

# Container Corporation

BSE SENSEX  
75,170

S&P CNX  
22,888

**CMP: INR1,081 TP: INR1,260 (+17%)**

**Buy**



### Stock Info

Bloomberg	CCRI IN
Equity Shares (m)	609
M.Cap.(INRb)/(USD\$b)	658.5 / 7.9
52-Week Range (INR)	1124 / 629
1, 6, 12 Rel. Per (%)	-1/26/37
12M Avg Val (INR M)	1409
Free float (%)	45.2

### Financials Snapshot (INR b)

Y/E March	2024	2025E	2026E
Net Sales	86.3	103.1	125.3
EBITDA	19.3	25.2	31.6
Adj. PAT	12.4	16.7	21.3
EBITDA Margin (%)	22.4	24.4	25.2
Adj. EPS (INR)	20.3	27.4	35.0
EPS Gr. (%)	5.8	34.9	27.5
BV/Sh. (INR)	193.9	209.1	228.5

### Ratios

Net D/E (x)	(0.3)	(0.3)	(0.4)
RoE (%)	10.7	13.6	16.0
RoCE (%)	11.1	14.0	16.3
Payout (%)	44.6	44.6	44.6

### Valuations

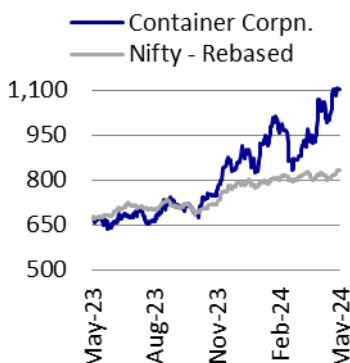
P/E (x)	53.2	39.4	30.9
P/BV (x)	5.6	5.2	4.7
EV/EBITDA (x)	31.7	23.9	18.5
Div. Yield (%)	0.8	1.1	1.4
FCF Yield (%)	0.9	2.4	3.2

### Shareholding pattern (%)

As On	Mar-24	Dec-23	Mar-23
Promoter	54.8	54.8	54.8
DII	25.0	22.9	19.3
FII	16.6	19.6	22.2
Others	3.6	2.8	3.7

FII Includes depository receipts

### Stock's performance (one-year)



## EXIM volume picks up; margins to remain stable

### CCRI will be the key beneficiary of DFCs

- The management of Container Corporation of India (CCRI) has projected handling volume growth of 15% for EXIM, 25% for domestic, and 18% overall in FY25. The growth in EXIM will be driven by a) stabilizing geopolitical situations, b) operations of double-stack trains near Nava Sheva, c) an increase in direct port delivery (DPD) services, and d) volumes generated from new terminals.
- For domestic volumes, CCRI has ordered cement tank containers to transport bulk cement and anticipates a significant shift in total bulk cement transported in the country (~25% of the 300 MT of bulk cement transported is via bulkers) from roads to rail. CCRI expects to start benefiting from transporting bulk cement via tank containers in 2QFY25.
- CCRI will be a key beneficiary of the dedicated freight corridors (DFCs), which are anticipated to drive volume growth through modal shifts and enhance operating efficiencies. Key areas to monitor include modal shifted volume growth on the Dadri-Mundra route (with timetable services) and the NCR to Vadodara route, where double-stacked trains will operate for JNPT traffic. CCRI would focus on regaining market share in FY25 and FY26.
- Its domestic operations are expected to benefit from the addition of new services and commodities, as well as a strong network of terminals. We estimate a CAGR of 13% for EXIM and 20% for domestic volumes over FY24-26E. Additionally, CCRI expects to benefit from the Gati Shakti Scheme for Tughlakabad (TKD) terminal.
- We believe that future growth in volume and earnings will be aided by a higher share of double-stacked trains in overall cargo volumes and a focus on increasing first-mile last-mile service to ~85% of cargo volumes by FY26. **We reiterate BUY with a TP of INR1,260 (based on 22x EV/EBITDA on FY26E).**

### CCRI focusing on regaining lost market share in EXIM and domestic

- CCRI's market share in EXIM stands at 55-56% (~58% in FY23) and 67-68% in domestic (73% in FY23).
- In order to regain its lost market share, the company is focusing on initiatives such as a) increasing focus on transportation of bulk cement in tank containers on the domestic side and cement stakeholders are showing great interest in the proposed logistics solution; b) running double-stacked trains near Nhava Sheva; and c) pick-up in direct port delivery movement, which is at present moving by road and will be shifted to rail.
- The Indian government imposed a ban on the export of non-basmati rice in Jul'23 to protect domestic consumers from global rice shortages and exorbitant prices, resulting in a loss of volumes for CCRI. CCRI now expects that a change in this stance after the general elections would boost its domestic growth further.
- Overall, CCRI expects to regain volumes of 40,000 to 50,000 TEUs that were lost in FY24 across few commodities.

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**Investors are advised to refer through important disclosures made at the last page of the Research Report.**

Motilal Oswal research is available on [www.motilaloswal.com/Institutional-Equities](http://www.motilaloswal.com/Institutional-Equities), Bloomberg, Thomson Reuters, Factset and S&P Capital.

### Capacity addition across value chain

- CCRI procured 7,653 containers in FY24, totaling more than 44,000 containers.
- It incurred a capex of INR7.4b in FY24 for procuring containers, 90 LNG trucks (authorized to procure another 200 in FY25), the addition of three new terminals (MMLPs at Jaipur, Kadakola, Paradeep) and other general purposes.
- Capex for FY25 will be INR6.1b focused on wagons, containers, rolling stock, terminal development, and land for new terminals, with additional budget allocation if required.
- CCRI also rolled out a logistics application for customers to book their cargo for first-mile last-mile. It has also deployed an AI-based operating system as a pilot project at TKD for terminal management.

### CCRI expects to benefit from lower LLF under Gati Shakti scheme

- CCRI expects to benefit from the Gati-Shakti Scheme for the TKD terminal. Under this scheme, the current fixed cost of 6% of the industrial value of land will be reduced to 1.5%, with the addition of a variable cost component (traffic access charge) determined by the number of rakes transiting through the land.
- The total LLF expense of INR4.2b paid by CCRI in FY24 is expected to continue in FY25. However, it could fall if approval under the Gati Shakti Scheme is granted.

### Valuation and view

- CCRI targets to increase the share of rail in the overall modal mix. Increasing double-stacked trains with direct connections to ports will help the company gain a higher share of cargo volumes. Further, the transportation of bulk cement and a pickup in demand for packed cement will drive volumes for the company in FY25 and beyond.
- With the commissioning of DFCs and a continuous ramp-up in the number of double-stacked trains, we expect a 15% CAGR in blended volumes during FY24-26. We expect EBITDA margin of 24-25% over FY24-26. The stock trades at 18.5x FY26E EV/EBITDA. **Reiterate BUY with a TP of INR1,260 (based on 22x EV/EBITDA on FY26E).**

## Domestic containerized rail freight business to continue to outpace EXIM growth

Exhibit 1: Quarterly EXIM and domestic volume trends ('000 TEU)

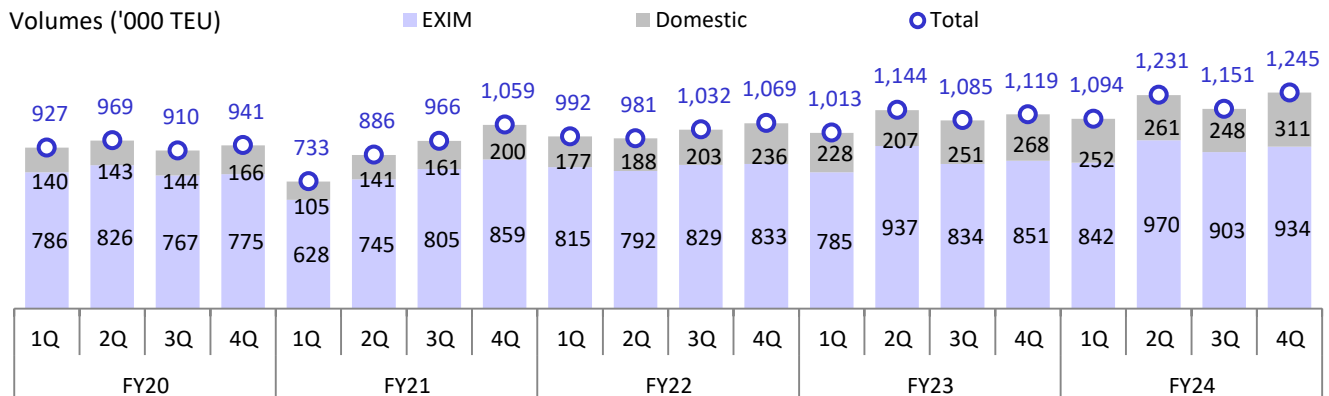


Exhibit 2: Segmental revenue and profitability

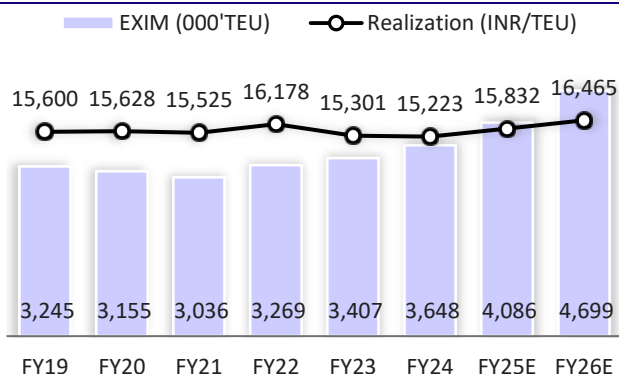
	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	YoY (%)	QoQ (%)
<b>Revenue (INR m)</b>									
EXIM	13,186	12,697	13,239	12,315	14,438	14,365	14,418	9	0
Domestic	6,521	7,187	8,421	6,879	7,467	7,687	8,758	4	14
<b>Total Segment Revenue</b>	<b>19,707</b>	<b>19,884</b>	<b>21,660</b>	<b>19,193</b>	<b>21,904</b>	<b>22,051</b>	<b>23,176</b>	<b>7</b>	<b>5</b>
<b>Segmental EBIT</b>									
EXIM	3,321	2,953	3,176	2,566	3,463	3,197	3,261	3	2
Domestic	627	428	752	366	746	737	786	5	7
<b>Total</b>	<b>3,948</b>	<b>3,381</b>	<b>3,927</b>	<b>2,932</b>	<b>4,209</b>	<b>3,934</b>	<b>4,048</b>	<b>3</b>	<b>3</b>
<b>EBIT Margin (%)</b>									
EXIM	25.2	23.3	24.0	20.8	24.0	22.3	22.6		
Domestic	9.6	6.0	8.9	5.3	10.0	9.6	9.0		
<b>Total</b>	<b>20.0</b>	<b>17.0</b>	<b>18.1</b>	<b>15.3</b>	<b>19.2</b>	<b>17.8</b>	<b>17.5</b>		

Exhibit 3: Realization snapshot

	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	YoY (%)	QoQ (%)
<b>Volumes (TEU)</b>									
EXIM	9,36,950	8,33,796	8,51,261	8,41,690	9,69,746	9,02,582	9,34,058	10	3
Domestic	2,06,945	2,51,358	2,67,773	2,51,920	2,61,022	2,48,226	3,10,740	16	25
<b>Total</b>	<b>11,43,895</b>	<b>10,85,154</b>	<b>11,19,034</b>	<b>10,93,610</b>	<b>12,30,768</b>	<b>11,50,808</b>	<b>12,44,798</b>	<b>11</b>	<b>8</b>
<b>Realization (INR/TEU)</b>									
EXIM	14,073	15,228	15,553	14,631	14,888	15,915	15,436	-1	-3
Domestic	31,511	28,593	31,446	27,305	28,605	30,966	28,184	-10	-9
<b>Total</b>	<b>17,228</b>	<b>18,324</b>	<b>19,356</b>	<b>17,550</b>	<b>17,797</b>	<b>19,161</b>	<b>18,619</b>	<b>-4</b>	<b>-3</b>
<b>EBIT (INR/TEU)</b>									
EXIM	3,544	3,542	3,730	3,048	3,571	3,542	3,492	-6	-1
Domestic	3,029	1,702	2,808	1,453	2,858	2,969	2,530	-10	-15
<b>Total</b>	<b>3,451</b>	<b>3,115</b>	<b>3,510</b>	<b>2,681</b>	<b>3,419</b>	<b>3,418</b>	<b>3,252</b>	<b>-7</b>	<b>-5</b>

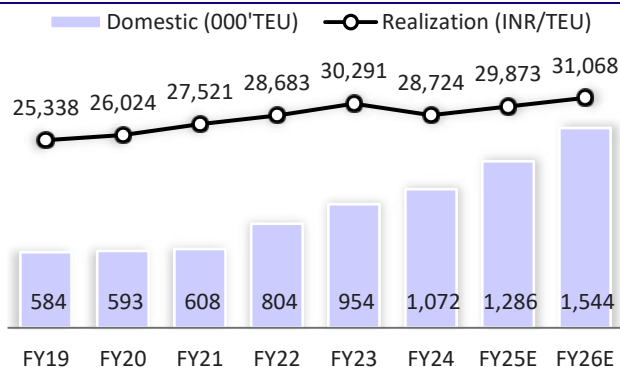
## Financial story in charts

**Exhibit 4: EXIM handling volumes and realization**



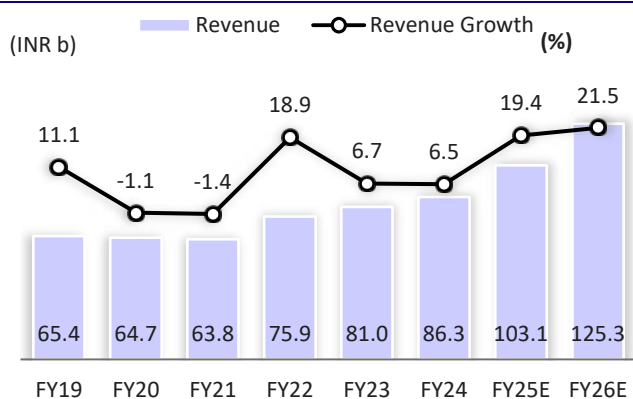
Source: MOFSL, Company

**Exhibit 5: Domestic handling volumes and realization**



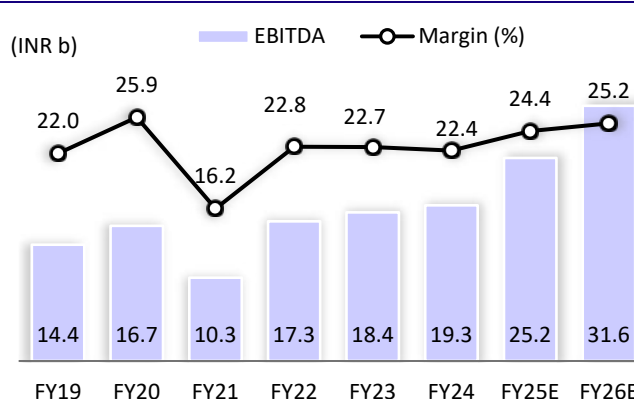
Source: MOFSL, Company

**Exhibit 6: Revenue growth to be driven by domestic volumes**



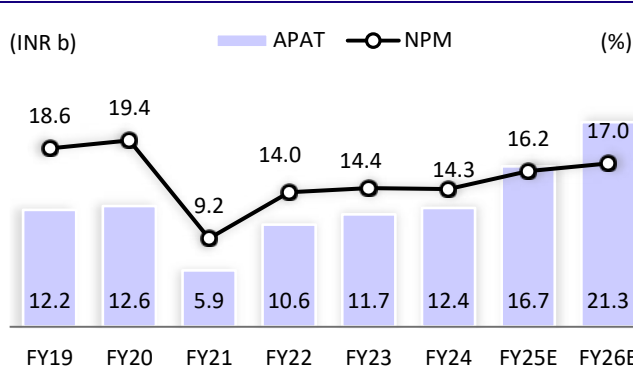
Source: MOFSL, Company

**Exhibit 7: EBITDA and margin to improve with lower LLF provision and commissioning of DFCs**



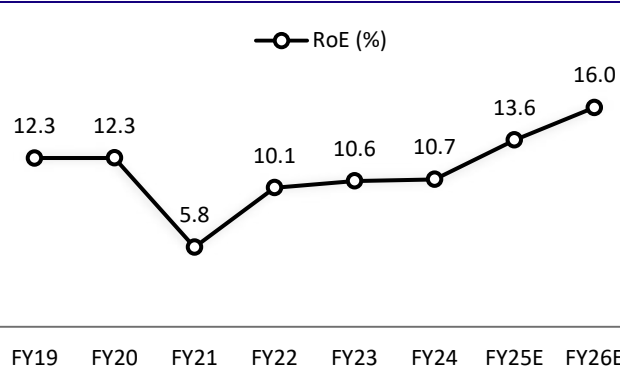
Source: MOFSL, Company

**Exhibit 8: APAT to move in line with operating performance**



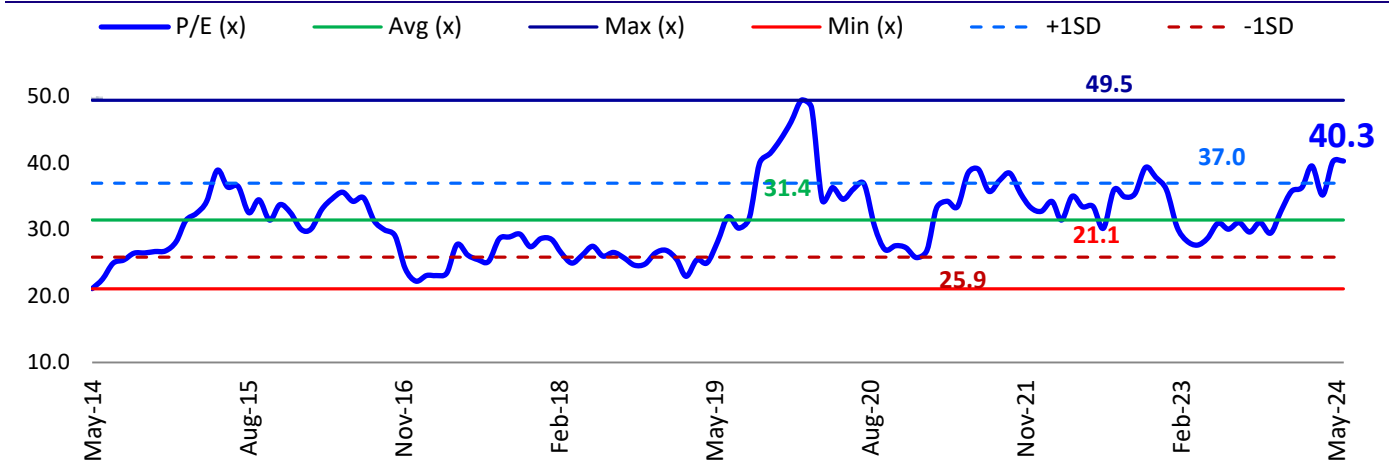
Source: MOFSL, Company

**Exhibit 9: Return ratios to improve gradually**



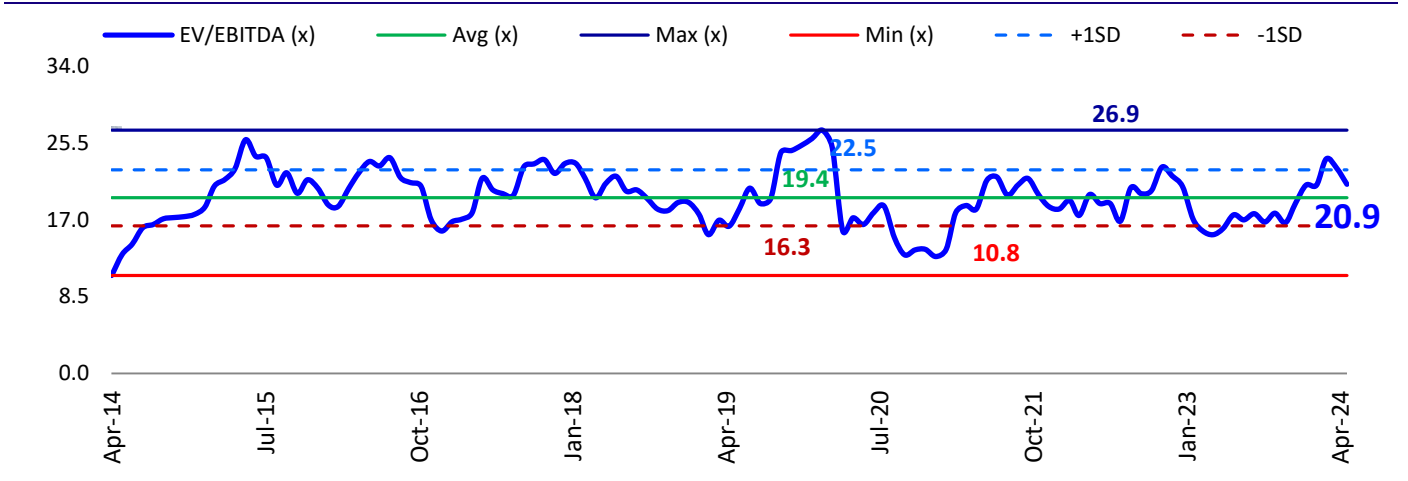
Source: MOFSL, Company

**Exhibit 10: One-year forward P/E (x)**



Source: Company, MOFSL

**Exhibit 11: One-year forward EV/EBITDA (x)**



Source: Company, MOFSL

## Financials and valuations

### Standalone – Income Statement

Y/E March (INR m)	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
<b>Total Income from Operations</b>	<b>58,893</b>	<b>65,427</b>	<b>64,738</b>	<b>63,850</b>	<b>75,945</b>	<b>81,034</b>	<b>86,325</b>	<b>1,03,113</b>	<b>1,25,321</b>
Change (%)	9.2	11.1	-1.1	-1.4	18.9	6.7	6.5	19.4	21.5
<b>Total Expenditure</b>	<b>46,814</b>	<b>51,019</b>	<b>47,989</b>	<b>53,521</b>	<b>58,661</b>	<b>62,613</b>	<b>67,029</b>	<b>77,943</b>	<b>93,693</b>
As a percentage of Sales	79.5	78.0	74.1	83.8	77.2	77.3	77.6	75.6	74.8
<b>EBITDA</b>	<b>12,079</b>	<b>14,408</b>	<b>16,749</b>	<b>10,329</b>	<b>17,284</b>	<b>18,421</b>	<b>19,296</b>	<b>25,170</b>	<b>31,629</b>
Margin (%)	20.5	22.0	25.9	16.2	22.8	22.7	22.4	24.4	25.2
Depreciation	3,927	4,246	5,130	5,219	5,298	5,541	6,009	6,222	6,635
<b>EBIT</b>	<b>8,152</b>	<b>10,162</b>	<b>11,619</b>	<b>5,109</b>	<b>11,986</b>	<b>12,880</b>	<b>13,287</b>	<b>18,948</b>	<b>24,994</b>
Int. and Finance Charges	1	7	361	340	546	570	653	600	600
Other Income	5,705	6,735	2,797	2,855	2,631	3,240	3,783	3,983	4,083
<b>PBT bef. EO Exp.</b>	<b>13,856</b>	<b>16,889</b>	<b>14,056</b>	<b>7,625</b>	<b>14,071</b>	<b>15,550</b>	<b>16,416</b>	<b>22,331</b>	<b>28,477</b>
EO Items	-129	0	-8,816	-834	-1	-13	-71	0	0
<b>PBT</b>	<b>13,727</b>	<b>16,889</b>	<b>5,240</b>	<b>6,791</b>	<b>14,070</b>	<b>15,537</b>	<b>16,345</b>	<b>22,331</b>	<b>28,477</b>
Current Tax	3,862	4,841	3,208	2,129	3,805	3,840	3,983	5,627	7,176
Deferred Tax	-579	-107	-1,726	-371	-358	6	54	0	0
Tax	3,283	4,735	1,482	1,758	3,447	3,847	4,037	5,627	7,176
Tax Rate (%)	23.9	28.0	28.3	25.9	24.5	24.8	24.7	25.2	25.2
<b>Reported PAT</b>	<b>10,445</b>	<b>12,154</b>	<b>3,758</b>	<b>5,033</b>	<b>10,623</b>	<b>11,691</b>	<b>12,308</b>	<b>16,703</b>	<b>21,300</b>
<b>Adjusted PAT</b>	<b>10,574</b>	<b>12,154</b>	<b>10,120</b>	<b>5,867</b>	<b>10,624</b>	<b>11,703</b>	<b>12,379</b>	<b>16,703</b>	<b>21,300</b>
Change (%)	44.2	14.9	-16.7	-42.0	81.1	10.2	5.8	34.9	27.5
Margin (%)	18.0	18.6	15.6	9.2	14.0	14.4	14.3	16.2	17.0

### Standalone – Balance Sheet

Y/E March (INR m)	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Equity Share Capital	2,437	3,047	3,047	3,047	3,047	3,047	3,047	3,047	3,047
Total Reserves	91,574	1,00,632	97,601	98,991	104,727	1,09,403	1,15,077	1,24,338	1,36,148
<b>Net Worth</b>	<b>94,011</b>	<b>1,03,679</b>	<b>1,00,647</b>	<b>1,02,037</b>	<b>107,773</b>	<b>1,12,450</b>	<b>1,18,123</b>	<b>1,27,385</b>	<b>1,39,195</b>
Deferred Liabilities	2,533	1,616	0	0	0	0	0	0	0
Total Loans	0	7,007	0	0	0	0	0	0	0
<b>Capital Employed</b>	<b>96,544</b>	<b>1,12,301</b>	<b>1,00,647</b>	<b>1,02,037</b>	<b>107,773</b>	<b>1,12,450</b>	<b>1,18,123</b>	<b>1,27,385</b>	<b>1,39,195</b>
Gross Block	47,332	57,038	70,379	81,028	87,217	92,104	1,02,206	1,08,706	1,16,206
Less: Accum. Deprn.	10,848	15,091	20,686	28,011	33,309	38,850	44,859	51,081	57,715
<b>Net Fixed Assets</b>	<b>36,484</b>	<b>41,947</b>	<b>49,694</b>	<b>53,018</b>	<b>53,908</b>	<b>53,254</b>	<b>57,347</b>	<b>57,625</b>	<b>58,490</b>
Capital WIP	6,710	6,247	9,375	9,198	7,482	8,265	8,782	8,782	8,782
<b>Total Investments</b>	<b>13,890</b>	<b>14,029</b>	<b>14,441</b>	<b>14,452</b>	<b>14,356</b>	<b>14,425</b>	<b>13,336</b>	<b>13,336</b>	<b>13,336</b>
<b>Curr. Assets, Loans, and Adv.</b>	<b>49,395</b>	<b>63,845</b>	<b>42,013</b>	<b>44,735</b>	<b>51,365</b>	<b>56,063</b>	<b>58,462</b>	<b>71,054</b>	<b>86,829</b>
Inventory	275	233	261	239	307	372	499	581	698
Account Receivables	604	884	1,591	1,555	1,761	2,131	3,295	3,935	4,783
Cash and Bank Balance	19,817	1,704	21,686	24,732	28,879	30,479	32,389	44,259	59,069
Loans and Advances	28,699	61,025	18,475	18,209	20,419	23,081	22,279	22,279	22,279
<b>Curr. Liability and Prov.</b>	<b>10,592</b>	<b>13,767</b>	<b>15,020</b>	<b>19,908</b>	<b>20,244</b>	<b>20,356</b>	<b>20,526</b>	<b>24,134</b>	<b>28,965</b>
Account Payables	2,542	3,504	1,553	2,709	4,236	3,770	2,875	3,343	4,019
Other Current Liabilities	7,344	9,544	12,776	15,500	14,428	15,150	16,149	19,290	23,444
Provisions	705	719	692	1,699	1,579	1,436	1,501	1,501	1,501
<b>Net Current Assets</b>	<b>38,804</b>	<b>50,078</b>	<b>26,992</b>	<b>24,827</b>	<b>31,122</b>	<b>35,707</b>	<b>37,936</b>	<b>46,919</b>	<b>57,864</b>
<b>Appl. of Funds</b>	<b>96,544</b>	<b>1,12,301</b>	<b>1,00,647</b>	<b>1,02,037</b>	<b>107,773</b>	<b>1,12,450</b>	<b>1,18,123</b>	<b>1,27,385</b>	<b>1,39,195</b>

## Financial and valuations

### Ratio analysis

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
<b>Basic (INR)</b>									
EPS	17.4	19.9	16.6	9.6	17.4	19.2	20.3	27.4	35.0
Cash EPS	23.8	26.9	25.0	18.2	26.1	28.3	30.2	37.6	45.8
BV/Share	154.3	170.2	165.2	167.5	176.9	184.6	193.9	209.1	228.5
DPS	6.9	8.5	3.6	5.0	9.0	9.0	9.0	12.2	15.6
Payout (%)	48.0	51.4	60.7	60.5	51.6	46.9	44.6	44.6	44.6
<b>Valuation (x)</b>									
P/E	62.2	54.1	52.3	112.2	61.9	56.2	53.2	39.4	30.9
Cash P/E	45.4	40.1	37.2	59.4	41.3	38.2	35.8	28.7	23.6
P/BV	7.0	6.3	6.5	6.4	6.1	5.9	5.6	5.2	4.7
EV/Sales	10.6	9.9	9.6	9.7	8.1	7.6	7.1	5.8	4.7
EV/EBITDA	51.7	45.1	37.1	59.9	35.6	33.3	31.7	23.9	18.5
Dividend Yield (%)	0.6	0.8	0.3	0.5	0.8	0.8	0.8	1.1	1.4
FCF per share	9.6	-44.2	53.8	9.4	12.2	13.3	9.7	26.1	34.2
<b>Return Ratios (%)</b>									
RoE	11.6	12.3	9.9	5.8	10.1	10.6	10.7	13.6	16.0
RoCE	11.2	11.6	9.7	5.8	10.5	11.0	11.1	14.0	16.3
RoIC	11.1	10.0	11.5	7.0	16.3	16.7	16.3	22.7	31.4
<b>Working Capital Ratios</b>									
Asset Turnover (x)	0.6	0.6	0.6	0.6	0.7	0.7	0.7	0.8	0.9
Inventory (Days)	2	1	1	1	1	2	2	2	2
Debtor (Days)	4	5	9	9	8	10	14	14	14
Creditor (Days)	26	34	16	29	38	31	21	21	21
<b>Leverage Ratio (x)</b>									
Current Ratio	4.7	4.6	2.8	2.2	2.5	2.8	2.8	2.9	3.0
Net Debt/Equity	-0.2	0.1	-0.2	-0.2	-0.3	-0.3	-0.3	-0.3	-0.4

### Standalone – Cash Flow Statement

Y/E March (INR m)	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
OP/(Loss) before Tax	13,857	16,889	5,240	6,791	14,070	15,537	16,345	22,331	28,477
Depreciation	3,927	4,246	5,130	5,219	5,298	5,541	6,009	6,222	6,635
Interest and Finance Charges	-2,332	-2,247	-1,678	-1,648	-1,302	-1,667	-2,428	-3,383	-3,483
Direct Taxes Paid	-3,360	-5,404	-1,382	-2,444	-3,568	-4,251	-4,255	-5,627	-7,176
(Inc.)/Dec. in WC	1,169	-33,386	26,758	1,691	-1,003	-1,219	-1,946	2,887	3,865
<b>CF from Operations</b>	<b>13,260</b>	<b>-19,902</b>	<b>34,067</b>	<b>9,610</b>	<b>13,496</b>	<b>13,942</b>	<b>13,725</b>	<b>22,429</b>	<b>28,318</b>
Others	19	15	8,621	633	-90	-117	-33	0	0
<b>CF from Operations incl. EO</b>	<b>13,279</b>	<b>-19,887</b>	<b>42,689</b>	<b>10,243</b>	<b>13,406</b>	<b>13,825</b>	<b>13,692</b>	<b>22,429</b>	<b>28,318</b>
(inc.)/dec. in FA	-8,595	-7,040	-9,888	-4,501	9,597	-5,723	-7,809	-6,500	-7,500
<b>Free Cash Flow</b>	<b>4,684</b>	<b>-26,927</b>	<b>32,801</b>	<b>5,741</b>	<b>23,002</b>	<b>8,101</b>	<b>5,883</b>	<b>15,929</b>	<b>20,818</b>
(Pur.)/Sale of Investments	-153	-139	-618	-570	595	-82	1,018	0	0
Others	3,451	21,639	-15,227	2,310	-13,684	-231	-41	3,983	4,083
<b>CF from Investments</b>	<b>-5,297</b>	<b>14,461</b>	<b>-25,733</b>	<b>-2,761</b>	<b>-3,492</b>	<b>-6,036</b>	<b>-6,832</b>	<b>-2,517</b>	<b>-3,417</b>
Issue of Shares	0	0	0	0	0	0	0	0	0
(Inc.)/Dec. in Debt	0	7,007	-7,007	0	0	0	0	0	0
Interest Paid	-1	-7	-81	-1	0	1	-1	0	0
Dividend Paid	-4,168	-1,828	-5,666	-3,564	-4,874	-7,311	-6,702	-7,442	-9,490
Others	-831	-366	-1,714	-869	-893	-1,079	-1,343	-600	-600
<b>CF from Fin. Activity</b>	<b>-4,999</b>	<b>4,805</b>	<b>-14,467</b>	<b>-4,434</b>	<b>-5,767</b>	<b>-8,389</b>	<b>-8,047</b>	<b>-8,042</b>	<b>-10,090</b>
<b>Inc./Dec. in Cash</b>	<b>2,983</b>	<b>-621</b>	<b>2,489</b>	<b>3,047</b>	<b>4,146</b>	<b>-601</b>	<b>-1,187</b>	<b>11,870</b>	<b>14,810</b>
Opening Balance	16,835	19,817	19,196	21,685	24,732	31,080	33,576	32,389	44,259
<b>Closing Balance</b>	<b>19,817</b>	<b>19,196</b>	<b>21,685</b>	<b>24,732</b>	<b>28,879</b>	<b>30,479</b>	<b>32,389</b>	<b>44,259</b>	<b>59,069</b>

NOTES



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Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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