

Container Corporation

Relative to sector: **Outperformer**

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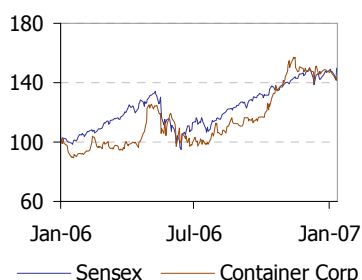
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Relative Performance



Source: Bloomberg, ENAM Research

Stock data

No. of shares	: 65mn
Market cap	: Rs.135bn
52 week high/low	: Rs.2288/Rs.1271
Avg. daily vol. (6mth)	: 58,800 shares
Bloomberg code	: CCRI IN
Reuters code	: CCRI.BO

Shareholding (%) Sep-06 QoQ chg

Promoters	: 63.1	0.0
FIIs	: 25.6	(1.5)
MFs / UTI	: 5.9	1.3
Banks / FIs	: 2.1	(0.0)
Others	: 3.3	0.2

SHORT TERM BLIP

Container Corporation of India (Concor) reported revenues of Rs 7.5bn (up 18%), EBIDTA of Rs 2.2bn (up 26%) and net profit of Rs 1.7bn (up 21%) in Q3FY07. Revenue growth was below our expectation due to slow down in the EXIM segment as against the spurt in domestic volumes. Despite the increase in rail haulage charges in Oct 2006, EBIDTA margin improved by 200bps. PAT for the 9mFY07 grew by 42% YoY, in line with our full year estimated growth.

Highlights Q3FY07

- **EXIM slow down:** Revenue growth of 15% YoY (volume growth 3%) was much lower than that in H1FY07, as the import cycle ended and the export cycle picked up. Total traffic grew by 10% for 9mFY07. The full impact of terminal III is expected to bump up volume growth to over 15% in FY08.
- **Import freight rate discount in the offering:** ~5%-7.5% discount effective till March 2007 will attract more import volumes in the slack season. Considering 60% of traffic volumes are import related, we expect margins in Q4FY07 to remain subdued.
- **Operating margins in LT to remain intact:** As the company manages the delicate balance between volume growth and pricing, we expect EBIDTA margins to stabilize at a long-term average of 31%. We expect improvement in productivity to be offset by higher haulage charges that are not passed on to customers.

We believe medium to long-term prospects of the company to remain favorable given the rise in India's trade and large infrastructure investments in container terminals at ports, that will improve throughput. We continue to maintain our growth forecast at 15%-17% in container traffic for the next 3 years. At CMP (Rs 2,075) the stock trades at 19.2x FY07E and 15.7x FY08E earnings. We maintain our sector **Outperformer** rating.

Financial summary

Y/E Mar	Sales (Rs.mn)	PAT (Rs. mn)	Consensus EPS* (Rs.)	EPS (Rs.)	Change YoY (%)	P/E (x)	RoE (%)	RoCE (%)	EV/EBIDTA (x)	DPS (Rs.)
2005	19,951	4,262	-	65.6	20	12.2	27.7	39.2	7.4	14.5
2006	24,332	5,240	-	80.6	23	17.9	27.7	35.3	12.4	18.0
2007E	30,645	7,036	104.8	108.3	34	19.2	29.8	38.2	13.4	23.0
2008E	37,476	8,575	125.4	131.9	22	15.7	29.0	37.7	10.5	27.0

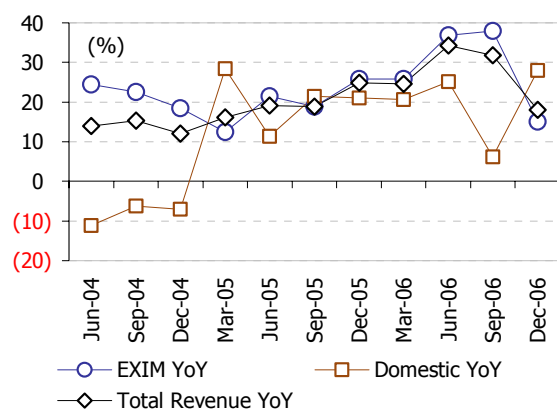
Source: *Consensus broker estimates, Company, ENAM estimates

Results update

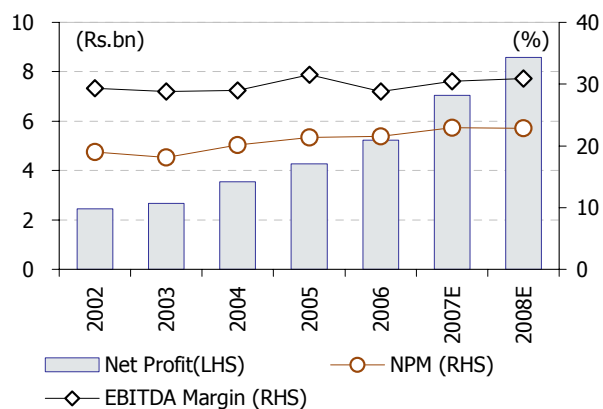
(Rs. mn)	Quarter ended					12 months ended		
	Dec-06	Dec-05	% Chg	Sep-06	% Chg	Mar-07E	Mar-06	% Chg
Net Sales	7,472	6,358	17.5	7,694	(2.9)	30,645	24,332	25.9
EBIDTA	2,224	1,765	26.0	2,523	(11.8)	9,347	7,017	33.2
Other income	205	146	40.5	169	21.7	650	524	24.0
PBIDT	2,429	1,911	27.1	2,691	(9.7)	9,997	7,541	32.6
Depreciation	242	207	16.8	232	4.0	976	833	17.3
PBT	2,187	1,704	28.4	2,459	(11.0)	9,020	6,705	34.5
Tax	530	336	57.7	563	(5.9)	1,984	1,465	35.5
Adjusted PAT	1,657	1,368	21.1	1,895	(12.6)	7,036	5,240	34.3
Extra ordinary income/ (exp.)	0	(1.0)	-	(2)	-	0	(3)	-
Reported PAT	1,657	1,367	21.2	1,894	(12.5)	7,036	5,237	34.4
No. of shares (mn)	65.0	65.0	-	65.0	-	65.0	65.0	-
EBIDTA margin (%)	29.8	27.8	-	32.8	-	30.5	28.8	-
PBIDT margin (%)	32.5	30.1	-	35.0	-	32.6	31.0	-
EPS - annualized (Rs.)	102	84	21.1	117	(12.6)	108	81	34.3

Source: Company

Concor: Revenue growth trend



Concor: EBITDA & NPM trend



Source: Company

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