

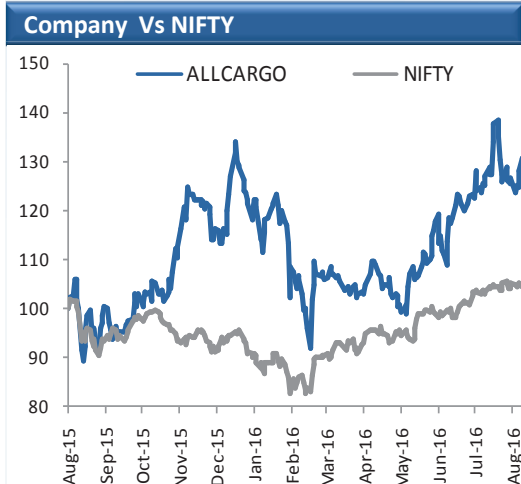
ALLCARGO LOGISTICS

Result Update	
CMP	190
Target Price	215
Previous Target Price	215
Upside	13%
Change from Previous	-

Market Data	
BSE Code	532749
NSE Symbol	ALLCARGO
52wk Range H/L	221/128
Mkt Capital (Rs Cr)	4,767
Av. Volume	38170
Nifty	8633

Stock Performance			
	1Month	1Year	YTD
Absolute	-0.5	14.8	-6.2
Rel.to Nifty	-1.0	13.2	-14.6

Share Holding Pattern-%			
	1QFY17	4QFY16	1QFY16
Promoters	70%	70%	70%
FII			
DII			
Others	30%	30%	30%



ALLCARGO reported decline in top line of 4.5% YoY to Rs. 1399Cr as against Rs. 1465 Cr due to decline in freight rates. ALLCARGO's EBITDA margin remains flat at 9.5% to Rs. 133 cr as against Rs. 138 Cr same period last year. Company reported PAT of Rs.61 Cr as against Rs. 67 Cr, at flat margin of 4.2% YoY. The company recently acquired CCI logistics where it holds 67% stake, will start contributing in bottom line from July onwards. Management expects annual revenue of Rs.400-500 cr from CCI logistics with 20% ROCE in FY17. In spite of slow industry growth company clocked robust volume growth, which in turns led to market share gain in this quarter. The company is exploring new markets and looking forward to acquire new businesses in MTO segment, which currently constitute around 80% of total revenue. We expect MTO and CFS business to grow at around 8% and 8-10% respectively.

Q1FY17 Result Performance :-

♦ MTO business clocked 7% volume growth to 120971 TEUs i.e in line with our estimate. However decline in freight rate impacting the top line of the company. Strong performance in South East Asia, China and some part of Europe led the volume growth. EBIT increases by 22% YoY based on volume growth and lower depreciation (As per IND AS).

♦ CFS segment registered volume growth of 4% to 75118(Excluding ICDs volume) TEUs in Q1FY17. ICDs reported 8815 TEUs. So, overall volume increases by 7% YoY to 83933 TEUs. EBIT of the segment decreases by 2%, mainly hit by booking expenses of Kolkata CFS (under construction) as per new IND AS guidelines.

♦ PE Segment revenue decline by 6% to Rs. 132 Cr due to dry docking of ship and exit from lower margin business and sales of assets. EBIT of the segment decreases by 22% to Rs. 18 Cr, mainly on account of additional depreciation of two ships purchased in July 2015.

Outlook and Valuation

Strong volume growth in MTO and CFS business despite low industry volumes helped the company to perform better in Q1FY17. Acquisition of CCI logistics will start contributing in bottom line from Q2FY17 onwards and we expect it to generate annual revenue of Rs.400-500 Cr with 20% ROCE. The company is exploring new markets and looking forward to acquire new businesses in MTO segment, which currently constitute around 80% of total revenue. So, based on the above arguments we have positive view on this stock and therefore, we maintain "BUY" with a target price of Rs. 215.

Financials	FY13	FY14	FY15	FY16
Sales	3927	4859	5629	5688
EBITDA	357	391	475	522
Net Profit	170	149	240	287
EBIDTA%	9.1%	8.1%	8.4%	9.2%

P/E

(In Rs. Cr)

(Source: Company/Eastwind)

Investment Argument

- CCI Acquisition will help ALLCARGO to achieve its \$2 bn revenue by 2020
- MTO will continue to be business leader with 80% contribution in total revenue.
- ALLCARGO is niche player in bulk cargo handling with 6 Vessels (5 Owned and 1 Chartered), which covers 7500 km of domestic coastal area. The company bagged a contract for handling 24000 tons of cargo for 4 years (2 vessels of 12000 tons each), which is half of the total capacity. →
- Kolkata CFS will become operational by End of 2016/ Early 2017 with potential capacity of 1,00,000 TEUs

Concall Update :-

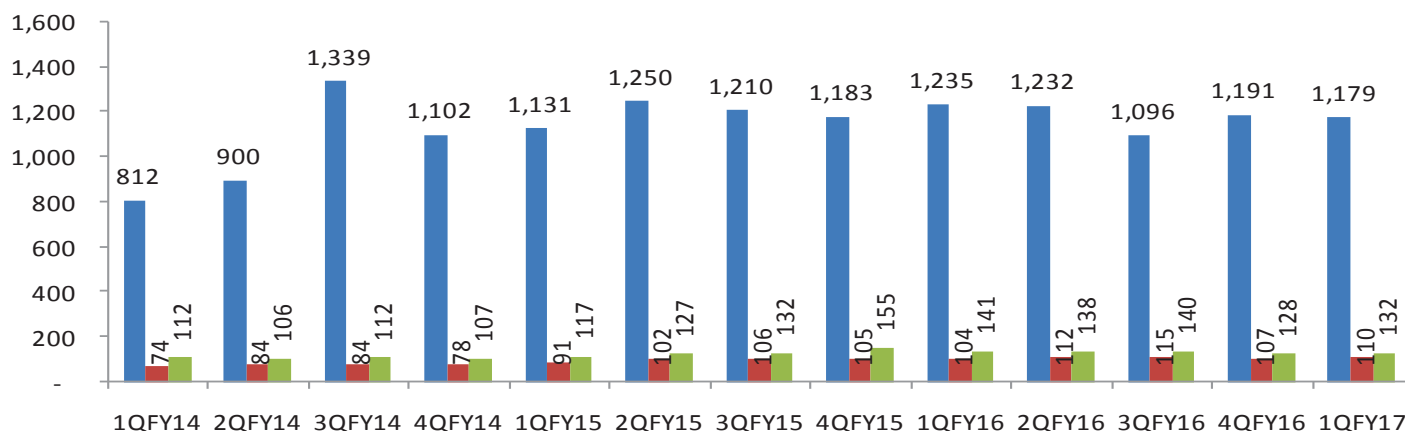
- ◆ Logistics and multi model logistics are the most beneficial area after GST
- ◆ Company exit from coastal container business due to lower freight rate
- ◆ The company maintains 8% volume growth in MTO business in FY17
- ◆ Continue to looking inorganic growth opportunity in MTO business
- ◆ CFS business volume will grow around 10%
- ◆ ICDs volume for the Q1FY17 is 8895 TEUs with 34% growth on YoY
- ◆ Effective date of acquisition of CCI logistics is 1st July 2016
- ◆ Management expects annual revenue of Rs. 400-500 Cr from CCI logistics with 20% ROCE
- ◆ Management expects to start 1st phase of multi model Logistics Park by Q2FY18 at Jhajjar

About the Company

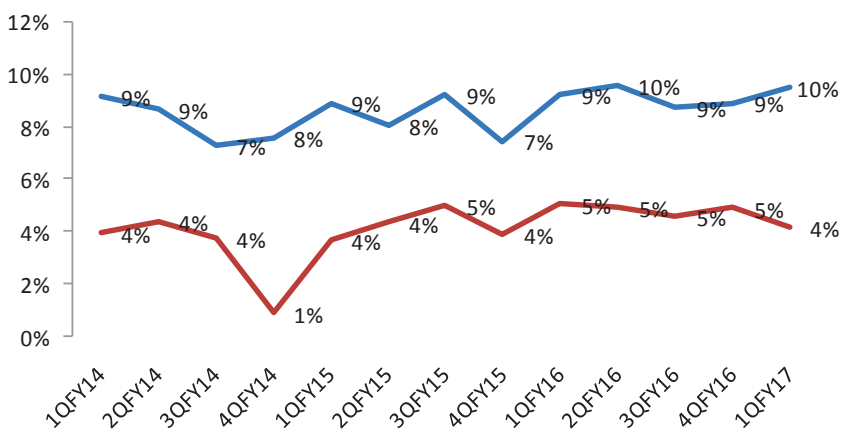
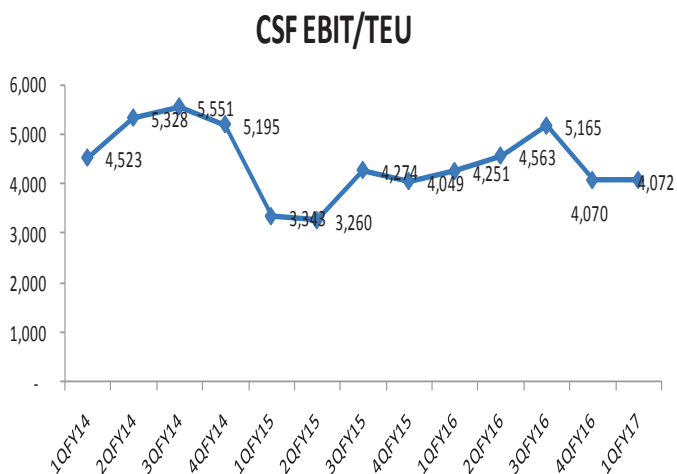
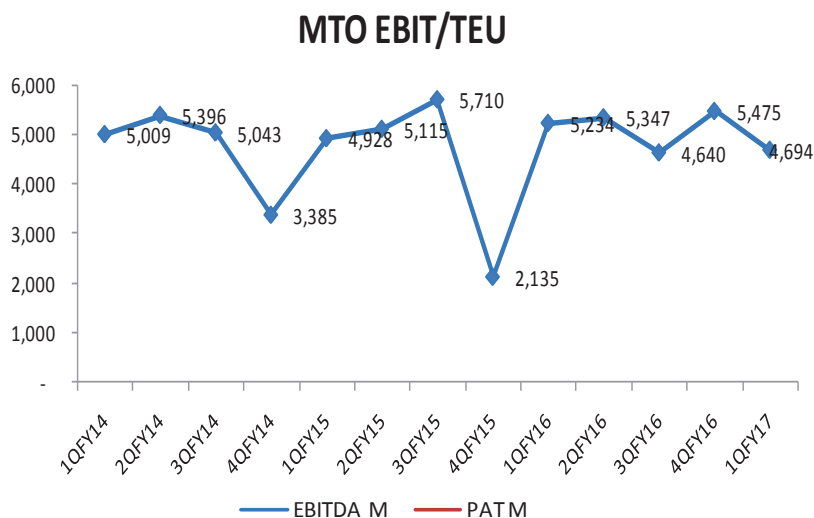
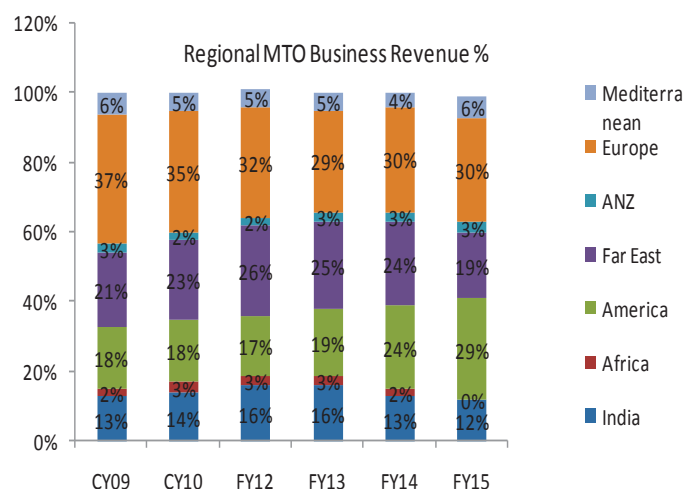
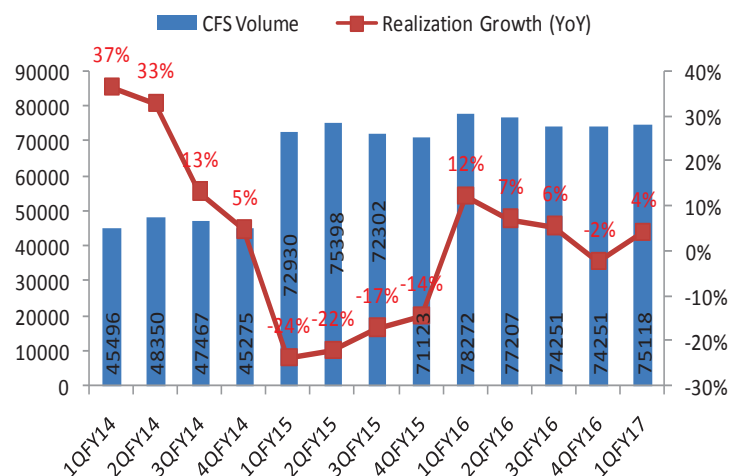
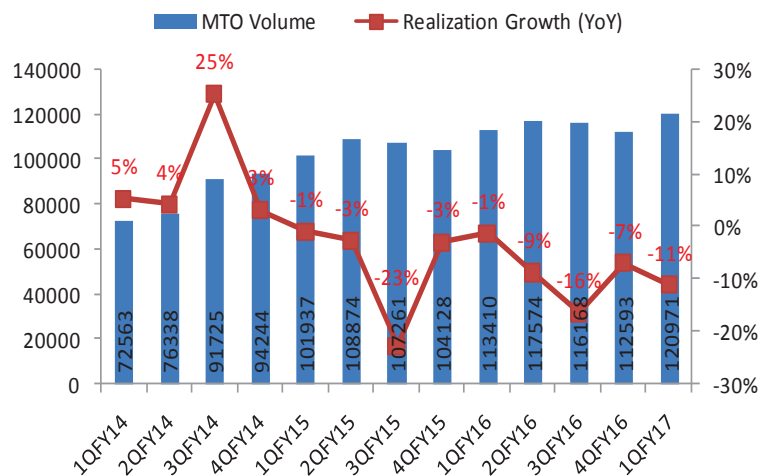
Allcargo Logistics Limited (Allcargo) is engaged in providing integrated logistics solutions. Allcargo offers logistics services across multimodal transport operations, inland container depot, container freight station operations, third party logistics operations and project and engineering solutions. The Company has three segments: Multimodal Transport Operations, which involves non vessel owning common carrier operations related to less than container load consolidation and full container load forwarding activities; Container Freight Stations Operations / Inland Container Depot, which is involved in import / export cargo stuffing, de-stuffing, customs clearance and other related ancillary services, and Project & Engineering Solutions, which provides integrated end-to-end project, engineering and logistic services through a fleet of owned / rented special equipment to carry over dimensional cargo (ODC) and over weight cargo (OWC) cargos, as well as project engineering solutions.

Segment Revenue (In Rs. Cr)

■ MTO ■ CFS ■ P&E



Business Performance



Financials Snap Shot

INCOME STATEMENT

	FY13	FY14	FY15	FY16
Revenue (Net of Excise)	3927	4859	5629	5688
Other Income	66	37	53	26
Total Revenue	3992	4896	5681	5714
COGS	2699	3404	3938	3812
GPM	1	1	1	1
Other Expenses	307	337	359	428
EBITDA	357	391	475	522
EBITDA Margin (%)	9%	8%	8%	9%
Depreciation	147	175	157	153
EBIT	209	216	318	369
Interest	42	56	53	42
PBT	234	196	317	353
Tax	51	42	70	70
Tax Rate (%)	22%	21%	22%	20%
Reported PAT	170	149	240	287
Dividend Paid	22	22	29	29
No. of Shares	13	13	13	25

Souce: Eastwind/Company

RATIOS

	FY13	FY14	FY15	FY16
EPS	13.4	11.8	19.0	11.4
Book Value	125.4	141.8	151.4	87.5
DPS	1.8	1.8	2.3	1.2
Payout (incl. Div. Tax.)	13%	15%	12%	10%
Valuation(x)				
P/E	8.6	13.0	16.6	13.4
Price / Book Value	0.9	1.1	2.1	1.7
Dividend Yield (%)	1.52%	1.14%	0.74%	0.76%
Profitability Ratios				
RoE	11%	8%	13%	13%
RoCE	11%	9%	14%	15%
Turnover Ratios				
Asset Turnover (x)	1.3	1.3	1.6	1.5
Debtors (No. of Days)	35.5	42.9	42.0	42.8
Inventory (No. of Days)	1.5	1.2	1.1	1.1
Creditors (No. of Days)	29.1	35.1	37.0	38.4
Net Debt/Equity (x)	0.24	0.29	0.19	0.12

Souce: Eastwind/Company

	FY13	FY14	FY15	FY16
Share Capital	25	25	25	50
Reserves	1560	1768	1883	2156
Net Worth	1586	1793	1908	2206
Long term Debt	383	521	358	262
Short term Debt	75	92	117	96
Deferred Tax	94	105	110	116
Total Capital Employed	1968	2314	2266	2468
Net Fixed Assets	1383	1385	1260	1272
Capital WIP	12	7	14	16
Debtors	382	572	648	667
Cash & Bank Balances	138	165	174	207
Trade payables	313	467	571	599
Total Provisions	62	60	63	61
Net Current Assets	1	55	157	172
Total Assets	2991	3630	3446	3683

Souce: Eastwind/Company

	FY13	FY14	FY15	FY16
OP/(Loss) before Tax	234	196	317	353
Depreciation	147	175	157	153
Direct Taxes Paid	63	37	48	89
Operating profit before w	390	389	466	529
CF from Op. Activity	323	311	430	448
Capital expenditure on fi:	194	156	47	165
CF from Inv. Activity	(173)	(439)	(3)	(221)
Repayment of Long Tern	167	404	548	336
Interest Paid	42	56	53	42
Divd Paid (incl Tax)	7	22	31	64
CF from Fin. Activity	(150)	135	(396)	(218)
Inc/(Dec) in Cash	0	7	32	9
Add: Opening Balance	129	131	160	166
Closing Balance	131	160	166	191

Souce: Eastwind/Company