



REDUCE

Price	Rs996
Target Price	Rs892
Investment Period	12 months

Stock Info

Sector	Logistics
Market Cap (Rs cr)	12,942
Beta	0.2
52 WK High / Low	1090/540
Avg. Daily Volume	20197
Face Value (Rs)	10
BSE Sensex	15,191
Nifty	4,502
BSE Code	531344
NSE Code	CONCOR
Reuters Code	CCRI.BO
Bloomberg Code	CCRI@IN

Shareholding Pattern (%)

Promoters	63.1
MF/Banks/Indian FIs	9.4
FII/ NRIs/ OCBs	26.1
Indian Public/others	1.4

Abs.	3m	1yr	3yr
Sensex (%)	38.4	11.4	46.7
Concor (%)	27.9	29.3	38.1

Param Desai

Tel: 022 – 4040 3800 Ext: 310
e-mail: paramv.desai@angeltrade.com

Performance Highlights

- EXIM performance powers Top-line ahead of our estimate:** Container Corporation (Concor) reported 10.3% yoy and 7.9% qoq jump in Revenues to Rs907cr for 1QFY2010, which exceeded our estimate by 6.7%. The company's EXIM Revenues grew 9% yoy to Rs724cr, well ahead of our expectation on the realisation and volume fronts. EXIM volumes fell a mere only 5.4%, which came as a positive surprise given that volumes at JNPT and other major ports declined by around 8% and historically Concor has underperformed both since the last three years. EXIM realisation/TEU grew by 15.2% yoy albeit on a lower base as increase in haulage charges were passed on from August 2008. However, qoq increase by 2.7% came as a surprise as industry sources and management had indicated dwell time returning to lower double teens from higher double teens. Domestic Revenues grew 15.5% yoy to Rs183cr in line with our expectation. The company's Domestic Revenues continued to register robust performance on account of the domestic economy showing signs of revival as well as management's concentrated focus on the segment.
- OPM a tad above estimates:** EBITDA Margins fell by 178bp yoy to 27.3% and came in slightly better than our estimate of 26.5%. However, qoq OPM increased slightly in spite of the marginal fall in dwell time in the EXIM Segment. This can be attributed to the ongoing cost rationalisation drive of the company on account of which other expenditure fell 5.8% yoy. Exports continued to be lacklustre due to the global slowdown, which has widened the trade imbalance resulting in higher empties in 1QFY2010 (17.6%). This resulted Margins of the EXIM business contracting by 273bp yoy on account of lower utilisation of rakes during the quarter. To combat higher empties and maintain Margins, Concor hiked tariffs on import containers by 3% effective from July 2009. Margins of the company's domestic business continued to improve on the back of increasing volumes resulting in better operating leverage.
- Bottom-line remains flat:** Concor registered flat Bottom-line growth on a yoy basis to Rs200.9cr (Rs201.9cr) as against our estimate of Rs189.5cr primarily led by higher Revenue growth in the EXIM Segment. Other Income fell by 8.0% to Rs41.3cr due to lower yield (5-6% as against 8-10% previously) earned on its cash balance (Rs19.1bn).

Key Financials (Consolidated)

Y/E March (Rs cr)	FY2008	FY2009	FY2010E	FY2011E
Net Sales	3,364	3,417	3,831	4,246
% chg	9.8	1.6	12.1	10.8
Adj. Net Profit	734.1	791.2	867.5	966.2
% chg	4.3	7.8	9.6	11.4
Adj. FDEPS (Rs)	56.5	60.9	66.7	74.3
EBITDA Margin (%)	26.1	27.2	28.0	28.0
P/E (x)	17.6	16.4	14.9	13.4
RoE (%)	25.3	22.9	21.4	20.6
RoCE (%)	24.7	22.3	22.3	21.5
P/BV (x)	4.5	3.7	3.2	2.8
EV/Sales (x)	3.4	3.3	2.8	2.5
EV/EBITDA (x)	13.1	12.0	10.1	8.8

Source: Company, Angel Research

Outlook and Valuation

We are positively surprised by Concor's performance on the EXIM front during the quarter on account of which we have revised our volume estimate to 5% for FY2010E. However, 5% growth in EXIM container traffic will much depend on revival in Exports, which we believe should take place post 2QFY2010. Coupled with the increase in tariffs by 3% for Import container traffic and removal of 10% rebate in the domestic container traffic effective from July 2009 should boost realisations in FY2010 as the company has indicated to pass on the entire hike. Consequently, we have upgraded our Earnings estimate by 7.2% and 7.3% for FY2010E and FY2011E respectively, on the back of improved performance in the EXIM Segment. Management has given guidance of 5-10% and 15-20% volume growth in the EXIM and Domestic Segments in FY2010E, respectively.

We remain bullish on the long-term prospects of the Container Sector, which is the core driver of growth for Concor's business. However, higher IR tariffs and opening up of the Container industry to the Private players, we believe, will impact Concor's marketshare over a period of time. In line with this, over the next five years, we estimate Concor's marketshare to decline to around 75% from current 90% levels. At the current market price, Concor is trading at 13.4x FY2011E Earnings and 8.8x FY2011E EV/EBITDA. **We believe that current valuations appear to be expensive given that the company is estimated to post Earnings CAGR of 10.5% over FY2009-11E as against 17.6% CAGR registered during FY2005-09. Hence, we maintain a Reduce rating on the stock with a revised Target Price of Rs892 (Rs832), with a Target multiple of 12x FY2011E EPS, implying a potential downside of 10.4% from current levels.**

Exhibit 1: 1QFY2010 Performance

Y/E March (Rs cr)	1QFY2010	1QFY2009	% chg	FY2009	FY2008	% chg
Net Sales	907	823	10.3	3,417	3,364	1.6
Total Expenditure	660	583	13.0	2,486	2,487	(0.0)
Operating Profit	248	239	3.5	931	876	6.2
OPM (%)	27.3	29.1		27.2	26.1	
Depreciation	32	27	15.0	116	109	6.8
Non-Recurring Income				0	2	(100.0)
Other income	41	45	(8.0)	211	163	29.8
Profit Before Tax	258	257	0.3	1,026	930	10.3
Tax	57	55	3.1	235	198	18.7
Tax rate (%)	22.0	21.4		22.9	21.3	
Reported Profit After Tax	200.9	201.9	(0.5)	791.2	734.1	7.8
PAT (%)	22.1	24.5		23.2	21.8	
EPS (Rs)	15.5	15.5	(0.5)	60.9	56.5	7.8

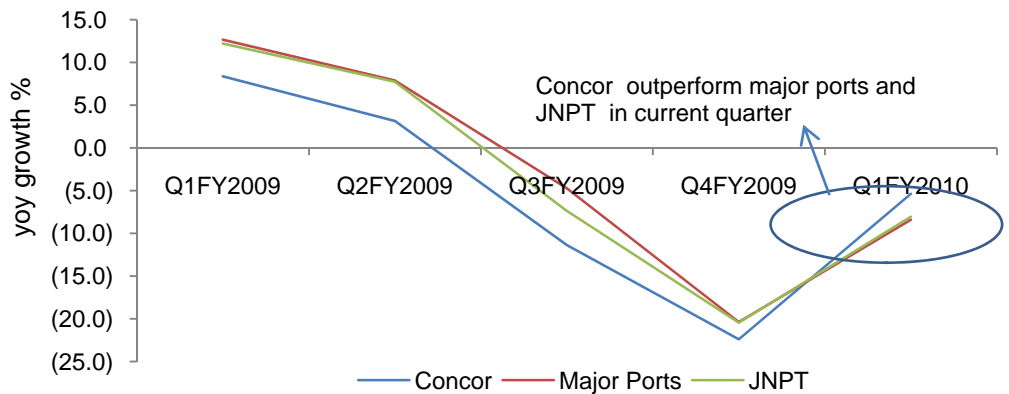
Source: Company, Angel Research

Exhibit 2: Segment-wise Performance

Y/E March (Rs cr)	1QFY2009	4QFY2009	1QFY2010	%yoy	%qoq
Revenues	823	841	907	10.3	7.9
EXIM	664	637	724	9.0	13.8
Domestic	158	204	183	15.5	(10.5)
Volumes-mn TEU	589,113	541,752	574,542	(2.5)	6.1
EXIM	480,179	410,114	454,329	(5.4)	10.8
Domestic	108,934	131,638	120,213	10.4	(8.7)
EBIT	222	204	227	2.0	11.0
EXIM	198	172	196	(1.0)	14.1
Domestic	24	32	31	26.6	(5.4)
EBIT Margin (%)	27.0	24.3	25.0	(201bp)	69bp
EXIM (%)	29.8	27.0	27.1	(273bp)	7bp
Domestic (%)	15.3	15.9	16.8	147bp	90bp
Realization /TEU	13,967	15,528	15,793	13.1	1.7
EXIM	13,836	15,526	15,943	15.2	2.7
Domestic	14,546	15,532	15,227	4.7	(2.0)

Source: Company, Angel Research

Exhibit 3: EXIM Container Traffic Trend



Source: IPA, Angel Research


Research Team: Tel: 4040 3800
E-mail: research@angeltrade.com
Website: www.angeltrade.com

DISCLAIMER: This document is not for public distribution and has been furnished to you solely for your information and must not be reproduced or redistributed to any other person. Persons into whose possession this document may come are required to observe these restrictions.

Opinion expressed is our current opinion as of the date appearing on this material only. While we endeavor to update on a reasonable basis the information discussed in this material, there may be regulatory, compliance, or other reasons that prevent us from doing so. Prospective investors and others are cautioned that any forward-looking statements are not predictions and may be subject to change without notice. Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein.

The information in this document has been printed on the basis of publicly available information, internal data and other reliable sources believed to be true and are for general guidance only. While every effort is made to ensure the accuracy and completeness of information contained, the company takes no guarantee and assumes no liability for any errors or omissions of the information. No one can use the information as the basis for any claim, demand or cause of action.

Recipients of this material should rely on their own investigations and take their own professional advice. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult their own advisors to determine the merits and risks of such an investment. Price and value of the investments referred to in this material may go up or down. Past performance is not a guide for future performance. Certain transactions - futures, options and other derivatives as well as non-investment grade securities - involve substantial risks and are not suitable for all investors. Reports based on technical analysis centers on studying charts of a stock's price movement and trading volume, as opposed to focusing on a company's fundamentals and as such, may not match with a report on a company's fundamentals.

We do not undertake to advise you as to any change of our views expressed in this document. While we would endeavor to update the information herein on a reasonable basis, Angel Broking, its subsidiaries and associated companies, their directors and employees are under no obligation to update or keep the information current. Also there may be regulatory, compliance, or other reasons that may prevent Angel Broking and affiliates from doing so. Prospective investors and others are cautioned that any forward-looking statements are not predictions and may be subject to change without notice.

Angel Broking Limited and affiliates, including the analyst who has issued this report, may, on the date of this report, and from time to time, have long or short positions in, and buy or sell the securities of the companies mentioned herein or engage in any other transaction involving such securities and earn brokerage or compensation or act as advisor or have other potential conflict of interest with respect to company/ies mentioned herein or inconsistent with any recommendation and related information and opinions.

Angel Broking Limited and affiliates may seek to provide or have engaged in providing corporate finance, investment banking or other advisory services in a merger or specific transaction to the companies referred to in this report, as on the date of this report or in the past.

Sebi Registration No : INB 010996539

Ratings (Returns) :	Buy (Upside > 15%)	Accumulate (Upside upto 15%)	Neutral (5 to -5%)
	Reduce (Downside upto 15%)	Sell (Downside > 15%)	