

### In-line Q1, balance sheet better; Maintains volume guidance with riders

The Q1FY20 was in-line, adjusted for unrecognized SEIS income. Margins improved 300bps YoY, despite a volume decline of 1% YoY, due to the price hikes taken in FY19 and beginning FY20. The company has maintained its 10-12% volume growth guidance, but cautioned that the growth depends on the economy. Balance sheet has improved and company is again net cash. DFC remains the most important long-term trigger that should aid margins. We retain our FY20/21 estimates, given the in-line PAT post adjusting SEIS income for Q1FY20 and maintain BUY with a TP of ₹600.

### Balance sheet has strengthened

The Q1FY20 results were in line with our expectation, adjusted for the SEIS income of ₹840mn, which it has not recognized pending DGFT approval. The EBITDA margins improved 300bps YoY, due to a 15.8% fall in empty running cost of ₹489mn. The balance sheet strengthened in Q1FY20, as it repaid its WC loan of ₹7bn, taken for advance payment for railways. In the end of Q1FY20, net cash on the book was ₹10bn.

### Management maintains volume guidance, but with a rider

Management has retained its volume guidance of 10-12% growth, albeit with a rider of the economy doing well. Given a dismal Q1 volume, the asking rate in 9M FY20 is 14-16% to meet its guidance band. It took a price increase of 5% in April and has since announced a price freeze for FY20, ostensibly to attract higher volumes. The company has also locked its costs with the railways. In a sweetheart deal, it is paying an advance of ₹45bn to railways (of which ₹30bn is already paid) to protect against haulage charge hikes in FY20.

### DFC remains the key trigger

The DFC, the first phase of which is expected by FY20, is the key medium-term trigger. We retain our FY20/21 estimates, given the in-line PAT. We maintain BUY, based on our DCF based TP of ₹ 600 (WACC: 9% TGR: 4%). However, we would keep a watch on volume progression.

### Q1FY20 Result (₹ Mn)

Particulars	Q1FY20	Q1FY19	YoY (%)	Q4FY19	QoQ (%)
Revenue	16,389	15,683	4.5	18,343	(10.7)
Total Expense	12,357	11,781	4.9	13,671	(9.6)
EBITDA	4,033	3,902	3.4	4,672	(13.7)
Depreciation	1,253	1,022	22.6	1,117	12.2
EBIT	2,779	2,880	(3.5)	3,555	(21.8)
Other Income	583	621	(6.1)	1,288	(54.8)
Interest	112	0	56050.0	7	1551.5
EBT	3,250	3,500	(3.5)	4,837	(32.8)
Tax	971	977	(0.5)	1,313	(26.0)
RPAT	2,278	2,524	(9.7)	3,523	(35.3)
APAT	2,278	2,524	(9.7)	3,523	(35.3)
			(bps)		(bps)
Gross Margin (%)	45.4	44.4	99	47.4	(207)
EBITDA Margin (%)	24.6	24.9	(27)	25.5	(87)
NPM (%)	13.9	16.1	(219)	19.2	(531)
Tax Rate (%)	29.9	27.9	199	27.2	274
EBIT Margin (%)	17.0	18.4	(140)	19.4	(242)

CMP	₹ 512
Target / Upside	₹ 600 / 17%
BSE Sensex	37,469
NSE Nifty	11,118

### Scrip Details

Equity / FV	₹ 3,046mn / ₹ 5
Market Cap	₹ 312bn
	US\$ 5bn
52-week High/Low	₹ 583/₹ 412
Avg. Volume (no)	763,074
NSE Symbol	CONCOR
Bloomberg Code	CCRI IN

### Shareholding Pattern Jun'19(%)

Promoters	54.8
MF/Banks/FIs	14.7
FIIIs	25.6
Public / Others	4.7

### Valuation (x)

	FY19A	FY20E	FY21E
P/E	25.7	23.8	18.8
EV/EBITDA	17.4	15.2	12.0
ROE (%)	12.3	12.6	15.2
RoACE (%)	12.1	12.4	14.9

### Estimates (₹ mn)

	FY19A	FY20E	FY21E
Revenue	68,819	77,399	88,701
EBITDA	17,800	19,272	24,215
PAT	12,154	13,128	16,631
EPS (₹)	19.9	21.5	27.3

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**Exhibit 1: Quarterly Segmental Performance**

Particular	Q1FY20	Q1FY19	YoY(%)	Q4FY19	QoQ(%)	FY19	FY18	YoY(%)
<b>Revenue</b>								
EXIM	12,704	12,327	3.1	14,015	(9.4)	54,018	48,339	11.7
Domestic	3,685	3,356	9.8	4,328	(14.9)	14,802	13,037	13.5
<b>EBIT</b>								
EXIM	2,926	2,942	-0.6	3,916	(25.3)	14,094	10,813	30.3
Domestic	189	159	-18.6	227	(17.0)	941	764	23.2
<b>EBIT Margin</b>								
			BPS		BPS			BPS
EXIM	23.0	23.9	(84)	27.9	(491.4)	26.1	22.4	372
Domestic	5.1	4.7	38	5.2	(13.2)	6.4	5.9	50

Source: Company, DART

**Exhibit 2: Variance from Our Estimates**

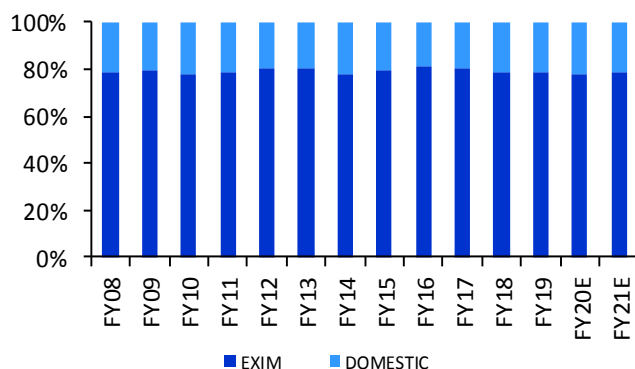
₹ mn	Q1FY20	Q1FY20E	Var (%)
Sales	16,389	17,251	(5.0)
EBITDA	4,033	4,157	(3.0)
EBITDA Margin	25.0	24.1	2
PAT	2,278	2,774	(17.9)
EPS	3.7	4.6	(17.9)

Source: Company, DART

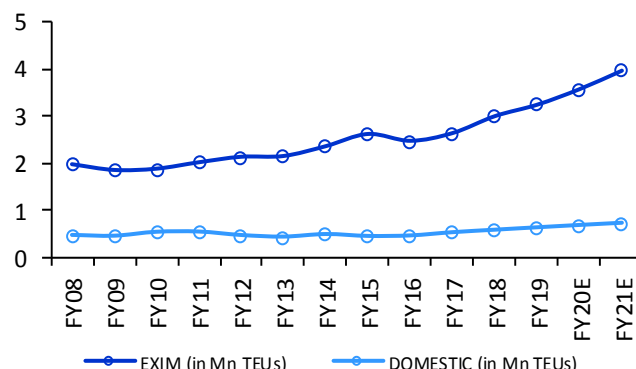
**Exhibit 3: Change in Estimates**

₹ mn	FY20			FY21		
	New	Old	Var (%)	New	Old	Var (%)
Sales	77,399	77,399	0.0	88,701	88,701	0.0
EBITDA	23,064	23,064	0.0	28,560	28,560	0.0
EBITDA margin	30	30	0.0	32	32	0.0
PAT	13,127	13,127	0.0	16,629	16,629	0.0

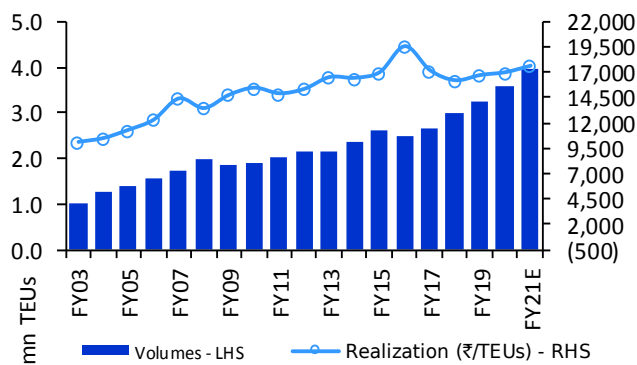
Source: Company, DART

**Exhibit 1: EXIM-Domestic Revenue Mix (%)**


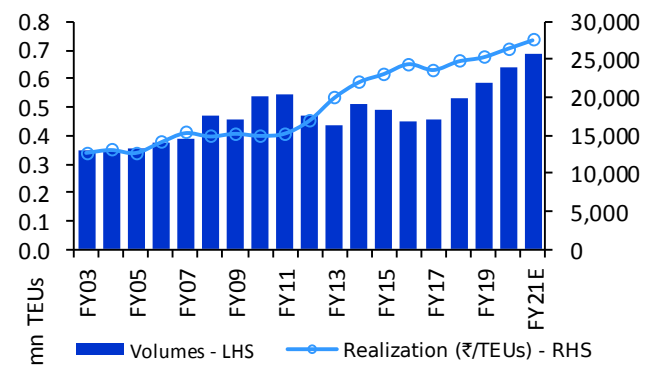
Source: DART, Company

**Exhibit 2: EXIM-Domestic volume trend**


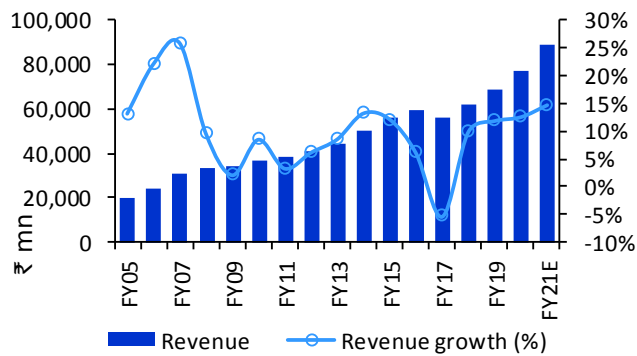
Source: DART, Company

**Exhibit 3: EXIM volumes & realization/TEUs**


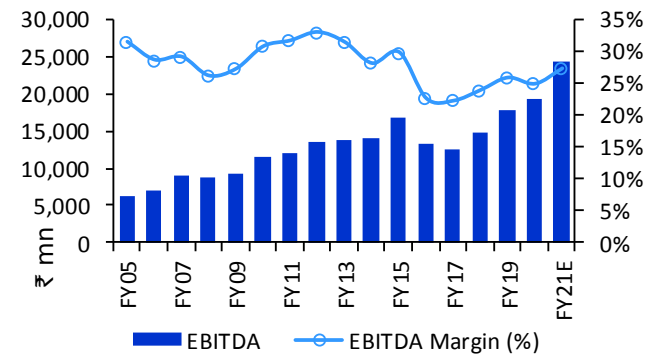
Source: DART, Company

**Exhibit 4: Domestic volumes & realization/TEUs**


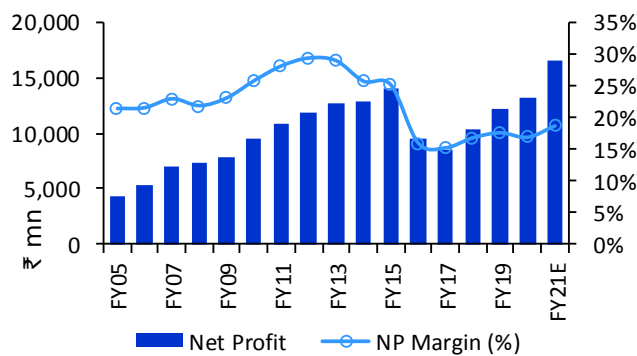
Source: DART, Company

**Exhibit 5: Revenue & Revenue growth (%)**


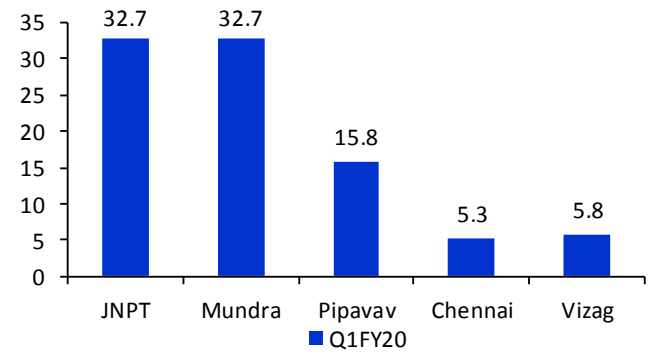
Source: DART, Company

**Exhibit 6: EBITDA and EBITDA Margin (%)**


Source: DART, Company

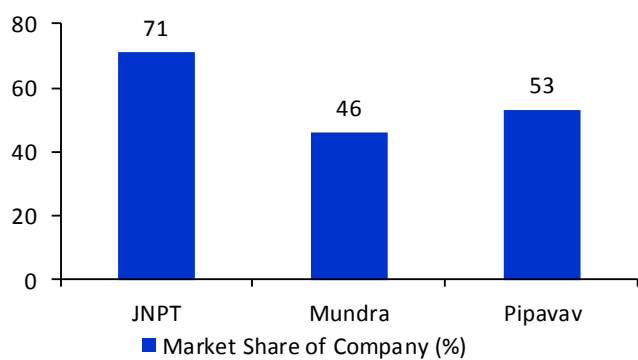
**Exhibit 7: Profit & Profit Margin (%)**


Source: DART, Company

**Exhibit 8: Revenue share of Ports (%)**


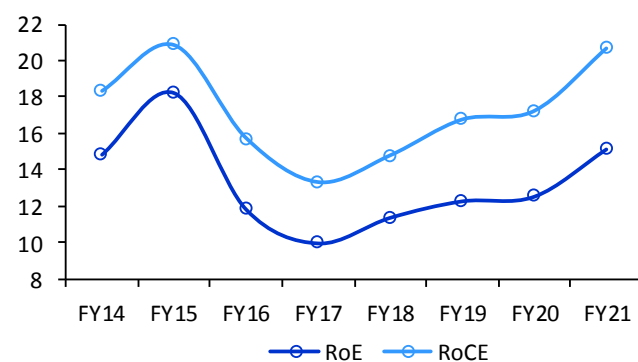
Source: DART, Company

**Exhibit 9: Market share of company at major ports**



Source: DART, Company

**Exhibit 10: RoE and RoCE (%)**



Source: DART, Company

### Profit and Loss Account

(₹ Mn)	FY18A	FY19A	FY20E	FY21E
<b>Revenue</b>	<b>61,572</b>	<b>68,819</b>	<b>77,399</b>	<b>88,701</b>
<b>Total Expense</b>	<b>46,843</b>	<b>51,019</b>	<b>58,127</b>	<b>64,486</b>
COGS	41,712	45,175	51,857	57,656
Employees Cost	2,779	3,368	3,483	3,725
Other expenses	2,352	2,477	2,786	3,105
<b>EBIDTA</b>	<b>14,728</b>	<b>17,800</b>	<b>19,272</b>	<b>24,215</b>
Depreciation	3,927	4,246	4,716	5,447
<b>EBIT</b>	<b>10,802</b>	<b>13,554</b>	<b>14,556</b>	<b>18,769</b>
Interest	0	7	115	17
Other Income	3,026	3,342	3,793	4,346
Exc. / E.O. items	0	0	0	0
<b>EBT</b>	<b>13,828</b>	<b>16,889</b>	<b>18,234</b>	<b>23,099</b>
Tax	3,436	4,735	5,106	6,468
RPAT	10,392	12,154	13,128	16,631
Minority Interest	0	0	0	0
<b>Profit/Loss share of associates</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>APAT</b>	<b>10,392</b>	<b>12,154</b>	<b>13,128</b>	<b>16,631</b>

### Balance Sheet

(₹ Mn)	FY18A	FY19A	FY20E	FY21E
<b>Sources of Funds</b>				
Equity Capital	2,437	3,046	3,046	3,046
Minority Interest	0	0	0	0
Reserves & Surplus	91,574	100,632	102,473	110,932
<b>Net Worth</b>	<b>94,011</b>	<b>103,679</b>	<b>105,520</b>	<b>113,979</b>
Total Debt	213	185	233	254
Net Deferred Tax Liability	1,877	1,616	1,616	1,616
<b>Total Capital Employed</b>	<b>96,101</b>	<b>105,479</b>	<b>107,368</b>	<b>115,848</b>

### Applications of Funds

Net Block	36,484	41,947	47,563	52,552
CWIP	6,710	6,247	6,309	6,435
Investments	31,752	14,029	35,052	37,052
<b>Current Assets, Loans &amp; Advances</b>	<b>31,533</b>	<b>63,845</b>	<b>31,662</b>	<b>34,472</b>
Inventories	274	233	340	377
Receivables	604	884	657	741
Cash and Bank Balances	19,817	1,704	19,358	20,810
Loans and Advances	10,838	61,025	11,307	12,544
Other Current Assets	0	0	0	0
<b>Less: Current Liabilities &amp; Provisions</b>	<b>10,378</b>	<b>20,589</b>	<b>13,218</b>	<b>14,664</b>
Payables	0	0	0	0
Other Current Liabilities	10,378	20,589	13,218	14,664
Net Current Assets	21,155	43,256	18,444	19,808
<b>Total Assets</b>	<b>96,101</b>	<b>105,479</b>	<b>107,368</b>	<b>115,847</b>

E – Estimates

### Important Ratios

Particulars	FY18A	FY19A	FY20E	FY21E
<b>(A) Margins (%)</b>				
Gross Profit Margin	32.3	34.4	33.0	35.0
EBIDTA Margin	23.9	25.9	24.9	27.3
EBIT Margin	17.5	19.7	18.8	21.2
Tax rate	24.8	28.0	28.0	28.0
Net Profit Margin	16.9	17.7	17.0	18.7
<b>(B) As Percentage of Net Sales (%)</b>				
COGS	67.7	65.6	67.0	65.0
Employee	4.5	4.9	4.5	4.2
Other	3.8	3.6	3.6	3.5
<b>(C) Measure of Financial Status</b>				
Gross Debt / Equity	0.0	0.0	0.0	0.0
Interest Coverage	120021.1	1831.6	126.7	1135.3
Inventory days	2	1	2	2
Debtors days	4	5	3	3
Average Cost of Debt	0.0	3.7	55.0	6.8
Payable days	0	0	0	0
Working Capital days	125	229	87	82
FA T/O	1.7	1.6	1.6	1.7
<b>(D) Measures of Investment</b>				
AEPS (₹)	17.1	19.9	21.5	27.3
CEPS (₹)	23.5	26.9	29.3	36.2
DPS (₹)	6.8	8.5	10.8	11.5
Dividend Payout (%)	40.1	42.9	50.0	42.0
BVPS (₹)	154.3	170.2	173.2	187.1
RoANW (%)	11.4	12.3	12.6	15.2
RoACE (%)	11.1	12.1	12.4	14.9
RoAIC (%)	14.3	15.1	15.2	20.5
<b>(E) Valuation Ratios</b>				
CMP (₹)	512	512	512	512
P/E	30.0	25.7	23.8	18.8
Mcap (₹ Mn)	311,839	311,839	311,839	311,839
MCap/ Sales	5.1	4.5	4.0	3.5
EV	292,235	310,319	292,714	291,283
EV/Sales	4.7	4.5	3.8	3.3
EV/EBITDA	19.8	17.4	15.2	12.0
P/BV	3.3	3.0	3.0	2.7
Dividend Yield (%)	1.3	1.7	2.1	2.2
<b>(F) Growth Rate (%)</b>				
Revenue	9.8	11.8	12.5	14.6
EBITDA	18.1	20.9	8.3	25.6
EBIT	20.7	25.5	7.4	28.9
PBT	17.1	22.1	8.0	26.7
APAT	21.1	17.0	8.0	26.7
EPS	21.1	17.0	8.0	26.7

### Cash Flow

(₹ Mn)	FY18A	FY19A	FY20E	FY21E
CFO	13,246	(23,807)	60,424	22,179
CFI	(4,556)	8,725	(31,417)	(12,562)
CFF	(5,398)	(6,556)	(9,051)	(9,555)
FCFF	4,758	(33,052)	50,029	11,618
Opening Cash	16,835	19,817	1,704	19,358
Closing Cash	19,817	1,704	19,358	20,810

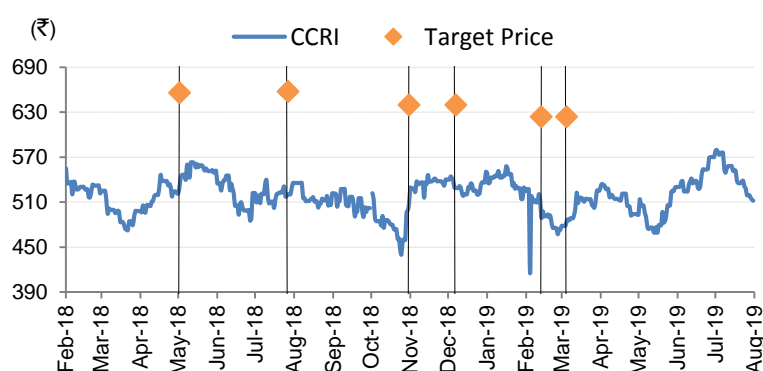
E – Estimates

### 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 (₹)	Price (₹)
May-18	Buy	656	531
Jul-18	Buy	658	520
Oct-18	Buy	640	507
Dec-18	Buy	640	529
Feb-19	Buy	624	489
Mar-19	Buy	624	484

\*Price as on recommendation date

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