	847.6	928.1	1,129.3
Net Working Capital	635.6	429.7	476.5	515.4
Application of Funds	8,836.6	9,307.8	9,991.5	10,824.7

Source: Company, ICICIdirect.com Research

Key ratios				
(Year-end March)	FY16	FY17	FY18E	FY19E
Per share data (₹)				
Book Value	426.1	451.7	486.2	528.4
Cash per share	45.7	24.5	25.0	33.0
EPS	49.6	43.7	37.2	49.8
Cash EPS	67.8	62.6	52.6	65.5
DPS	12.4	10.9	9.3	12.5
Profitability & Operating Ratios				
EBITDA Margin (%)	21.4	20.9	21.5	23.0
PAT Margin (%)	15.4	14.3	13.9	15.3
Fixed Asset Turnover (x)	1.7	1.4	1.3	1.4
Inventory Turnover (Days)	1.1	1.4	1.5	1.5
Debtor (Days)	3.5	3.8	2.3	2.3
Current Liabilities (Days)	42.5	50.7	38.0	38.0
Return Ratios (%)				
RoE	11.2	9.4	9.3	11.5
RoCE	11.7	9.8	10.6	13.8
RoIC	15.5	12.0	11.4	15.0
Valuation Ratios (x)				
PE	23.6	26.8	31.5	23.5
Price to Book Value	2.7	2.6	2.4	2.2
EV/EBITDA	16.4	18.0	16.0	12.2
EV/Sales	3.5	3.8	3.4	2.8
Leverage & Solvency Ratios				
Debt to equity (x)	0.0	0.0	0.0	0.0
Interest Coverage (x)	NA	NA	NA	NA
Debt to EBITDA (x)	0.0	0.1	0.1	0.0
Current Ratio	1.9	1.5	1.5	1.5
Quick ratio	1.8	1.5	1.5	1.4

Source: Company, ICICIdirect.com Research

ICICIdirect.com coverage universe (Logistics)

Sector / Company	CMP (₹)	TP(₹)	Rating	M Cap (₹ Cr)	EPS (₹) FY17	EPS (₹) FY18E	EPS (₹) FY19E	P/E (x) FY17	P/E (x) FY18E	P/E (x) FY19E	EV/EBITDA (x) FY17	EV/EBITDA (x) FY18E	EV/EBITDA (x) FY19E	RoCE (%) FY17	RoCE (%) FY18E	RoCE (%) FY19E	RoE (%) FY17	RoE (%) FY18E	RoE (%) FY19E
Container Corporation	1,170	1,370	BUY	28,515	43.7	37.2	49.8	26.8	31.5	23.5	18.0	16.0	12.2	9.8	10.6	13.8	9.4	9.3	11.5
Transport Corp (TRACOR)	260	250	HOLD	1,897	2.5	6.9	11.6	0.0	0.0	0.0	1.1	1.0	0.8	10.1	11.3	14.6	0.0	0.0	0.0
BlueDart	4,425	5,500	BUY	10,514	88.1	69.1	92.3	50.3	64.0	48.0	29.6	29.3	24.4	37.4	28.4	32.5	43.1	29.6	27.0
Gati Ltd.	123	150	BUY	1,065	3.3	3.8	5.3	36.8	32.6	23.2	13.1	11.9	9.6	9.7	11.1	13.1	5.2	5.7	7.6
Gujarat Pipavav (GPPL)	147	165	HOLD	7,107	5.8	6.0	7.4	16.8	14.8	12.3	10.3	9.1	7.6	19.7	19.6	22.4	13.8	14.2	15.3

Source: Company, ICICIdirect.com Research

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Pankaj Pandey **Head – Research** **pankaj.pandey@icicisecurities.com**

ICICIdirect.com Research Desk,
ICICI Securities Limited,
1st Floor, Akruti Trade Centre,
Road No. 7, MIDC,
Andheri (East)
Mumbai – 400 093

research@icicidirect.com

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