

# Container Corporation (CONCOR) ₹ 493

## Q3 hit by weak exports, long-term story intact

- Adjusted revenues (ex-SEIS incentive) grew 8% YoY to ₹ 1572 crore. While domestic revenues grew 11% YoY to ₹ 357 crore, Exim revenue grew 7% YoY to ₹ 1216 crore. Overall volume growth was at 14% to 9.26 lakh TEUs
- EBITDA margins increased 336 bps YoY to 21.2%, mainly due to lower terminal & other expenses. Hence, EBITDA grew 29% to ₹ 334 crore
- However, PAT de-grew 5% to ₹ 275 crore, as strong operational performance was negated by lower SEIS incentive (exceptional income) during the quarter (₹ 85 crore vs. ₹ 186 crore in Q3FY18)

### 9MFY19 volumes continue on strong trajectory

Volumes continue to remain strong in both Exim (10%) and domestic segment (12%), during 9MFY19. Although in Q3FY19, the Exim segment (85% of total volumes) reported mere 6% volume growth due to slower exports, the management expects to achieve 12% volume growth for FY19. Exim realisations in 9MFY19 have reverted to subdued levels mainly due to ~4% QoQ decline in Q3, led by imbalance in Exim trade (more imports than exports, resulting in empty running on one side) and lower lead distance continues to impact the realisation (₹ 62.5 crore and 706 km vs. ₹ 36 crore and 711 km, respectively, in Q2FY19). Concor maintains dominant share in container rail transport (~74%). On the domestic segment, there has been an increased awareness among domestic clients in usage of containers for safe transport of goods. For Q3FY19, the company ran 708 double stack trains (~10% of overall volumes). The company also expects delivery of 270+ DFC compliant rakes in four years (beginning from H2FY20) and has floated tender for the same (estimated cost- 4500 crore). We expect a volume CAGR of 13% for FY18-21E, respectively.

### Investing in infrastructure to retain rail container market share

Concor's market share in transport of containers via rail at Gujarat Pipavav, Mundra and JNPT port was at 54%, 52.5% and 78.5%, respectively. Concor's network profile includes 82 terminals (mostly rail linked). For FY20, the management has guided a target of 100 terminals (90 owned, 10 tie-ups). The widespread reach remains best in the industry thereby enabling Concor to command an overall market share (Exim and domestic) of 74%. Concor has been consistently investing (~₹ 1000 crore annually).

### Eyeing bigger pie of logistics industry

The business model around MMLP is shaping up well and is expected to contribute meaningfully from FY20. The other stream of revenues would include coastal shipping (commenced in Q4FY19), warehousing and 3PL distribution logistics (expected to start in FY20). Furthermore, the company is on track to open an additional 18 MMLPs by FY20. Dedicated Freight Corridor (DFC) in CY20 is expected to provide Concor with port connectivity (Mundra and Pipavav) and would, thereby, lead to higher volume growth and lower costs for the company. Concor leads a consortium to construct a dry port off Cairo and is eyeing global opportunities in Russia and international corridors (MoU with Russia's JSC RZD Logistics). The management expects to increase its container volumes from 4 million TEU in FY19E to 7 million TEU in FY21 via 1) organic volume growth 2) its foray in distribution logistics 3) coastal shipping volumes. We maintain **BUY** with a target price of ₹ 625, assigning a P/E multiple of ~21x to FY21E EPS of ~₹ 30.

Rating matrix		
Rating	:	Buy
Target	:	₹ 625
Target Period	:	12 months
Potential Upside	:	27%

What's changed?		
Target		Unchanged
EPS FY19E		Changed from ₹19.6 to ₹20.1
EPS FY20E		Changed from ₹24.5 to ₹24.7
EPS FY21E		Introduced at ₹ 30.4
Rating		Unchanged

Quarterly performance					
	Q3FY19	Q2FY18	YoY (%)	Q1FY19	QoQ (%)
Revenue	1,657.1	1,444.9	14.7	1,568.3	5.7
EBITDA	333.5	311.2	7.2	320.2	4.2
EBITDA (%)	20.1	21.5	-141 bps	20.4	-29 bps
PAT	274.7	228.9	20.0	252.4	8.8

Key financials				
₹ Crore	FY18	FY19E	FY20E	FY21E
Net Sales	6,622	7,345	8,299	9,806
EBITDA	1,499	1,755	2,025	2,491
Net Profit	1,009	1,215	1,498	1,840
EPS (₹)	17.6	20.1	24.7	30.4

Valuation summary				
	FY18	FY19E	FY20E	FY21E
P/E (x)	28.0	24.5	19.9	16.2
Target P/E (x)	35.5	31.1	25.3	20.6
EV / EBITDA (x)	5.1	4.0	3.3	2.3
P / BV (x)	1.0	0.9	0.8	0.7
RONW (%)	10.8	11.8	13.1	14.2
ROCE (%)	11.4	12.8	13.1	14.6

Stock data	
Particular	Amount
Market Capitalisation (₹ Crore)	30,036.0
Total Debt (FY18) (₹ Crore)	62.0
Cash and Investment (FY18) (₹ Crore)	2,032.4
EV (₹ Crore)	28,065.7
52 week H/L	569\433
Equity Capital (₹ Crore)	304.6
Face Value (₹)	5.0

Stock Return				
	1M	3M	6M	1Y
Blue Dart Express	-8.4	10.7	-17.1	-34.4
Gati Ltd	-17.6	-13.4	-36.0	-41.7
Vrl Logistics	-7.2	-5.7	-23.3	-36.6
Transport Corp	0.5	6.1	-9.8	8.5

Research Analysts	
Bharat Chhoda	bharat.chhodai@icicisecurities.com
Harshal Mehta	harshal.mehta@icicisecurities.com

### Variance analysis

	Q3FY19	Q3FY19E	Q3FY18	YoY (%)	Q2FY19	QoQ (%)	Comments
Revenue	1,572.2	1,589.9	1,453.6	8.2	1,722.3	-8.7	Revenues higher YoY mainly due to higher Exim and domestic volumes
Employee Expenses	76.8	77.9	99.1	-22.5	80.2	-4.2	
Terminal & other Expenses	923.7	938.0	871.6	6.0	971.4	-4.9	
Administrative Expenses	238.2	238.5	223.3	6.7	266.6	-10.6	
Total Expense	1,238.7	1,254.4	1,194.0	3.7	1,318.1	-6.0	
EBITDA	333.5	335.5	259.6	28.5	404.2	-17.5	
EBITDA Margin (%)	21.2	21.1	17.9	336 bps	23.5	-225 bps	Recent price hikes of ~1500/teu (15th Aug) on the service side and ~1000/teu on the Exim side (15th May) led to higher margins, although negated upto a certain extent by increased haulage charge by IR (5%)
Depreciation	105.9	103.5	99.5	6.4	104.8	1.1	
Interest	0.0	0.0	0.0	NA	0.0	NA	
Other Income	74.1	85.3	72.7	2.0	69.2	7.1	
PBT	301.8	317.3	232.8	29.6	368.6	-18.1	
Exceptional income/(expenses)	84.9	92.8	186.0	NA	100.0	-15.2	On account of SEIS income
Total Tax	111.9	111.1	129.7	-13.7	132.6	-15.6	
PAT	274.7	299.0	289.1	-5.0	336.1	-18.3	

Source: Company, ICICI Direct Research

### Change in estimates

₹ Crore)	FY19E					FY20E			FY21E	
	FY17	FY18	Old	New	% Change	Old	New	% Change	Introduced	Comments
Revenue	5,979.7	6,622.5	7,236.6	7,344.9	1.5	8,452.6	8,299.5	-1.8	9,806.4	
EBITDA	1,245.7	1,498.7	1,729.5	1,755.4	1.5	2,062.4	2,025.1	-1.8	2,490.8	
EBITDA Margin (%)	20.8	22.6	23.9	23.9	0 bps	24.4	24.4	0 bps	25.4	
PAT	830.6	1,008.9	1,183.5	1,215.2	2.7	1,479.7	1,498.2	1.2	1,840.2	In sync with operational performance
EPS (₹)	21.9	17.6	19.6	20.1	2.7	24.5	24.7	1.2	30.4	

Source: Company, ICICI Direct Research

### Assumptions

	Unit	FY17	FY18	Current		Earlier		Introduced	Comments
				FY19E	FY20E	FY19E	FY20E		
Exim Volume	TEUs	2,635,214	3,001,948	3,305,360	3,769,387	3,348,269	3,818,733	4,372,489	
Domestic Volume	TEUs	458,766	529,952	591,178	679,854	591,674	674,834	781,833	
Exim Realisation	₹/TEUs	16,495	15,303	15,392	15,787	15,636	16,039	16,193	
Domestic Realisation	₹/TEUs	23,896	25,114	25,008	26,086	24,968	26,701	27,145	

Source: Company, ICICI Direct Research

## Company Analysis

### Infrastructure superiority to intensify post completion of capex...

Concor's network of 82 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 14489 container wagons (BLC+BLL+BFKN+BVZI). The company also leverages additional wagon requirements by leasing additional 7473 wagons. Furthermore, Concor also owns 78 reach stackers and 16 gantry cranes and is in the process of acquiring additional five gantry cranes and six reach stackers. With a fairly large infrastructure base of rolling stock, the company handled ~73% i.e. 35 MMT (3 million TEUs) in CY17.

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



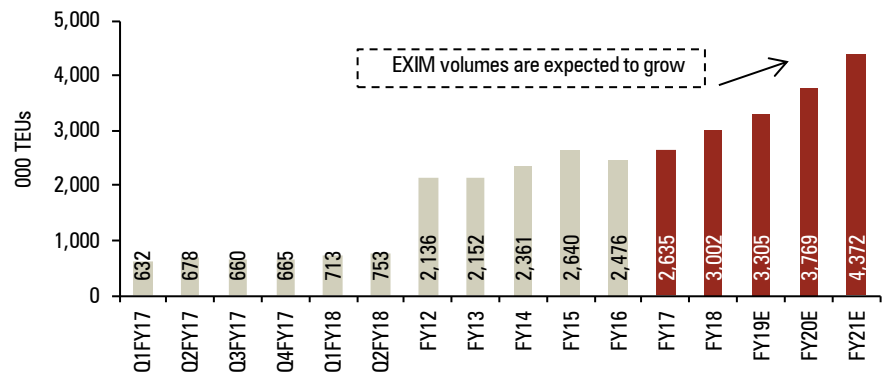
Source: Company, ICICI Direct Research

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 85% of its capex outlay of ₹ 6000 crore. Majority of the same ~₹ 2700 crore was 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 ~7% CAGR in FY13-18 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, abolition of port congestion charges resulted in higher rail competitiveness over road. Subsequently, volumes for FY18 grew across four consecutive quarters. Exim volumes for FY18 grew 14% YoY, indicating a reversal. Going ahead, we expect Exim volumes to grow at 13% CAGR in FY18-21E. Newer ports coupled with better efficiency at private ports would support the growth rationale.

**Exhibit 2: Exim container volume**

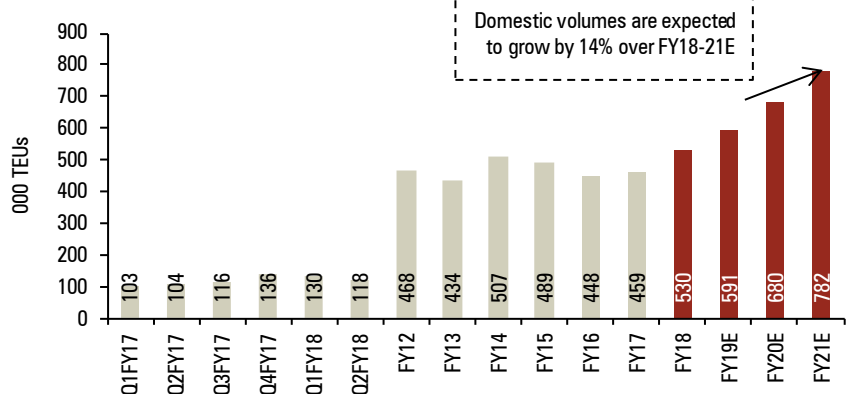


Source: Company, ICICI Direct Research

### Domestic volumes continued strong momentum post strong FY18...

Over FY13-18, domestic cargo volumes had been a laggard and grew at a CAGR of 4%. However, FY18 volumes revived with growth of 15% YoY. 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 14% CAGR in volumes for domestic containers in FY18-21E. The same would be accompanied by improvement in handling and inter port transfers.

**Exhibit 3: Domestic container volume**




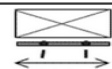

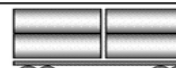
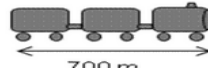
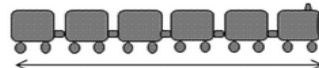








Source: Company, ICICI Direct Research

### Dedicated freight corridor to be commissioned by December 2020

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 crore, out of which ₹ 13000 crore pertains to land, ₹ 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, ICICI Direct 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% are civil contracts (1096 km of 1318 km on eastern; 1504 km on Western). Also, 82% of the system contracts (62% eastern and 100% western) have already been 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% CAGR in FY13-18 as container volumes remained sluggish, except 2014. However, going ahead, with an improved market share in private ports such as Mundra and 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 Concor revenues to grow at a CAGR of 14% over FY18-21E. On the back of a revival in volumes and higher utilisation levels, operating profits are expected to grow faster by 19% in FY18-21E vis-à-vis CAGR of 7% in FY13-18. 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 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 20% in FY18-21E against 3% in FY13-18.

**Exhibit 5: Pan-India presence of 82 terminals; new terminals / MMLPs proposed around (DFC)**

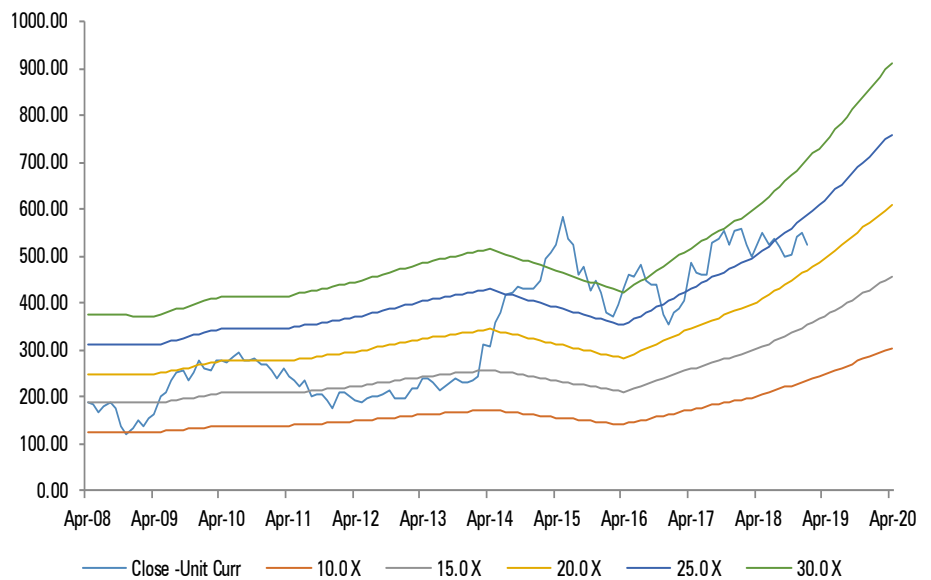


Source: Company website, ICICI Direct Research

## Outlook and valuation

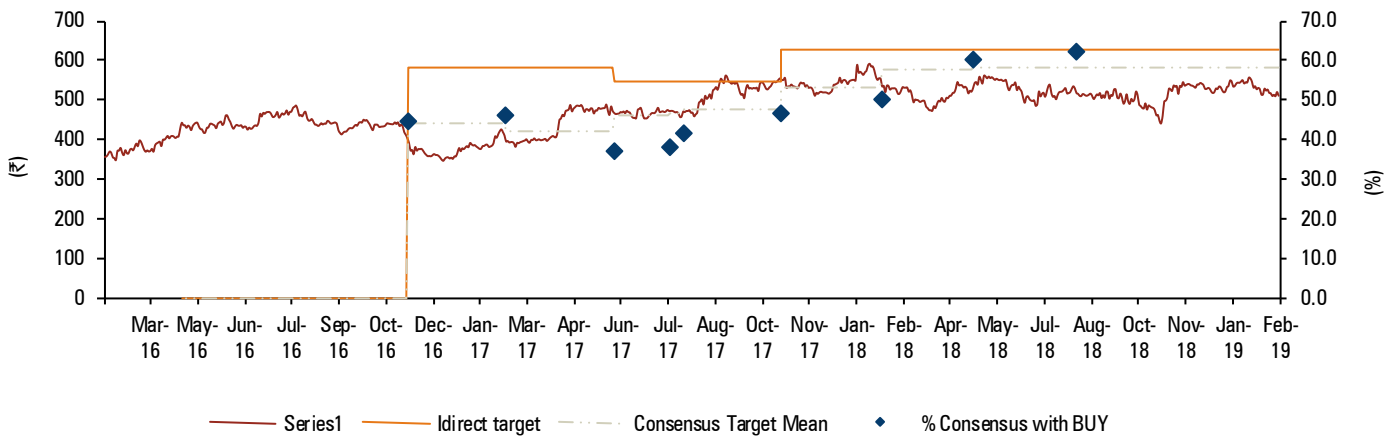
The business model around MMLP is shaping up well and is expected to contribute meaningfully from FY20. The other stream of revenues would include coastal shipping (commenced in Q4FY19), warehousing and 3PL distribution logistics (expected to start in FY20). Furthermore, the company is on track to open an additional 18 MMLPs by FY20. Dedicated Freight Corridor (DFC) in CY20 is expected to provide Concor with port connectivity (Mundra and Pipavav) and would thereby, lead to higher volume growth and lower costs for the company. Concor leads a consortium to construct a dry port off Cairo and is eyeing global opportunities in Russia and International corridors (MoU with Russia's JSC RZD Logistics). The management expects to increase its container volumes from 4 million TEU in FY19E to 7 million TEU in FY21 via 1) organic volume growth 2) its foray in distribution logistics 3) coastal shipping volumes. We maintain **BUY** with a target price of ₹ 625, assigning a P/E multiple of ~21x to FY21E EPS of ~₹ 30.

**Exhibit 6: PE trend**



Source: Company, ICICI Direct Research

### Recommendation History vs. consensus estimate



Source: Bloomberg, Company, ICICI Direct 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 results; 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 4%
Nov-16	Announce Q2FY17 results. Exim grew for a second consecutive quarter. Domestic volumes flattish. EBITDA margins impacted by land licence fees
Feb-17	Total volumes for Q3FY17 grow 10%. Decline in lead distances lead to de-growth in revenue by 5%. Margins at 19.6%
May-17	Total volumes for Q4FY17 grow with Exim up 8.4% YoY. EPS adjusted for bonus (1:4)

Source: Company, ICICI Direct Research

### Top 10 Shareholders

Rank	Investor Name	Latest Filing Date	% O/S	Position (m)	Change (m)
1	Government of India	31-Dec-18	0.68	333.9	0.0
2	Matthews International Capital Management, L.L.C.	30-Sep-18	0.04	19.6	0.7
3	LIC Mutual Fund Asset Management Company Ltd.	31-Dec-18	0.04	19.3	0.0
4	Aberdeen Standard Investments (Asia) Limited	31-Dec-18	0.04	19.0	-0.4
5	ICICI Prudential Asset Management Co. Ltd.	30-Sep-18	0.03	12.9	0.0
6	Hermes Investment Management Ltd.	30-Nov-18	0.02	9.0	0.0
7	UTI Asset Management Co. Ltd.	31-Dec-18	0.02	8.3	-0.9
8	HDFC Asset Management Co., Ltd.	31-Dec-18	0.02	7.9	0.0
9	The Vanguard Group, Inc.	31-Dec-18	0.01	7.0	0.0
10	Azim Premji Trust	31-Dec-18	0.01	6.3	0.0

Source: Reuters, ICICI Direct Research

### Shareholding Pattern

(in %)	Mar-18	Jun-18	Sep-18	Dec-18
Promoter	54.8	54.8	54.8	54.8
Public	45.2	45.2	45.2	45.2

### Recent Activity

Buys			Sells		
Investor name	Value	Shares	Investor name	Value	Shares
Seafarer Capital Partners, LLC	20.73	2.99	UTI Asset Management Co. Ltd.	-7.37	-0.93
Matthews International Capital Management, L.L.C.	5.12	0.74	IDFC Asset Management Company Private Limited	-7.16	-0.91
FIL Investment Management (Hong Kong) Limited	2.49	0.36	Aberdeen Standard Investments (Asia) Limited	-3.41	-0.43
BlackRock Institutional Trust Company, N.A.	1.69	0.23	Kotak Mahindra Asset Management Company Ltd.	-3.17	-0.40
Axis Asset Management Company Limited	1.60	0.22	First State Investments (Singapore)	-2.85	-0.37

Source: Reuters, ICICI Direct Research



## Financial summary

Profit and loss statement		₹ Crore			
(Year-end March)	FY18	FY19E	FY20E	FY21E	
Total operating Income	6,622.5	7,344.9	8,299.5	9,806.4	
Growth (%)	10.7	10.9	13.0	18.2	
Terminal/Other Service charge	4,541.9	4,957.8	5,560.7	6,472.2	
Employee Cost	279.4	293.8	332.0	392.3	
Administrative & other exp.	302.5	337.9	381.8	451.1	
Op. Expenditure	5,123.8	5,589.5	6,274.4	7,315.6	
EBITDA	1,498.7	1,755.4	2,025.1	2,490.8	
Growth (%)	20.3	17.1	15.4	23.0	
Depreciation	420.0	411.4	495.4	579.4	
EBIT	1,078.7	1,344.0	1,529.6	1,911.4	
Interest	5.6	4.5	5.0	6.3	
Other Income	286.8	325.2	527.7	615.8	
PBT	1,359.9	1,664.7	2,052.3	2,520.8	
Growth (%)	17.2	22.4	23.3	22.8	
Tax	351.0	449.5	554.1	680.6	
Reported PAT	1,008.9	1,215.2	1,498.2	1,840.2	
Growth (%)	21.5	20.4	23.3	22.8	
Share of Profit/Loss in JV	8.8	9.3	9.7	10.2	
Adjusted PAT	1,072.5	1,224.5	1,507.9	1,850.4	
EPS	17.6	20.1	24.7	30.4	

Source: Company, ICICI Direct Research

Balance sheet		₹ Crore			
(Year-end March)	FY18	FY19E	FY20E	FY21E	
Source of Funds					
Equity Capital	243.7	243.7	304.7	304.7	
Reserves & Surplus	9,104.5	10,087.8	11,163.2	12,620.2	
Shareholder's Fund	9,348.2	10,331.5	11,467.8	12,924.8	
Minority Interest	113.4	115.6	118.0	120.3	
Loan Funds	62.0	77.5	96.9	121.1	
Deferred Tax Liability	191.2	201.2	211.2	221.2	
Provisions	82.0	82.0	82.0	82.0	
Source of Funds	9,796.8	10,807.9	11,975.9	13,469.5	
Application of Funds					
Gross Block	5,127.6	5,877.6	7,077.6	8,277.6	
Less: Acc. Depreciation	1,120.0	1,531.4	2,026.9	2,606.3	
Net Block	4,007.6	4,346.1	5,050.7	5,671.3	
Capital WIP	691.8	726.4	762.7	800.9	
Total Fixed Assets	4,699.4	5,072.6	5,813.4	6,472.2	
Other Intangibles	11.7	11.7	11.7	11.7	
Investments	1,176.8	1,238.2	1,302.9	1,371.2	
Other Non-Current Assets	1,752.6	1,787.7	1,823.4	1,859.9	
Inventories	27.8	30.2	34.1	40.3	
Debtor	90.9	70.4	79.6	94.0	
Cash & Bank balances	2,032.4	2,638.3	3,078.8	3,988.7	
Loan & Advance, Other CA	1,068.9	1,095.8	1,116.6	1,149.5	
Total Current assets	3,220.0	3,834.8	4,309.1	5,272.5	
Current Liabilities	275.9	402.5	454.8	537.3	
Other Current Liabilities	763.2	704.3	795.8	940.3	
Provisions	24.6	30.2	34.1	40.3	
Total CL and Provisions	1,063.7	1,137.0	1,284.7	1,518.0	
Net Working Capital	2,156.3	2,697.8	3,024.4	3,754.5	
Application of Funds	9,796.8	10,807.9	11,975.8	13,469.5	

Source: Company, ICICI Direct Research

Cash flow statement		₹ Crore			
(Year-end March)	FY18	FY19E	FY20E	FY21E	
Profit after Tax	1,008.9	1,215.2	1,498.2	1,840.2	
Add: Depreciation	420.0	411.4	495.4	579.4	
Cash Profit	1,428.9	1,626.6	1,993.6	2,419.6	
Increase/(Decrease) in CL	215.5	73.2	147.8	233.3	
(Increase)/Decrease in CA	(262.4)	(13.9)	(39.6)	(59.7)	
Others	(54.1)	-	-	-	
CF from Operating Activities	1,327.8	1,685.9	2,101.8	2,593.2	
Purchase of Fixed Assets	(803.9)	(750.0)	(1,200.0)	(1,200.0)	
(Inc)/Dec in Investments	(45.3)	(56.3)	(59.1)	(62.0)	
Others	298.4	(69.6)	(72.1)	(74.6)	
CF from Investing Activities	(550.8)	(875.9)	(1,331.2)	(1,336.6)	
Inc/(Dec) in Loan Funds	-	15.5	19.4	24.2	
Inc/(Dec) in Sh. Cap. & Res.	(431.9)	(231.8)	(361.9)	(383.2)	
Others	(59.0)	12.3	12.3	12.4	
CF from financing activities	(490.9)	(204.1)	(330.2)	(346.6)	
Change in cash Eq.	286.1	606.0	440.4	909.9	
Op. Cash and cash Eq.	1,746.2	2,032.4	2,638.3	3,078.8	
Cl. Cash and cash Eq.	2,032.4	2,638.3	3,078.8	3,988.7	

Source: Company, ICICI Direct Research

Key ratios					
(Year-end March)	FY18	FY19E	FY20E	FY21E	
Per share data (₹)					
Book Value	479.5	529.9	588.2	662.9	
Cash per share	83.4	108.3	101.1	130.9	
EPS	17.6	20.1	24.7	30.4	
Cash EPS	61.2	67.1	65.8	79.8	
DPS	17.1	8.0	9.9	12.1	
Profitability & Operating Ratios					
EBITDA Margin (%)	22.6	23.9	24.4	25.4	
PAT Margin (%)	16.2	16.7	18.2	18.9	
Fixed Asset Turnover (x)	1.4	1.4	1.4	1.5	
Inventory Turnover (Days)	1.5	1.5	1.5	1.5	
Debtor (Days)	4.0	3.5	3.5	3.5	
Current Liabilities (Days)	15.2	20.0	20.0	20.0	
Return Ratios (%)					
RoE	10.8	11.8	13.1	14.2	
RoCE	11.4	12.8	13.1	14.6	
RoIC	17.3	20.4	21.1	24.6	
Valuation Ratios (x)					
P/E	28.0	24.5	19.9	16.2	
Price to Book Value	1.0	0.9	0.8	0.7	
EV/EBITDA	5.1	4.0	3.3	2.3	
EV/Sales	1.2	1.0	0.8	0.6	
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	0.0	0.0	0.0	
Current Ratio	3.0	3.4	3.4	3.5	
Quick ratio	3.0	3.3	3.3	3.4	

Source: Company, ICICI Direct Research

## ICICI Direct coverage universe (Logistics)

Sector / Company	CMP			M Cap (₹ Cr)	EPS (₹)				P/E (x)				EV/EBITDA (x)				RoCE (%)			
	(₹)	TP(₹)	Rating		FY17	FY18	FY19E	FY20E	FY17	FY18	FY19E	FY20E	FY17	FY18	FY19E	FY20E	FY17	FY18	FY19E	FY20E
Container Corporation	493	625	BUY	30,036	14.1	17.6	20.1	24.7	35.0	28.0	24.5	19.9	6.4	5.1	4.0	3.3	9.8	11.4	12.8	13.1
Transport Corp. of India	285	360	BUY	2,185	10.7	16.1	22.0	27.3	25.2	16.8	12.3	9.9	14.4	11.0	8.4	7.0	10.7	13.4	15.1	15.8
BlueDart	3,069	3,650	BUY	7,282	58.9	60.9	34.2	64.4	47.3	45.7	81.5	43.2	19.5	18.6	24.4	16.9	32.2	29.3	17.9	28.2
Gati Ltd.	69	75	Hold	749	1.2	3.2	1.2	2.6	59.1	22.6	60.9	27.8	9.2	13.7	11.6	8.2	7.6	6.0	7.2	10.3
Gujarat Pipavav	83	100	BUY	3,991	5.8	4.6	4.9	5.5	17.3	22.1	20.7	18.4	10.8	11.9	11.2	10.5	14.0	12.1	12.3	13.0
TCI Express	617	780	BUY	2,362	9.8	15.2	19.5	24.4	65.9	42.3	33.1	26.4	40.3	27.6	20.8	16.6	31.9	38.3	38.3	36.4

Source: Company, ICICI Direct Research

## **RATING RATIONALE**

ICICI Direct endeavours to provide objective opinions and recommendations. ICICI Direct assigns ratings to its stocks according to their notional target price vs. current market price and then categorises them as Strong Buy, Buy, Hold and Sell. The performance horizon is two years unless specified and the notional target price is defined as the analysts' valuation for a stock.

Strong Buy: > 15%/20% for large caps/midcaps, respectively, with high conviction;

Buy: > 10%/15% for large caps/midcaps, respectively;

Hold: Up to +/-10%;

Sell: -10% or more;



**Pankaj Pandey**

**Head – Research**

**pankaj.pandey@icicisecurities.com**

**ICICI Direct Research Desk,  
ICICI Securities Limited,  
1<sup>st</sup> Floor, Akruiti Trade Centre,  
Road No. 7, MIDC,  
Andheri (East)  
Mumbai – 400 093**

**research@icicidirect.com**

## ANALYST CERTIFICATION

We /I, Bharat Chhoda MBA (Finance), Harshal Mehta MTech (Biotech) Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report. It is also confirmed that above mentioned Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months and do not serve as an officer, director or employee of the companies mentioned in the report.

## Terms & conditions and other disclosures:

ICICI Securities Limited (ICICI Securities) is a full-service, integrated investment banking and is, inter alia, engaged in the business of stock brokering and distribution of financial products. ICICI Securities Limited is a Sebi registered Research Analyst with Sebi Registration Number – INH00000990. ICICI Securities Limited Sebi Registration is INZ000183631 for stock broker. ICICI Securities is a subsidiary of ICICI Bank which is India's largest private sector bank and has its various subsidiaries engaged in businesses of housing finance, asset management, life insurance, general insurance, venture capital fund management, etc. ("associates"), the details in respect of which are available on [www.icicibank.com](http://www.icicibank.com)

ICICI Securities is one of the leading merchant bankers/ underwriters of securities and participate in virtually all securities trading markets in India. We and our associates might have investment banking and other business relationship with a significant percentage of companies covered by our Investment Research Department. ICICI Securities generally prohibits its analysts, persons reporting to analysts and their relatives from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover.

The information and opinions in this report have been prepared by ICICI Securities and are subject to change without any notice. The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of ICICI Securities. While we would endeavour to update the information herein on a reasonable basis, ICICI Securities is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent ICICI Securities from doing so. Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or ICICI Securities policies, in circumstances where ICICI Securities might be acting in an advisory capacity to this company, or in certain other circumstances.

This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. ICICI Securities will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. ICICI Securities accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice.

ICICI Securities or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

ICICI Securities or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction.

ICICI Securities or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the companies mentioned in the report in the past twelve months.

ICICI Securities encourages independence in research report preparation and strives to minimize conflict in preparation of research report. ICICI Securities or its associates or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither ICICI Securities nor Research Analysts and their relatives have any material conflict of interest at the time of publication of this report.

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

ICICI Securities or its subsidiaries collectively or Research Analysts or their relatives do not own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication of the research report.

Since associates of ICICI Securities are engaged in various financial service businesses, they might have financial interests or beneficial ownership in various companies including the subject company/companies mentioned in this report.

ICICI Securities may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.

Neither the Research Analysts nor ICICI Securities have been engaged in market making activity for the companies mentioned in the report.

We submit that no material disciplinary action has been taken on ICICI Securities by any Regulatory Authority impacting Equity Research Analysis activities.

This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject ICICI Securities and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.