

# Container Corporation | BUY



## Lower Land Licence Fee offsets pain

Container Corporation's (CCRI) 3QFY24 revenue rose 11% YoY (+10% 4-year CAGR; +1% QoQ) to INR 22.1bn (5%/2% below JMFe and consensus). EXIM volume (originating basis) rose 13% YoY (+2% 4-year CAGR; -1% QoQ), with realisation flat YoY (+1% QoQ) as it delayed the pass-through of the 10% busy season surcharge, imposed by Indian Railways since 1<sup>st</sup> Oct'23; the surcharge is only being passed on selectively. EXIM volume declined 3% QoQ (vs. estimated 1% decline for Indian Railways) due to the high base (2QFY24 had a spillover from 1QFY24 (cyclone affected Mundra and Pipavav Port operations in Jun'23). CCRI guided for 12-15% volume growth for FY24 with strong growth in Exim (from Feb) and Domestic business. Land Licence fee (LLF) again surprised positively (INR 720mn, -26% YoY/-16% QoQ and 36% below JMFe) as it a) reversed provision of INR 360mn in 3Q (on finalisation of values at certain terminals), and b) surrendered portion of land at a few terminals. CCRI is now guiding for LLF of INR 3.9bn or below for FY24 (vs. INR 4.5bn earlier) and 7% escalation thereafter. We raise our FY24-26 estimates by 4-8% respectively to reflect lower LLF guidance and roll forward to Mar'25 TP of INR 900 (Dec'24 TP of INR 810 earlier). Key risks to recommendation are a) delayed recovery in EXIM volume, and b) sub-par capital allocation decisions. Domestic volume (originating basis) rose 1%YoY, (+12% 4-yr CAGR).

- 3QFY24 summary:** Revenue rose 11% YoY (+10% 4-year CAGR; +1% QoQ) to INR 22.1bn (5%/2% below JMFe and consensus). EXIM volume (originating basis) rose 13% YoY (+2% 4-year CAGR; -1% QoQ), with realisation flattish (+1% QoQ). Domestic volume (originating basis) rose by 1% YoY (+12% 4-year CAGR; +3% QoQ) while realisation grew by 6% YoY (+8% 4-year CAGR, flat QoQ) on higher lead distance. Rail freight expenses rose 160bps YoY/380bps QoQ to 58.7% mainly on account of delayed pass-through of the busy season surcharge. Land Licence fee (LLF) again surprised positively (INR 720mn, -16% QoQ/36% below JMFe) as the company reversed old provision of c.INR 360mn for depots where rates are settled (old provision of c.INR 900mn is yet to be settled). EBITDA rose 20% YoY/-5% QoQ to INR 5.12bn. PAT rose 13% YoY (+10% 4-year CAGR) to INR 3.34bn, 1% above JMFe/6% below consensus.
- EXIM volume growth optically strong...:** EXIM revenue increased by 13% YoY (-1%QoQ) with volume (originating basis) rising 13% YoY, on a low base (+2% 4-year CAGR), as compared to estimated 16% growth in Indian Railways volumes. Rail Freight margins contracted c.300bps YoY/QoQ to 24% as CCRI delayed pass-through of the busy season surcharge (Indian Railways imposed 15% surcharge w.e.f. from 1<sup>st</sup> Oct'23) to its customers (selectively passed on from 11<sup>th</sup> Nov'23) as it chose to maintain/gain market share over margins. Realisation was flat YoY (+2%QoQ) as marginal increase in charges was partially offset by schemes, introduced by CCRI earlier. CCRI has maintained its 12-15% volume growth for FY24. As per the company, India's EXIM trade is affected due to attacks in the Red Sea, though discussions with various shipping lines suggest that they expect stability from Feb'24 onwards. Double stacking rakes

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### Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	900
Upside/(Downside)	8.6%
Previous Price Target	810
Change	11.1%

### Key Data - CCRI IN

Current Market Price	INR829
Market cap (bn)	INR504.9/US\$6.1
Free Float	39%
Shares in issue (mn)	609.0
Diluted share (mn)	609.3
3-mon avg daily val (mn)	INR1,126.6/US\$13.6
52-week range	933/555
Sensex/Nifty	70,701/21,353
INR/US\$	83.1

### Price Performance

%	1M	6M	12M
Absolute	-0.5	21.9	27.6
Relative*	0.1	14.4	8.6

\* To the BSE Sensex

### Financial Summary

Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E
Net Sales	75,945	81,034	88,669	1,04,728	1,19,944
Sales Growth (%)	18.9	6.7	9.4	18.1	14.5
EBITDA	17,284	18,421	19,678	23,004	27,173
EBITDA Margin (%)	22.8	22.7	22.2	22.0	22.7
Adjusted Net Profit	10,624	11,703	12,704	15,044	17,907
Diluted EPS (INR)	17.4	19.2	20.8	24.7	29.4
Diluted EPS Growth (%)	72.7	10.2	8.5	18.4	19.0
ROIC (%)	14.3	14.7	15.6	19.8	25.3
ROE (%)	10.1	10.6	11.1	12.7	14.7
P/E (x)	47.5	43.2	39.8	33.6	28.2
P/B (x)	4.7	4.5	4.3	4.2	4.1
EV/EBITDA (x)	27.2	25.4	23.4	19.7	16.5
Dividend Yield (%)	1.0	1.3	1.7	2.3	3.0

Source: Company data, JM Financial. Note: Valuations as of 25/Jan/2024

JM Financial Research is also available on: Bloomberg - JMFR <GO>, Thomson Publisher & Reuters, S&P Capital IQ, FactSet and Visible Alpha

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

rose 56% YoY in 3QFY24 (+40% YoY in 9MFY24), which partially offset the impact of busy season surcharge.

- **...Domestic volume growth remains muted:** Domestic volume (originating basis) rose by 1% YoY (+12% 4-year CAGR; +3% QoQ) while realisation grew by 6% YoY (+8% 4-year CAGR, flat QoQ) as it has not received extension for the movement of bulk cement in containers. Domestic Revenue/EBIT rose 7%/72% YoY respectively (3%/-1%QoQ).
- **More clarity emerges on LLF:** CCRI booked INR 719mn as LLF expense in 3QFY24 (INR 2.87bn in 9MFY24), net of old provision of INR 363mn (reversal of provisions for the depots where rates are settled), and it also indicated that additional provision of INR 900mn is yet to be reconciled, which could see reversal in future as the discussions conclude over the next few quarters. The company offered to surrender certain land parcels in Tughlakabad (TKD) in Nov'23, which will bring down LLF cost by ~INR 250mn annually (implying INR 2.5bn LLF annually for TKD alone). Moreover, CCRI has also offered to surrender a small portion of land at its Baroda terminal and will continue to find ways to reduce the LLF expense (and shift volumes to its own terminals). For FY25, it has guided for INR 4.5bn-4.6bn assuming 7% escalation over INR 4.2bn of FY24 (INR 3.9bn, net of provisions). Nonetheless, CCRI will continue to find ways to reduce the LLF expense by shifting the volume to its own terminals. Most importantly, CCRI suggested a) it has 26 leased terminals at present, b) it can renew the terminal for 35 years and continue to pay at 6% of land valuation (with base rate of CY2021 and then 7% (hence, it is not exposed to any further revisions in the ready reckoner rates), and c) capped its LLF expense (at base rate with 7% escalation; for example at INR 4.5bn for FY25).
- **Raise estimates; maintain BUY:** We raise our FY24-26 estimates by 4-8% to reflect lower LLF guidance and higher margins on account of value-added services (e.g., First Mile Last Mile, warehousing, etc.). We roll forward with Mar'25 TP of INR 920 (Dec'24 TP of INR 810 earlier). We value a) Concor's operating business at 16x FY26EV/EBITDA, and b) MMLP at 1.3x investment. We maintain BUY. **Key Risks:** a) delayed recovery in EXIM volume and b) sub-par capital allocation decisions.

## Key takeaways from conference call:

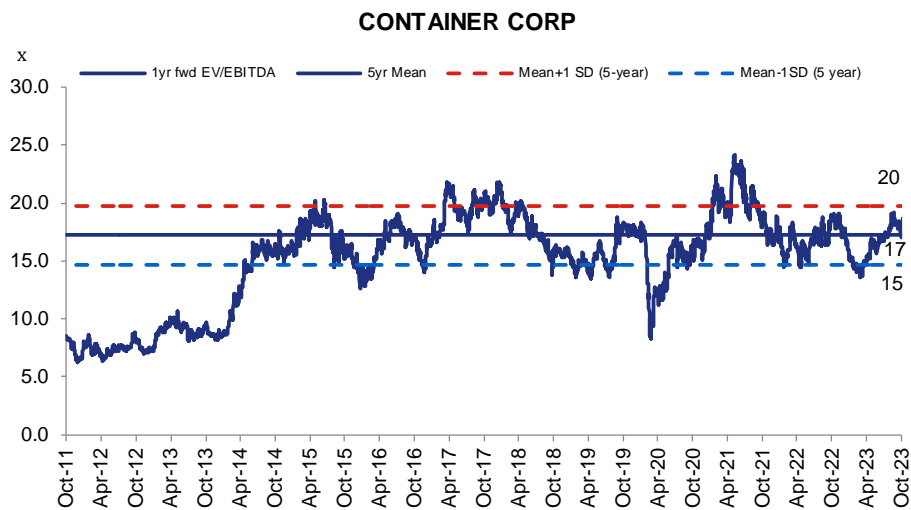
- The management has adopted a customer-centric approach as it engages actively with customers and members of chambers of commerce in various cities and understand whether the customers are keen to be associated with the company and are willing to pay a premium for quality services.
- CCRI has deployed 75 LNG trucks at Chennai, Nagpur, Baroda and Ankleshwar terminals, and seeing the good returns it plans to increase the fleet count and has also signed MoU with IGL in Nov'23 for development of LNG pumps at CCRI terminals. Apart from this, the company has taken several new initiatives including a) MoU with NTPC Vidyut Vyapar Nigam in Dec'23 for solar energy products developments at its terminals, and b) MoU with DB Schenker, a leading international trade forwarding company from Germany, to expand CCRI's range of services in EXIM and domestic segments.
- The company has spent capex of INR 4.74bn in 9MFY24 and expects to surpass the guidance of INR 6bn in FY24.
- First Mile Last Mile mix has risen from 30-35% in 3QFY23 to 63% in 3QFY24, which the company plans to increase it to 80-85% in the next couple of years. CCRI has developed an app for FMLM (reverse auction of rates; buyers chose the vendors directly) which is currently being operated at Ludhiana and Jaipur (Kanakpura).

**Exhibit 1. SoTP valuation (Mar'25)**

<b>Target Price date</b>	<b>31-March-25</b>
<b>EBITDA (1yr forward)</b>	27,173
<b>EV/EBITDA (x)</b>	<b>16</b>
<b>Enterprise Value</b>	<b>434,774</b>
Add: Cash & Liquid Investment	51,309
Less: Debt	0
<b>Less: Net Debt</b>	<b>-51,309</b>
<b>Add: Value towards MMLPs (1.3x of investment)</b>	<b>64,537</b>
<b>Equity Value</b>	<b>550,440</b>
# of shares (mn)	609
<b>TP</b>	<b>900</b>

Source: Company, JM Financial

**Exhibit 2. Concor: 1-Year Forward EV/EBITDA**



Source: Company, JM Financial

1 yr Median	3 yr Median	5 yr Median	10 yr Median
17.1	17.7	17.1	17.0

## Financial Summary

## Exhibit 3. 3QFY24 performance

INR mn	3Q23A	3Q24A	YoY	4-yr CAGR	2Q24A	QoQ	3Q24A	Var	9MFY23	9MFY24	YoY	4-yr CAGR
<b>Revenue</b>	<b>19,884</b>	<b>22,051</b>	<b>11%</b>	<b>10%</b>	<b>21,904</b>	<b>1%</b>	<b>23,229</b>	<b>-5%</b>	<b>59,374</b>	<b>63,149</b>	<b>6%</b>	<b>7%</b>
Rail Freight Charges	11,356	12,946	14%	11%	12,030	8%	13,404	-3%	32,910	35,661	8%	7%
<i>% of Revenue</i>	<i>57.1%</i>	<i>58.7%</i>	<i>160 bps</i>	<i>300 bps</i>	<i>54.9%</i>	<i>380 bps</i>	<i>57.7%</i>	<i>100 bps</i>	<i>55.4%</i>	<i>56.5%</i>	<i>100 bps</i>	<i>170 bps</i>
Operating Expenses	2,590	2,389	-8%	11%	2,712	-12%	3,020	-21%	7,897	8,149	3%	8%
<i>% of Revenue</i>	<i>13.0%</i>	<i>10.8%</i>	<i>-220 bps</i>	<i>40 bps</i>	<i>12.4%</i>	<i>-160 bps</i>	<i>13.0%</i>	<i>-220 bps</i>	<i>13.3%</i>	<i>12.9%</i>	<i>-40 bps</i>	<i>80 bps</i>
<i>Land License Fee</i>	<i>970</i>	<i>720</i>	<i>-26%</i>	<i>38%</i>	<i>857</i>	<i>-16%</i>	<i>1,120</i>	<i>-36%</i>	<i>2,885</i>	<i>2,875</i>	<i>0%</i>	<i>45%</i>
<i>% of Revenue</i>	<i>4.9%</i>	<i>3.3%</i>	<i>-160 bps</i>	<i>200 bps</i>	<i>3.9%</i>	<i>-60 bps</i>	<i>4.8%</i>	<i>-160 bps</i>	<i>4.9%</i>	<i>4.6%</i>	<i>-30 bps</i>	<i>320 bps</i>
<i>Other Operating Exp</i>	<i>1,620</i>	<i>1,669</i>	<i>3%</i>	<i>5%</i>	<i>1,855</i>	<i>-10%</i>	<i>1,900</i>	<i>-12%</i>	<i>5,012</i>	<i>5,273</i>	<i>5%</i>	<i>0%</i>
<i>% of Revenue</i>	<i>8.1%</i>	<i>7.6%</i>	<i>-60 bps</i>	<i>-160 bps</i>	<i>8.5%</i>	<i>-90 bps</i>	<i>8.2%</i>	<i>-60 bps</i>	<i>8.4%</i>	<i>8.4%</i>	<i>-10 bps</i>	<i>-240 bps</i>
<b>Gross Profit (post opex)</b>	<b>5,938</b>	<b>6,717</b>	<b>13%</b>	<b>7%</b>	<b>7,162</b>	<b>-6%</b>	<b>6,806</b>	<b>-1%</b>	<b>18,567</b>	<b>19,339</b>	<b>4%</b>	<b>4%</b>
<i>Gross margin (%)</i>	<i>29.9%</i>	<i>30.5%</i>	<i>60 bps</i>	<i>-340 bps</i>	<i>32.7%</i>	<i>-220 bps</i>	<i>29.3%</i>	<i>120 bps</i>	<i>31.3%</i>	<i>30.6%</i>	<i>-60 bps</i>	<i>-250 bps</i>
Employee Costs	1,077	1,118	4%	6%	1,222	-9%	1,109	1%	3,033	3,400	12%	8%
<i>% of Revenue</i>	<i>5.4%</i>	<i>5.1%</i>	<i>-30 bps</i>	<i>-80 bps</i>	<i>5.6%</i>	<i>-50 bps</i>	<i>4.8%</i>	<i>30 bps</i>	<i>5.1%</i>	<i>5.4%</i>	<i>30 bps</i>	<i>20 bps</i>
Other Expenses	598	482	-19%	-3%	567	-15%	646	-25%	1,561	1,534	-2%	-1%
<i>% of Revenue</i>	<i>3.0%</i>	<i>2.2%</i>	<i>-80 bps</i>	<i>-140 bps</i>	<i>2.6%</i>	<i>-40 bps</i>	<i>2.8%</i>	<i>-60 bps</i>	<i>2.6%</i>	<i>2.4%</i>	<i>-20 bps</i>	<i>-90 bps</i>
Total Expenditure	15,621	16,934	8%	10%	16,532	2%	18,178	-7%	45,401	48,743	7%	7%
<b>EBITDA</b>	<b>4,264</b>	<b>5,117</b>	<b>20%</b>	<b>8%</b>	<b>5,373</b>	<b>-5%</b>	<b>5,051</b>	<b>1%</b>	<b>13,973</b>	<b>14,406</b>	<b>3%</b>	<b>4%</b>
<i>EBITDA Margin (%)</i>	<i>21.4%</i>	<i>23.2%</i>	<i>180 bps</i>	<i>-110 bps</i>	<i>24.5%</i>	<i>-130 bps</i>	<i>21.7%</i>	<i>150 bps</i>	<i>23.5%</i>	<i>22.8%</i>	<i>-70 bps</i>	<i>-180 bps</i>
Depreciation	1,357	1,543	14%	5%	1,486	4%	1,490	4%	4,010	4,406	10%	4%
<b>EBIT</b>	<b>2,907</b>	<b>3,574</b>	<b>23%</b>	<b>10%</b>	<b>3,887</b>	<b>-8%</b>	<b>3,561</b>	<b>0%</b>	<b>9,964</b>	<b>9,999</b>	<b>0%</b>	<b>5%</b>
Other Income	1,136	1,007	-11%	13%	1,025	-2%	1,030	-2%	2,285	2,846	25%	11%
Finance Costs	142	175	23%	31%	147	19%	150	17%	425	463	9%	16%
Extra-ordinary Exp./-Inc.	0	0	NA	NA	0	NA	0		0	0	NA	-100%
<b>Profit Before Tax</b>	<b>3,901</b>	<b>4,406</b>	<b>13%</b>	<b>10%</b>	<b>4,764</b>	<b>-8%</b>	<b>4,441</b>	<b>-1%</b>	<b>11,824</b>	<b>12,382</b>	<b>5%</b>	<b>80%</b>
Tax Expense	936	1,062	13%	-4%	1,187	-11%	1,119	-5%	2,918	3,020	3%	68%
<i>Tax Rate (%)</i>	<i>24.0%</i>	<i>24.1%</i>	<i>10 bps</i>	<i>-1780 bps</i>	<i>24.9%</i>	<i>-80 bps</i>	<i>25.2%</i>	<i>-110 bps</i>	<i>24.7%</i>	<i>24.4%</i>	<i>-30 bps</i>	<i>-740 bps</i>
<b>Reported Net Profit</b>	<b>2,965</b>	<b>3,344</b>	<b>13%</b>	<b>17%</b>	<b>3,577</b>	<b>-7%</b>	<b>3,322</b>	<b>1%</b>	<b>8,906</b>	<b>9,363</b>	<b>5%</b>	<b>84%</b>
Reported EPS	4.87	5.49	13%	17%	5.87	-7%	5.45	1%	14.62	15.37	5%	84%
<b>Adjusted Net Profit</b>	<b>2,965</b>	<b>3,344</b>	<b>13%</b>	<b>10%</b>	<b>3,577</b>	<b>-7%</b>	<b>3,322</b>	<b>1%</b>	<b>8,906</b>	<b>9,363</b>	<b>5%</b>	<b>7%</b>
Adjusted EPS	4.87	5.49	13%	10%	5.87	-7%	5.45	1%	14.62	15.37	5%	7%

Source: Company, JM Financial

**Exhibit 4. Segmental performance**

INR mn	3Q23A	3Q24A	YoY	4-yr CAGR	2Q24A	QoQ	3Q24A	Var	9MFY23	9MFY24	YoY	4-yr CAGR
<b>Revenue (INR mn)</b>												
EXIM	12,697	14,365	13%	5%	14,438	-1%	14,416	0%	38,889	41,117	6%	2%
Domestic	7,187	7,687	7%	21%	7,467	3%	8,813	-13%	20,485	22,032	8%	19%
<b>Total</b>	<b>19,884</b>	<b>22,051</b>	<b>11%</b>	<b>10%</b>	<b>21,904</b>	<b>1%</b>	<b>23,229</b>	<b>-5%</b>	<b>59,374</b>	<b>63,149</b>	<b>6%</b>	<b>7%</b>
<b>EBIT</b>												
EXIM	2,953	3,197	8%	2%	3,463	-8%	3,176	1%	9,445	9,225	-2%	1%
Domestic	428	737	72%	89%	746	-1%	750	-2%	1,640	1,849	13%	46%
<b>Total</b>	<b>3,381</b>	<b>3,934</b>	<b>16%</b>	<b>7%</b>	<b>4,209</b>	<b>-7%</b>	<b>3,926</b>	<b>0%</b>	<b>11,085</b>	<b>11,074</b>	<b>0%</b>	<b>4%</b>
<b>EBIT Margin (%)</b>												
EXIM	23.3%	22.3%	-100 bps	-330 bps	24.0%	-170 bps	22.0%	20 bps	24.3%	22.4%	-190 bps	-110 bps
Domestic	6.0%	9.6%	360 bps	800 bps	10.0%	-40 bps	8.5%	110 bps	8.0%	8.4%	40 bps	470 bps
<b>Total</b>	<b>17.0%</b>	<b>17.8%</b>	<b>80 bps</b>	<b>-220 bps</b>	<b>19.2%</b>	<b>-140 bps</b>	<b>16.9%</b>	<b>90 bps</b>	<b>18.7%</b>	<b>17.5%</b>	<b>-110 bps</b>	<b>-160 bps</b>
<b>Originating Volume (000 TEUs)</b>												
EXIM	465	525	13%	2%	541	-3%	530	-1%	1,434	1,533	7%	0%
Domestic	109	110	1%	12%	107	3%	125	-12%	317	321	1%	12%
<b>Total</b>	<b>575</b>	<b>635</b>	<b>11%</b>	<b>3%</b>	<b>648</b>	<b>-2%</b>	<b>655</b>	<b>-3%</b>	<b>1,750</b>	<b>1,854</b>	<b>6%</b>	<b>2%</b>
<b>Realisation (INR/originating TEU)</b>												
EXIM	27,299	27,354	0%	3%	26,687	2%	27,200	1%	27,127	26,819	-1%	2%
Domestic	65,649	69,795	6%	8%	69,782	0%	70,500	-1%	64,647	68,591	6%	6%
<b>Total</b>	<b>34,606</b>	<b>34,712</b>	<b>0%</b>	<b>20%</b>	<b>33,803</b>	<b>3%</b>	<b>35,463</b>	<b>-2%</b>	<b>33,919</b>	<b>34,055</b>	<b>0%</b>	<b>5%</b>
<b>EBIT Margin (INR/originating TEU)</b>												
EXIM	6,349	6,088	-4%	0%	6,400	-5%	5,992	2%	6,588	6,017	-9%	0%
Domestic	3,907	6,693	71%	69%	6,973	-4%	6,000	12%	5,176	5,757	11%	30%
<b>Total</b>	<b>5,884</b>	<b>6,193</b>	<b>5%</b>	<b>3%</b>	<b>6,495</b>	<b>-5%</b>	<b>5,994</b>	<b>3%</b>	<b>6,333</b>	<b>5,972</b>	<b>-6%</b>	<b>2%</b>
<b>Cost (INR/originating TEU)</b>												
EXIM	20,950	21,266	2%	4%	20,287	5%	21,208	0%	20,539	20,802	1%	2%
Domestic	61,742	63,102	2%	6%	62,809	0%	64,500	-2%	59,471	62,833	6%	5%
<b>Total</b>	<b>28,723</b>	<b>28,519</b>	<b>-1%</b>	<b>26%</b>	<b>27,308</b>	<b>4%</b>	<b>29,470</b>	<b>-3%</b>	<b>27,586</b>	<b>28,083</b>	<b>2%</b>	<b>5%</b>

Source: Company, JM Financial

**Exhibit 5. Common size analysis (INR/TEU)**

Common Size (on handling basis)												
INR/TEU	3Q23A	3Q24A	YoY	4-yr CAGR	2Q24A	QoQ	3Q24A	Var	9MFY23	9MFY24	YoY	4-yr CAGR
<b>Realisation</b>	<b>18,324</b>	<b>19,162</b>	<b>5%</b>	<b>5%</b>	<b>17,797</b>	<b>8%</b>	<b>20,185</b>	<b>-5%</b>	<b>18,313</b>	<b>18,170</b>	<b>-1%</b>	<b>1%</b>
Rail Freight	10,465	11,249	7%	6%	9,775	15%	11,647	-3%	10,151	10,261	1%	2%
<b>Gross Profit (Realisation-Rail Freight)</b>	<b>7,859</b>	<b>7,912</b>	<b>1%</b>	<b>2%</b>	<b>8,022</b>	<b>-1%</b>	<b>8,538</b>	<b>-7%</b>	<b>8,163</b>	<b>7,909</b>	<b>-3%</b>	<b>0%</b>
Operating Exp	2,387	2,076	-13%	6%	2,204	-6%	2,624	-21%	2,436	2,345	-4%	4%
Land License Fee	894	625	-30%	42%	696	-10%	973	-36%	890	827	-7%	53%
Other Operating Exp	1,493	1,450	-3%	-2%	1,508	-4%	1,651	-12%	1,546	1,517	-2%	-7%
<b>Gross Profit (Realisation-Rail Freight-Opex)</b>	<b>5,472</b>	<b>5,837</b>	<b>7%</b>	<b>1%</b>	<b>5,819</b>	<b>0%</b>	<b>5,914</b>	<b>-1%</b>	<b>5,727</b>	<b>5,564</b>	<b>-3%</b>	<b>-1%</b>
Employee cost	992	972	-2%	0%	993	-2%	964	1%	935	978	5%	3%
Other Exp	551	418	-24%	-12%	461	-9%	561	-25%	481	441	-8%	-9%
<b>EBITDA</b>	<b>3,929</b>	<b>4,446</b>	<b>13%</b>	<b>3%</b>	<b>4,365</b>	<b>2%</b>	<b>4,389</b>	<b>1%</b>	<b>4,310</b>	<b>4,145</b>	<b>-4%</b>	<b>-1%</b>
Depreciation	1,250	1,341	7%	-1%	1,207	11%	1,295	4%	1,237	1,268	3%	-2%
<b>EBIT</b>	<b>2,679</b>	<b>3,106</b>	<b>16%</b>	<b>5%</b>	<b>3,158</b>	<b>-2%</b>	<b>3,094</b>	<b>0%</b>	<b>3,073</b>	<b>2,877</b>	<b>-6%</b>	<b>-1%</b>

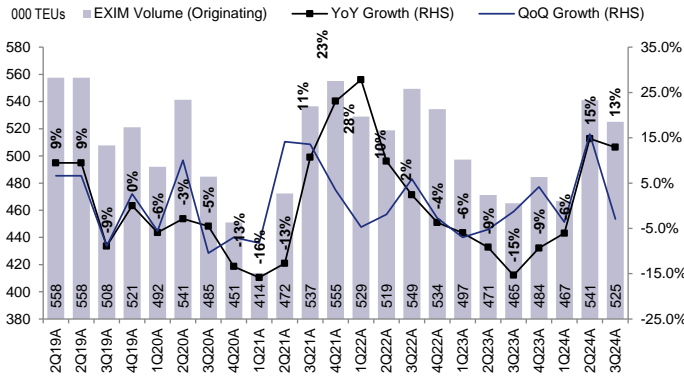
**Common Size (on originating basis)**

INR/TEU	3Q23A	3Q24A	YoY	4-yr CAGR	2Q24A	QoQ	3Q24A	Var	9MFY23	9MFY24	YoY	4-yr CAGR
<b>Realisation</b>	<b>34,606</b>	<b>34,712</b>	<b>0%</b>	<b>8%</b>	<b>33,803</b>	<b>3%</b>	<b>35,463</b>	<b>-2%</b>	<b>33,919</b>	<b>34,055</b>	<b>0%</b>	<b>6%</b>
Rail Freight	19,764	20,379	3%	10%	18,565	10%	20,463	0%	18,801	19,232	2%	7%
<b>Gross Profit (Realisation-Rail Freight)</b>	<b>14,842</b>	<b>14,333</b>	<b>-3%</b>	<b>6%</b>	<b>15,238</b>	<b>-6%</b>	<b>15,000</b>	<b>-4%</b>	<b>15,118</b>	<b>14,824</b>	<b>-2%</b>	<b>5%</b>
Operating Exp	4,507	3,760	-17%	9%	4,185	-10%	4,610	-18%	4,511	4,394	-3%	9%
Land License Fee	1,688	1,133	-33%	47%	1,322	-14%	1,710	-34%	1,648	1,551	-6%	60%
Other Operating Exp	2,819	2,627	-7%	1%	2,863	-8%	2,900	-9%	2,863	2,844	-1%	-2%
<b>Gross Profit (Realisation-Rail Freight-Opex)</b>	<b>10,335</b>	<b>10,573</b>	<b>2%</b>	<b>4%</b>	<b>11,052</b>	<b>-4%</b>	<b>10,390</b>	<b>2%</b>	<b>10,607</b>	<b>10,429</b>	<b>-2%</b>	<b>3%</b>
Employee cost	1,874	1,760	-6%	3%	1,886	-7%	1,693	4%	1,733	1,834	6%	8%
Other Exp	1,040	758	-27%	-9%	875	-13%	986	-23%	892	827	-7%	-4%
<b>EBITDA</b>	<b>7,420</b>	<b>8,055</b>	<b>9%</b>	<b>6%</b>	<b>8,291</b>	<b>-3%</b>	<b>7,711</b>	<b>4%</b>	<b>7,983</b>	<b>7,769</b>	<b>-3%</b>	<b>3%</b>
Depreciation	2,361	2,428	3%	2%	2,293	6%	2,275	7%	2,291	2,376	4%	3%
<b>EBIT</b>	<b>5,059</b>	<b>5,626</b>	<b>11%</b>	<b>8%</b>	<b>5,998</b>	<b>-6%</b>	<b>5,436</b>	<b>3%</b>	<b>5,692</b>	<b>5,392</b>	<b>-5%</b>	<b>4%</b>

Source: Company, JM Financial

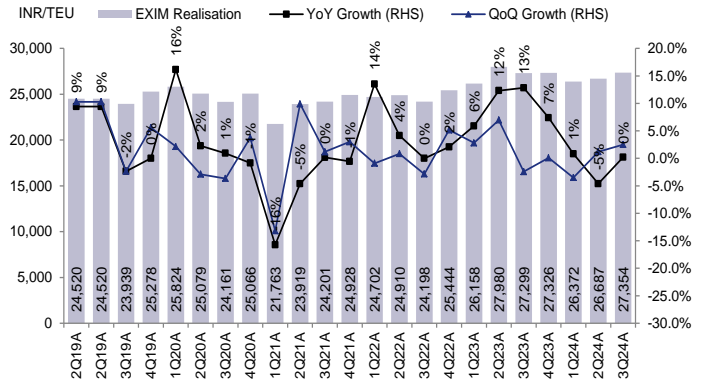
Quarterly charts

Exhibit 6. EXIM volume trend



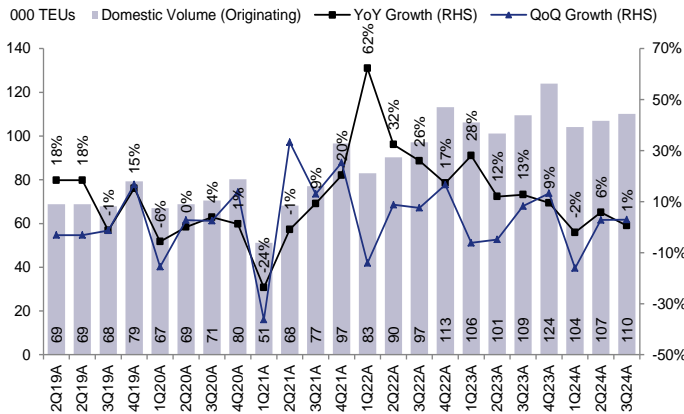
Source: Company, JM Financial

Exhibit 7. EXIM realisation trend



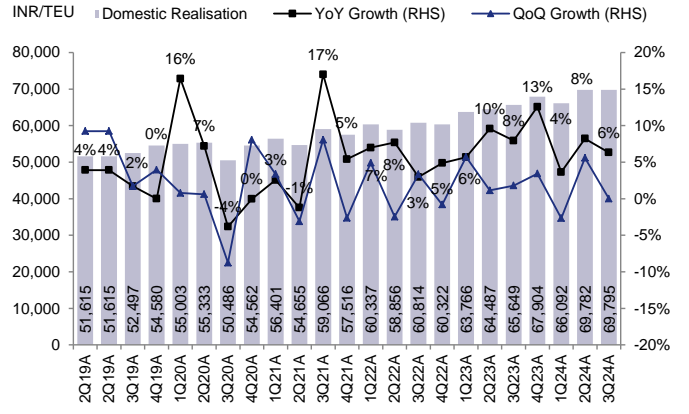
Source: Company, JM Financial

Exhibit 8. Domestic originating volume trend



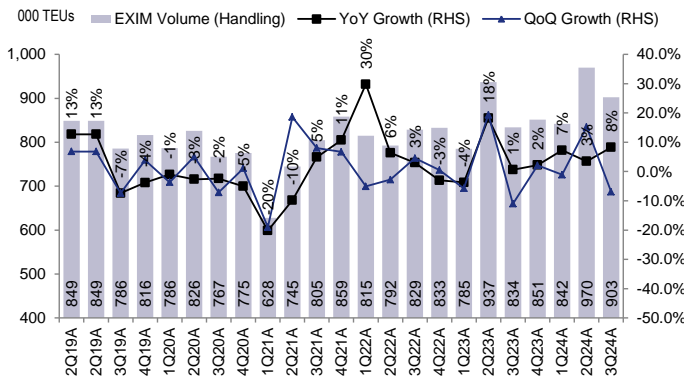
Source: Company, JM Financial

Exhibit 9. Domestic realisation trend



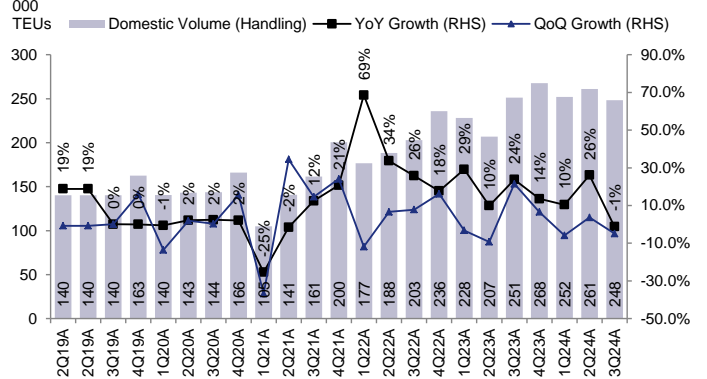
Source: Company, JM Financial

Exhibit 10. EXIM handling volume trend



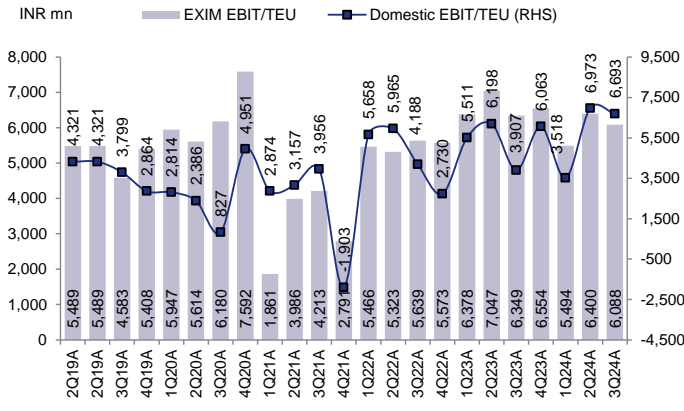
Source: Company, JM Financial

Exhibit 11. Domestic handling volume trend



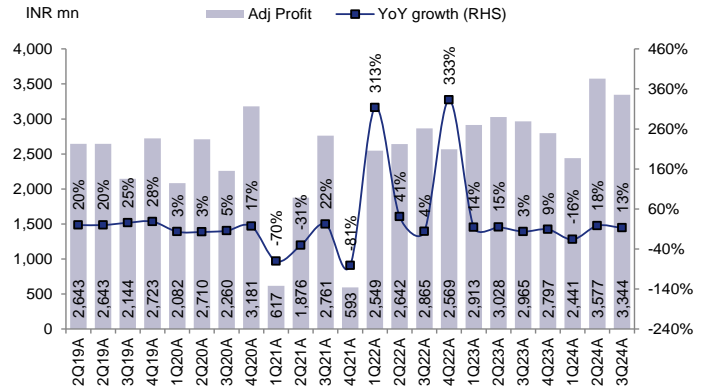
Source: Company, JM Financial

**Exhibit 12. EBIT margin trend**



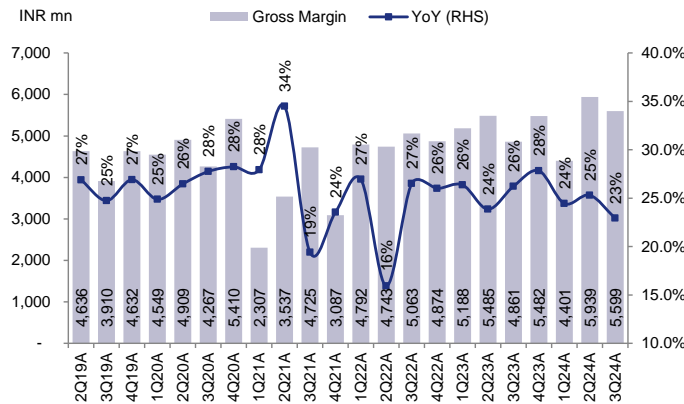
Source: Company, JM Financial

**Exhibit 13. Profitability trend**



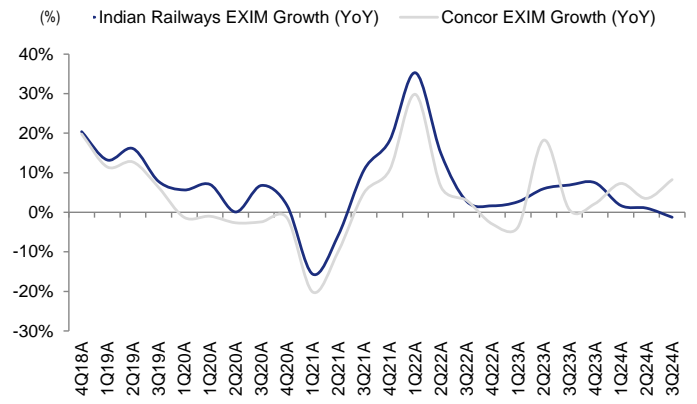
Source: Company, JM Financial

**Exhibit 14. Gross margin trend**



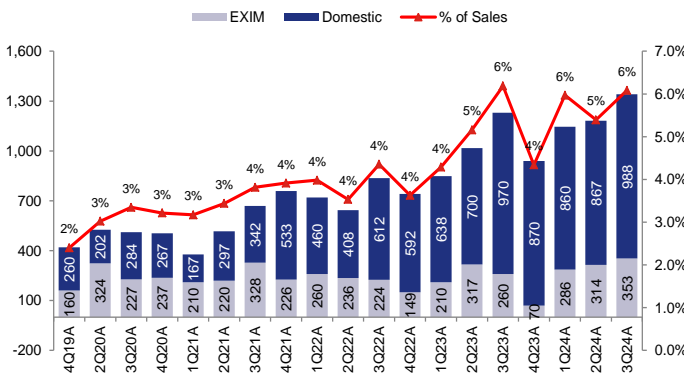
Source: Company, JM Financial  
Calculated post opex and employee costs

**Exhibit 15. Indian railways EXIM growth vs. Concor EXIM growth**



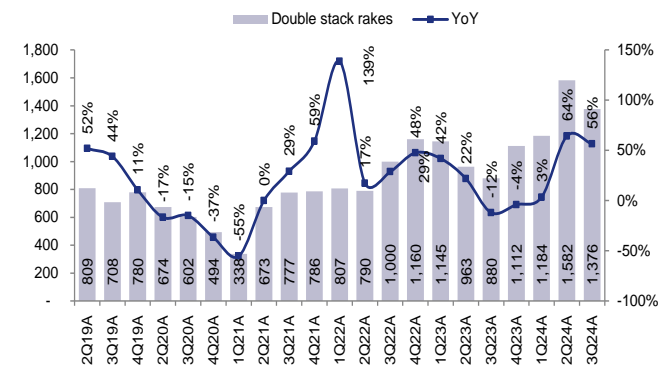
Source: Company, JM Financial  
\* 3QFY24A is estimated as IR has discontinued monthly data on container cargo based

**Exhibit 16. Empties cost trend**



Source: Company, JM Financial

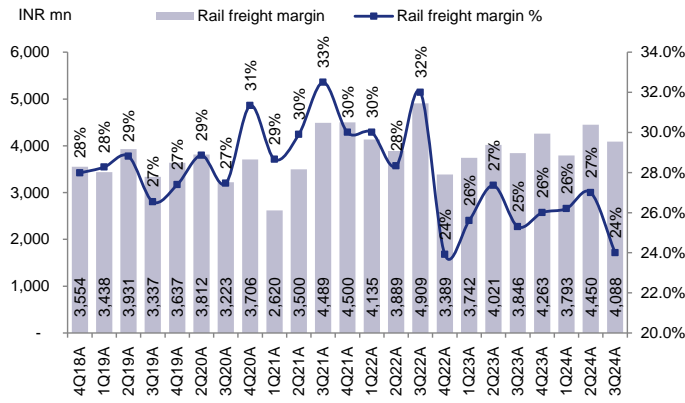
**Exhibit 17. Double stack rack increased YoY**



Source: Company, JM Financial

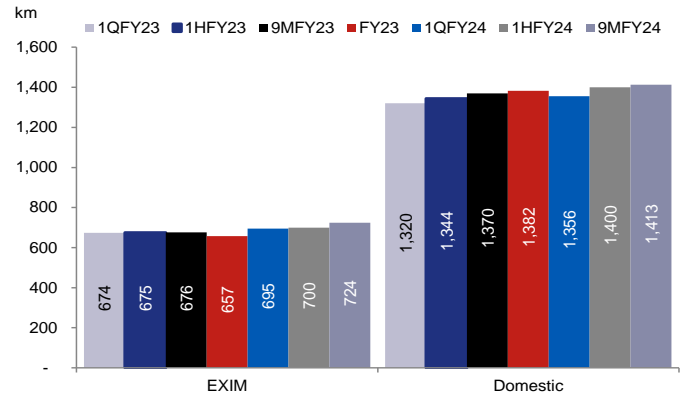


**Exhibit 18. Rail freight margin trend**



Source: Company, JM Financial

**Exhibit 19. Cumulative lead distance**



Source: Company, JM Financial

## Financial Tables (Standalone)

Income Statement		(INR mn)				
Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E	
Net Sales	75,945	81,034	88,669	1,04,728	1,19,944	
<i>Sales Growth</i>	<i>18.9%</i>	<i>6.7%</i>	<i>9.4%</i>	<i>18.1%</i>	<i>14.5%</i>	
Other Operating Income	0	0	0	0	0	
<b>Total Revenue</b>	<b>75,945</b>	<b>81,034</b>	<b>88,669</b>	<b>1,04,728</b>	<b>1,19,944</b>	
Cost of Goods Sold/Op. Exp	52,317	55,745	61,978	74,200	84,696	
Personnel Cost	4,156	4,274	4,573	4,939	5,334	
Other Expenses	2,188	2,595	2,440	2,586	2,741	
<b>EBITDA</b>	<b>17,284</b>	<b>18,421</b>	<b>19,678</b>	<b>23,004</b>	<b>27,173</b>	
<i>EBITDA Margin</i>	<i>22.8%</i>	<i>22.7%</i>	<i>22.2%</i>	<i>22.0%</i>	<i>22.7%</i>	
<i>EBITDA Growth</i>	<i>57.1%</i>	<i>6.6%</i>	<i>6.8%</i>	<i>16.9%</i>	<i>18.1%</i>	
Deprn. & Amort.	5,298	5,541	5,984	6,463	7,109	
EBIT	11,986	12,880	13,694	16,541	20,064	
Other Income	2,631	3,240	3,888	4,199	4,535	
Finance Cost	546	570	599	629	660	
PBT before Excep. & Forex	14,071	15,550	16,984	20,112	23,939	
Excep. & Forex Inc./Loss(-)	0	0	0	0	0	
PBT	14,071	15,550	16,984	20,112	23,939	
Taxes	3,447	3,847	4,280	5,068	6,033	
Extraordinary Inc./Loss(-)	-1	0	0	0	0	
Assoc. Profit/Min. Int.(-)	0	0	0	0	0	
Reported Net Profit	10,623	11,703	12,704	15,044	17,907	
<b>Adjusted Net Profit</b>	<b>10,624</b>	<b>11,703</b>	<b>12,704</b>	<b>15,044</b>	<b>17,907</b>	
<i>Net Margin</i>	<i>14.0%</i>	<i>14.4%</i>	<i>14.3%</i>	<i>14.4%</i>	<i>14.9%</i>	
Diluted Share Cap. (mn)	609.3	609.3	609.3	609.3	609.3	
<b>Diluted EPS (INR)</b>	<b>17.4</b>	<b>19.2</b>	<b>20.8</b>	<b>24.7</b>	<b>29.4</b>	
<i>Diluted EPS Growth</i>	<i>72.7%</i>	<i>10.2%</i>	<i>8.5%</i>	<i>18.4%</i>	<i>19.0%</i>	
Total Dividend + Tax	4,874	6,539	8,369	11,415	15,378	
Dividend Per Share (INR)	8.0	10.7	13.7	18.7	25.2	

Source: Company, JM Financial

Balance Sheet		(INR mn)				
Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E	
Shareholders' Fund	1,07,773	1,12,450	1,16,785	1,20,414	1,22,943	
Share Capital	3,047	3,047	3,047	3,047	3,047	
Reserves & Surplus	1,04,727	1,09,403	1,13,738	1,17,367	1,19,896	
Preference Share Capital	0	0	0	0	0	
Minority Interest	0	0	0	0	0	
Total Loans	0	0	0	0	0	
Def. Tax Liab. / Assets (-)	-906	-799	-799	-799	-799	
<b>Total - Equity &amp; Liab.</b>	<b>1,06,867</b>	<b>1,11,650</b>	<b>1,15,985</b>	<b>1,19,614</b>	<b>1,22,143</b>	
Net Fixed Assets	61,390	61,518	61,534	61,071	59,962	
Gross Fixed Assets	84,242	89,129	95,394	1,01,394	1,07,394	
Intangible Assets	0	0	0	0	0	
Less: Deprn. & Amort.	30,335	35,875	41,860	48,322	55,432	
Capital WIP	7,482	8,265	8,000	8,000	8,000	
Investments	14,356	14,425	14,425	14,425	14,425	
Current Assets	51,365	56,065	61,889	69,941	77,331	
Inventories	307	372	243	287	329	
Sundry Debtors	1,761	2,131	2,332	2,754	3,154	
Cash & Bank Balances	28,879	30,479	38,540	45,087	50,944	
Loans & Advances	20,419	23,083	20,775	21,813	22,904	
Other Current Assets	0	0	0	0	0	
Current Liab. & Prov.	20,244	20,358	21,864	25,823	29,575	
Current Liabilities	4,236	4,236	4,859	5,739	6,572	
Provisions & Others	16,008	16,121	17,005	20,085	23,003	
Net Current Assets	31,122	35,707	40,026	44,118	47,756	
<b>Total - Assets</b>	<b>1,06,867</b>	<b>1,11,650</b>	<b>1,15,985</b>	<b>1,19,614</b>	<b>1,22,143</b>	

Source: Company, JM Financial

Cash Flow Statement		(INR mn)				
Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E	
Profit before Tax	14,071	15,550	16,984	20,112	23,939	
Deprn. & Amort.	5,351	5,594	5,984	6,463	7,109	
Net Interest Exp. / Inc. (-)	-1,302	-1,667	-3,290	-3,571	-3,875	
Inc (-) / Dec in WCap.	-1,003	-1,219	3,742	2,455	2,219	
Others	-143	-170	0	0	0	
Taxes Paid	-3,568	-4,251	-4,280	-5,068	-6,033	
<b>Operating Cash Flow</b>	<b>13,406</b>	<b>13,837</b>	<b>19,141</b>	<b>20,390</b>	<b>23,360</b>	
Capex	-7,751	-4,941	-6,000	-6,000	-6,000	
<i>Free Cash Flow</i>	<i>5,656</i>	<i>8,896</i>	<i>13,141</i>	<i>14,390</i>	<i>17,360</i>	
Inc (-) / Dec in Investments	-6,509	-2,286	0	0	0	
Others	3,664	1,190	3,888	4,199	4,535	
<b>Investing Cash Flow</b>	<b>-10,596</b>	<b>-6,036</b>	<b>-2,112</b>	<b>-1,801</b>	<b>-1,465</b>	
Inc / Dec (-) in Capital	0	0	0	0	0	
Dividend + Tax thereon	-4,874	-7,311	-8,369	-11,415	-15,378	
Inc / Dec (-) in Loans	0	0	0	0	0	
Others	-893	-1,080	-599	-629	-660	
<b>Financing Cash Flow</b>	<b>-5,767</b>	<b>-8,392</b>	<b>-8,968</b>	<b>-12,043</b>	<b>-16,038</b>	
<b>Inc / Dec (-) in Cash</b>	<b>-2,957</b>	<b>-591</b>	<b>8,061</b>	<b>6,547</b>	<b>5,857</b>	
Opening Cash Balance	6,646	21,773	30,479	38,540	45,087	
Closing Cash Balance	3,689	21,182	38,540	45,087	50,944	

Source: Company, JM Financial

Dupont Analysis		FY22A	FY23A	FY24E	FY25E	FY26E
Y/E March						
Net Margin	14.0%	14.4%	14.3%	14.4%	14.9%	
Asset Turnover (x)	0.7	0.7	0.8	0.9	1.0	
Leverage Factor (x)	1.0	1.0	1.0	1.0	1.0	
RoE	10.1%	10.6%	11.1%	12.7%	14.7%	

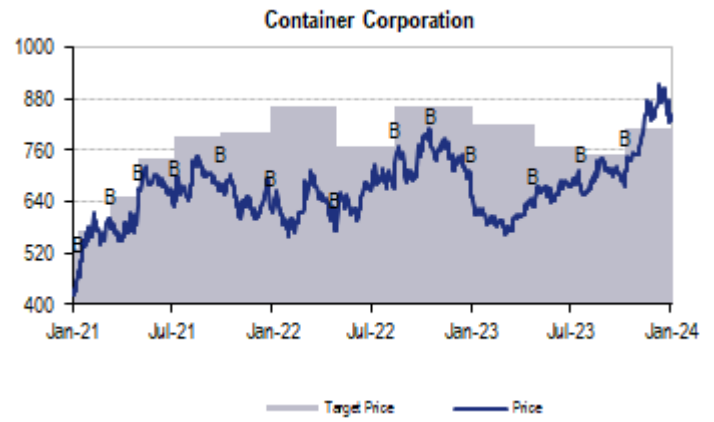
Key Ratios		FY22A	FY23A	FY24E	FY25E	FY26E
Y/E March						
BV/Share (INR)	176.9	184.6	191.7	197.6	201.8	
ROIC	14.3%	14.7%	15.6%	19.8%	25.3%	
ROE	10.1%	10.6%	11.1%	12.7%	14.7%	
Net Debt/Equity (x)	-0.3	-0.3	-0.4	-0.4	-0.5	
P/E (x)	47.5	43.2	39.8	33.6	28.2	
P/B (x)	4.7	4.5	4.3	4.2	4.1	
EV/EBITDA (x)	27.2	25.4	23.4	19.7	16.5	
EV/Sales (x)	6.2	5.8	5.2	4.3	3.7	
Debtor days	8	10	10	10	10	
Inventory days	1	2	1	1	1	
Creditor days	26	25	26	26	26	

Source: Company, JM Financial

**History of Recommendation and Target Price**

Date	Recommendation	Target Price	% Chg.
10-Feb-20	Hold	610	
28-Jun-20	Hold	500	-18.0
11-Aug-20	Hold	420	-16.0
21-Sep-20	Buy	470	11.9
7-Nov-20	Buy	475	1.1
8-Jan-21	Buy	530	11.6
5-Feb-21	Buy	570	7.5
5-Apr-21	Buy	650	14.0
24-May-21	Buy	740	13.8
30-Jul-21	Buy	790	6.8
22-Oct-21	Buy	800	1.3
22-Jan-22	Buy	860	7.5
20-May-22	Buy	770	-10.5
8-Sep-22	Buy	860	11.7
11-Nov-22	Buy	860	0.0
24-Jan-23	Buy	820	-4.7
19-May-23	Buy	770	-6.1
12-Aug-23	Buy	750	-2.6
4-Nov-23	Buy	810	8.0

**Recommendation History**



## APPENDIX I

## JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

Member of BSE Ltd. and National Stock Exchange of India Ltd.

SEBI Registration Nos.: Stock Broker - INZ000163434, Research Analyst - INH000000610

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Definition of ratings	
Rating	Meaning
Buy	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
Hold	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
Sell	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

\* REITs refers to Real Estate Investment Trusts.

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