

**Key data**

Sector	Logistics
Market Cap	Rs132bn/US\$3.3bn
52 Wk H/L (Rs)	2,444/1,741
Avg. daily vol. (6 month)	31,879

BSE Code	531344
NSE Code	CONCOR
Bloomberg	CCRI IN
Reuters	CCRI.BO

Sensex	18,658
Nifty	5,441

**Shareholding pattern (%)**

	31-Mar-07	30-Jun-07
FII's NRI, ADR/GDR	27.4	27.7
MFs and institutions	6.3	6.1
Promoters	63.1	63.1
Others	3.3	3.2

**Absolute returns (%)**

	1 mth	3 mth	12 mth
Concor	(7.7)	(10.2)	11.9
Sensex	19.6	24.3	50.9

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# Concor

**Accumulate (Under Review)**
**Current Price: Rs2,031**
**Results were below our estimates**
**Figure 1: Actual Vs Religare Estimates**

	Q2FY08A	Q2FY08E	Difference (%)
Net sales	8,188	8,763.8	-6.6
EBITDA	2,123	2,629.14	-19.3
EBITDA margins (%)	25.9	30.0	-407bps
PAT	1,742	2,091.24	-16.7
PAT margins (%)	21.3	23.9	-259bps

Source: Religare Institutional Equity Research

**Financial highlights**

- **Net sales** grew by 6.4% YoY and 5.5% QoQ to Rs8.2bn. However they are below our estimates due to the poor performance of the exim segment. Revenue from the exim grew by mere 2.5% YoY (against our expectation of 11% YoY) whereas the domestic segment witnessed strong growth of 26% YoY.
- **EBITDA** fell by 15.8% YoY and 7% QoQ to Rs2.1bn due to higher rail freight expenses. Rail freight expenses as a % of sales increased by 530bps YoY and 380bps QoQ to 60.4%. As a result, margins have contracted by 686bps YoY and 348bps QoQ to 25.9%.
- **Interest / depreciation.** Depreciation grew by 12% YoY. Interest outgo is nil as the company continues to be debt free.
- **Adjusted PAT** fell by 8.1% YoY and 6.9% QoQ to Rs1.7bn. Slower growth of exim segment and higher rail freight expenses resulted in contraction of net profit. As a result margins declined by 335bps YoY and 284bps QoQ to 21.3%.

**Valuations**

At the CMP of Rs2,031, the stock trades at 14.4x 1-year forward earnings. Rating is under review. Detailed update, post the conference call with the company to follow.

**Quarterly Performance**

	FY07				FY08		(Rs mn)	
	1Q	2Q	3Q	4Q	1Q	2QA	FY07	FY08E
Net Sales	7,196	7,693	7,472	8,081	7,759	8,188	30,421	35,676
Change %	33.6	31.3	17.5	18.7	7.8	6.4	25.4	17.3
EBITDA	2,143	2,522	2,224	2,202	2,281	2,123	8,910	10,917
EBITDA margin (%)	29.8	32.8	29.8	27.3	29.4	25.9	29.3	30.6
Change (%)	38.0	44.0	26.0	12.0	6.4	(15.8)	29.0	22.5
Depreciation	223	232	242	223	258	260	936	1,120
Other Income	180	169	205	148	351	325	848	1,007
Interest exp/(inc)	0	0	0	0	0	0	0	0
PBT	2,101	2,458	2,187	2,128	2,374	2,187	8,821	10,804
PBT margin (%)	29.2	32.0	29.3	26.3	30.6	26.7	29.0	30.3
PBT growth (%)	43.4	47.1	28.3	12.8	13.0	(11.0)	31.6	22.5
Extraordinary exp/(Inc)	0	2	1	1	0	1	(77)	0
Tax	437	563	530	434	503	445	1,862	2,399
Effective tax rate (%)	20.8	22.9	24.2	20.4	21.2	20.3	21.1	22.2
PAT reported	1,663	1,893	1,656	1,693	1,871	1,741	7,037	8,406
Adjusted PAT *	1,664	1,895	1,657	1,694	1,871	1,742	6,960	8,406
Adj PAT margin (%)	23.1	24.6	22.2	21.0	24.1	21.3	22.9	23.6
Change (%)	54.8	55.1	21.0	24.3	12.5	(8.1)	32.9	20.8
Equity Capital (Rs mn)	650	650	650	650	650	650	650	650
Adj EPS	25.6	29.2	25.5	26.1	28.8	26.8	107.1	129.3

\* Excluding extraordinary

## Financials

### Income statement

(Rs mn)

Y/E, 31st March	FY05	FY06	FY07	FY08E	FY09E
<b>Net sales</b>	<b>20,035</b>	<b>24,263</b>	<b>30,421</b>	<b>35,676</b>	<b>42,028</b>
<b>EBITDA</b>	<b>6,283</b>	<b>6,908</b>	<b>8,910</b>	<b>10,917</b>	<b>12,861</b>
EBITDA margin (%)	31.4	28.5	29.3	30.6	30.6
Depreciation	666	833	936	1,120	1,331
<b>EBIT</b>	<b>5,617</b>	<b>6,075</b>	<b>7,974</b>	<b>9,797</b>	<b>11,530</b>
Other income	482	629	848	1,007	1,235
Interest Exp/(Inc)	3	2	-	-	-
<b>PBT</b>	<b>6,096</b>	<b>6,701</b>	<b>8,821</b>	<b>10,804</b>	<b>12,765</b>
PBT margin (%)	30.4	27.6	29.0	30.3	30.4
Extra ord exp	2.7	(21.4)	(77.4)	-	-
Taxes	1,807	1,465	1,862	2,399	2,834
Minority interest	-	-	-	-	-
<b>PAT( Reported)</b>	<b>4,286</b>	<b>5,258</b>	<b>7,037</b>	<b>8,406</b>	<b>9,931</b>
Less: Extra ordinary income / Others	(3)	21	77	0	0
<b>Adj PAT</b>	<b>4,289</b>	<b>5,237</b>	<b>6,960</b>	<b>8,406</b>	<b>9,931</b>
Adj PAT margin (%)	21.4	21.6	22.9	23.6	23.6

### Quarterly – Financials

(Rs mn)

Y/E, 31st March	Q1FY07	Q2FY07	Q3FY07	Q4FY07	Q1FY08
<b>Net sales</b>	<b>7,196</b>	<b>7,693</b>	<b>7,472</b>	<b>8,081</b>	<b>7,759</b>
Changes (%)	33.6	31.3	17.5	18.7	7.8
<b>EBITDA</b>	<b>2,143</b>	<b>2,522</b>	<b>2,224</b>	<b>2,202</b>	<b>2,281</b>
Changes (%)	38.0	44.0	26.0	12.0	6.4
Margin (%)	29.8	32.8	29.8	27.3	29.4
<b>PAT</b>	<b>1,663</b>	<b>1,893</b>	<b>1,656</b>	<b>1,693</b>	<b>1,871</b>
PAT adj	1,664	1,895	1,657	1,694	1,871
Changes (%)	54.8	55.1	21.0	24.3	12.5
Margin (%)	23.1	24.6	22.2	21.0	24.1
EPS adj (Rs)	25.6	29.2	25.5	26.1	28.8
EPS dil (Rs)	25.6	29.2	25.5	26.1	28.8

### Ratios

Y/E, 31st March	FY05	FY06	FY07	FY08E	FY09E
<b>Growth</b>					
Net sales (%)	13.5	21.1	25.4	17.3	17.8
EBITDA (%)	22.9	9.9	29.0	22.5	17.8
PAT adjusted (%)	20.4	22.1	32.9	20.8	18.1
EPS adjusted (%)	20.4	22.1	32.9	20.8	18.1
EPS diluted (%)	20.4	22.1	32.9	20.8	18.1
EPS Consl and diluted (%)	-	-	-	-	-

### Valuations

P/E (x)	30.8	25.2	19.0	15.7	13.3
P/BV (x)	7.8	6.3	5.0	4.0	3.3
EV/EBITDA (x)	20.2	18.1	13.6	10.8	8.8
EV/Sales (x)	6.3	5.2	4.0	3.3	2.7

### Profitability

EBITDA margin (%)	31.4	28.5	29.3	30.6	30.6
Adj PAT margin (%)	21.4	21.6	22.9	23.6	23.6
RoE (%)	27.9	27.6	29.5	28.5	27.2
RoCE (%)	25.6	25.7	27.5	26.7	25.6
RoIC (%)	39.0	36.8	42.1	44.7	45.3

### B/S ratios

Inventory days	0.6	0.7	0.6	0.6	0.6
Creditor days	33.6	29.6	27.5	18.0	17.0
Debtor days	1.0	1.3	1.2	1.2	1.2
Working Capital days	(21.7)	(12.6)	(8.5)	(7.3)	(6.3)
Net debt/equity	0.0	-	0.0	0.0	0.0

### Balance sheet

(Rs mn)

Y/E, 31st March	FY05	FY06	FY07	FY08E	FY09E
<b>Liabilities</b>					
Equity share capital	650	650	650	650	650
Total Res. & Surplus	16,338	20,262	25,647	31,999	39,649
<b>Total Shareholders' fund</b>	<b>16,988</b>	<b>20,912</b>	<b>26,296</b>	<b>32,649</b>	<b>40,299</b>
Convertible Debt	-	-	-	-	-
Others Debt	106	-	305	305	305
<b>Total Loans</b>	<b>106</b>	<b>-</b>	<b>305</b>	<b>305</b>	<b>305</b>
<b>Deferred tax liability (net)</b>	<b>1,309</b>	<b>1,438</b>	<b>1,613</b>	<b>1,829</b>	<b>2,084</b>
<b>Total liabilities</b>	<b>18,403</b>	<b>22,350</b>	<b>28,214</b>	<b>34,783</b>	<b>42,688</b>
<b>Assets</b>					
Net fixed assets & others	12,372	14,119	15,516	19,666	23,136
Capital WIP & others	1,554	1,655	2,570	2,300	2,500
<b>Total non-current assets</b>	<b>13,926</b>	<b>15,774</b>	<b>18,086</b>	<b>21,966</b>	<b>25,636</b>
<b>Total investments - non current</b>	<b>840</b>	<b>1,294</b>	<b>967</b>	<b>1,067</b>	<b>1,167</b>
<b>Current assets</b>					
Inventories	34	47	47	59	69
Sundry debtors	57	85	99	117	138
Cash & cash equivalents	5,499	6,763	10,776	14,599	18,990
<i>Cash</i>	<i>5,499</i>	<i>6,763</i>	<i>10,776</i>	<i>14,599</i>	<i>18,990</i>
<i>Liquid investments</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
Other current assets	675	1,988	2,922	3,511	4,136
<b>Total current assets</b>	<b>6,264</b>	<b>8,884</b>	<b>13,844</b>	<b>18,286</b>	<b>23,334</b>
<b>Total current liabilities</b>	<b>1,957</b>	<b>2,961</b>	<b>3,780</b>	<b>4,400</b>	<b>5,069</b>
<b>Total provisions</b>	<b>671</b>	<b>641</b>	<b>905</b>	<b>2,138</b>	<b>2,381</b>
<b>Net current assets</b>	<b>3,636</b>	<b>5,282</b>	<b>9,159</b>	<b>11,748</b>	<b>15,884</b>
<b>Misc. expenditure</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>2</b>	<b>2</b>
<b>Total assets</b>	<b>18,403</b>	<b>22,350</b>	<b>28,214</b>	<b>34,783</b>	<b>42,688</b>

### Cash flow

Y/E, 31st March	FY05	FY06	FY07	FY08E	FY09E
<b>Cash from operations</b>					
PBT	6,096	6,701	8,821	10,804	12,765
Tax paid	(1,343)	(2,384)	(2,253)	(2,182)	(2,578)
Dep & amortization	666	833	936	1,120	1,331
Working capital changes	67	737	729	19	27
Others	(360)	(407)	(705)	(1,007)	(1,235)
<b>Net cash from operations</b>	<b>5,126</b>	<b>5,481</b>	<b>7,527</b>	<b>8,753</b>	<b>10,309</b>
<b>Cash from investments</b>					
Capital expenditure	(3,812)	(2,700)	(3,250)	(5,000)	(5,000)
Sale/purchase of inv & others	(429)	(37)	693	907	1,135
<b>Net cash from investments</b>	<b>(4,241)</b>	<b>(2,737)</b>	<b>(2,556)</b>	<b>(4,093)</b>	<b>(3,865)</b>
<b>Cash from financing</b>					
Issue of shares & share premium	0	0	0	0	0
Dividend paid	(1,359)	(1,371)	(1,408)	(836)	(2,053)
Debt change	(14)	(106)	300	0	0
Others	(3)	(2)	0	0	0
<b>Net cash from financing</b>	<b>(1,376)</b>	<b>(1,479)</b>	<b>(1,109)</b>	<b>(836)</b>	<b>(2,053)</b>
<b>Net change in cash</b>	<b>(491)</b>	<b>1,265</b>	<b>3,862</b>	<b>3,824</b>	<b>4,391</b>

### Per share data

Y/E, 31st March	FY05	FY06	FY07	FY08E	FY09E
EPS adjusted	66.0	80.6	107.1	129.3	152.8
EPS diluted - wtd	66.0	80.6	107.1	129.3	152.8
EPS Consl and diluted	-	-	-	-	-
CEPS	76.2	93.4	121.5	146.6	173.3
Book value	261.4	321.8	404.6	502.4	620.1
Dividend	14.5	18.0	22.0	27.0	30.0
O/s shs.-actual (mn)	65.0	65.0	65.0	65.0	65.0
O/s shs.-wtd avg (mn)	65.0	65.0	65.0	65.0	65.0
O/s shs diluted & wtd (mn)	65.0	65.0	65.0	65.0	65.0

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**Rating definition**

<b>Buy</b>	: > 15% returns relative to Sensex	<b>Accumulate</b>	: +5 to +15% returns relative to Sensex
<b>Sell</b>	: > (-)15% returns relative to Sensex	<b>Reduce</b>	: (-) 5 to (-) 15% returns relative to Sensex
<b>Hold</b>	: Upto + / (-) 5% returns relative to Sensex		

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