

# India Equity Analytics

Results Preview Q3FY20 - Logistics

# Narnolia<sup>®</sup>

**Analyst**

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AGLL IN

**CMP** 104  
**Target** 103  
**Upside** -1%  
**Rating** NEUTRAL

	FY18	FY19	FY20E	FY21E
<b>Roe%</b>	9%	12%	12%	11%
<b>Roce%</b>	10%	12%	11%	10%
<b>EV/Ebdita</b>	9.73	6.25	5.88	5.66
<b>P/E</b>	20.8	10.5	9.9	9.0
<b>P/B</b>	1.8	1.3	1.1	1.0

	FY18	FY19	FY20E	FY21E	3QFY19	2QFY20	3QFY20E
MTO Volume Gr %	15%	17%	6%	6%	16%	6%	6%
Realization/ TEU	91,717	90,013	90,660	91,995	96,631	91,995	91,995
CFS Volume Gr %(Adj)	3%	12%	2%	3%	15%	1%	2%
Realization/ TEU	13,667	13,767	13,514	13,368	14,341	13,368	13,368
<b>Revenue</b>							
MTO	5,375	6,159	6,572	7,069	1,623	1,697	1,638
CFS	409	460	460	469	118	119	112
PE	314	338	371	390	80	76	81
<b>EBIT M %</b>							
MTO	4%	4%	4%	4%	4%	4%	4%
CFS	29%	30%	27%	30%	30%	25%	27%
PE	-16%	1%	2%	5%	4%	-7%	2%
<b>Financials</b>							
Sales	6,047	6,895	7,327	7,923	1,803	1,873	1,813
Sales Gr%	8%	14%	6%	8%	22%	8%	1%
Ebit	216	293	302	334	72	76	70
Ebit Gr%	4%	4%	4%	4%	4%	4%	4%
Net Profits	174	248	257	282	51	67	65
Profit Gr%	-27%	42%	4%	10%	57%	6%	28%
Ebit Margin%	3.6%	4.2%	4.1%	4.2%	4.0%	4.1%	3.9%
Net Profit Margin%	2.9%	3.6%	3.5%	3.6%	2.8%	3.6%	3.6%

\* We do not consider the GATI numbers in the estimates as the transaction is not completed yet

Conso/Fig in Rs Cr

- Revenue is expected to have flat growth at 0.6% YoY due to lower realisation in MTO business and lower volume growth in CFS business.
- MTO business is expected to post revenue growth of 1% YoY with 6% growth in volume numbers.
- CFS business volume growth is expected to be 2%.
- P&E is expected to grow by of 2% YoY.
- EBIT Margin is expected to be stable at 3.9%.
- PAT is expected to grow by 28% YoY to Rs 65 Cr and margin to remain stable at 3.6%.
- During the quarter company has signed SPA to acquire controlling stake in Gati and board has also approved to acquire another 26% via open offer. The total acquisition cost will be Rs 415-420 Cr approximately for the 45% stake.
- During the quarter company transferred warehouse & other assets of Logistics Park Business of the Company to its wholly owned subsidiaries.

### Key Trackable this Quarter

- Updated on GATI acquisition
- Debt levels

**We value the stock at 9x FY21E EPS. NEUTRAL**

CCRI IN

**CMP** 572  
**Target** 608  
**Upside** 6%  
**Rating** HOLD

	FY18	FY19	FY20E	FY21E
<b>Roe%</b>	11%	12%	6%	12%
<b>Roce%</b>	12%	13%	12%	13%
<b>P/E</b>	28.8	24.9	61.3	25.7
<b>P/B</b>	3.2	2.9	3.4	3.2
<b>EV/Ebdita</b>	18.1	16.5	19.1	16.7

	FY18	FY19	FY20E	FY21E	3QFY19	2QFY20	3QFY20E
Standalone Volume (in 000 TEUs)							
EXIM	3,002	3,245	3,010	3,227	786	541	825
Domestic	530	584	527	564	140	69	147
Standalone Segment Revenue							
EXIM	4,851	5,402	5,506	5,936	1,301	1,358	1,407
Domestic	1,319	1,480	1,603	1,941	357	381	380
Sales	6,167	6,882	7,109	7,877	1,657	1,739	1,786
<i>Sales Gr%</i>	10%	12%	3%	11%	1%	-5%	8%
Ebdita	1,483	1,780	1,740	1,980	418	426	459
<i>Ebdita Gr%</i>	19%	20%	-2%	14%	-6%	-16%	10%
Net Profits	1,049	1,215	568	1,357	275	(322)	328
<i>Profit Gr%</i>	22%	16%	-53%	139%	-5%	-196%	19%
Ebdita Margin%	24.0%	25.9%	24.5%	25.1%	25.2%	24.5%	25.7%
Net Profit Margin%	17.0%	17.7%	8.0%	17.2%	16.6%	-18.5%	18.4%

Std/Fig in Rs Cr

- EXIM volume growth is expected to be 5% YoY and we expect realization will be Rs 17049 per TEU. The revenue growth will be 8.2% YoY.
- Volume from domestic business will be up by 5% to 147245 TEUs with average realization of Rs 25785 per TEU. Revenue will be up by 6.5% YoY to Rs 380 Cr.
- EBITDA numbers will be up by 10% YoY and we expect margin of 25.7%.
- PAT will be up by 19% YoY to Rs 328 Cr compared to Rs 275 Cr.
- Capex for the FY20 will be Rs 1000 Cr mainly for wagon procurement.
- The company has plans to open seven terminals at Pipavav in H2.
- During 2QFY20, Rs.861.05 Cr for ineligible SEIS benefit has been provided by the company which has resulted in tax reversal of Rs 248.86 Cr. Hence the tax rate for FY20 will be 7.8%.

## Key Trackable this Quarter

- Volume Growth
- Growth in Double Stacking operation
- Progress on newly set up business at Pipavav
- EXIM & Domestic Realizations

**We value the stock 27x FY21E EPS. HOLD**

MAHLOG IN

**CMP** 419  
**Target** 445  
**Upside** 6%  
**Rating** HOLD

	FY18	FY19	FY20E	FY21E
<b>Roe%</b>	15%	17%	12%	15%
<b>Roce%</b>	23%	25%	14%	17%
<b>P/E</b>	53.7	43.9	47.2	32.9
<b>P/B</b>	8.2	7.5	5.5	4.9
<b>EV/Ebdita</b>	28.0	24.2	18.3	14.4

	FY18	FY19	FY20E	FY21E	3QFY19	2QFY20	3QFY20E
Segment Revenue							
SCM	3,076	3,466	3,414	3,798	881	755	898
PTS	340	385	418	468	100	97	113
Sales	3,416	3,851	3,832	4,266	981	852	1,011
Sales Gr%	28%	13%	-1%	11%	17%	-8%	3%
Ebdita	120	151	163	198	36	38	40
Ebdita Gr%	57%	26%	7%	22%	22%	11%	12%
Net Profits	65	87	64	91	19	11	15
Profit Gr%	40%	34%	-26%	43%	29%	-41%	-22%
Ebdita Margin%	3.5%	3.9%	4.2%	4.6%	3.7%	4.4%	4.0%
Net Profit Margin%	1.9%	2.2%	1.7%	2.1%	2.0%	1.3%	1.5%

Conso/Fig in Rs Cr

- ❑ A growth of 3% YoY in revenue is expected as the major portion of the sales come from auto sector which is facing slowdown.
- ❑ Warehouse business revenue is expected to grow 10% backed by client addition. PTS business is expected to report revenue growth at 13% YoY.
- ❑ EBITDA margin will improve by 30 bps on account of decrease in operating cost due to increase in warehousing space.
- ❑ PAT is expected to de-grow by 22% YoY to Rs 15 Cr and margin to be impacted by 50 bps.
- ❑ Currently company is managing 16.4 mn sq ft warehousing space and plan to add 1-1.5 mn sq ft warehouse space every year considering the more and more companies now going for the 3PL route for the inventory management.

### Key Trackable this Quarter

- ❑ Auto sector slowdown impact on SCM business
- ❑ Share of warehousing revenue

**We value the stock 35x FY21E EPS. HOLD**

TCIEXP IN

**CMP** 732  
**Target** 815  
**Upside** 11%  
**Rating** HOLD

	FY18	FY19	FY20E	FY21E
<b>Roe%</b>	32%	30%	34%	28%
<b>Roce%</b>	39%	43%	40%	36%
<b>P/E</b>	31.2	39.1	26.1	24.2
<b>P/B</b>	8.8	10.5	7.8	6.1
<b>EV/Ebdita</b>	20.3	23.6	20.6	17.2

	FY18	FY19	FY20E	FY21E	Q3FY19	Q2FY20	Q3FY20E
Sales	885	1,024	1,134	1,306	263	269	296
<i>Sales Gr%</i>	18%	16%	11%	15%	15%	9%	13%
Ebdita	91	119	135	160	31	31	35
<i>Ebdita Gr%</i>	46%	31%	13%	18%	29%	13%	14%
Net Profits	58	73	107	116	19	26	29
<i>Profit Gr%</i>	56%	25%	47%	8%	21%	61%	57%
Ebdita Margin%	10.2%	11.6%	11.9%	12.2%	11.8%	11.4%	11.9%
Net Profit Margin%	6.6%	7.1%	9.5%	8.9%	7.1%	9.7%	9.9%

Std/Fig in Rs Cr

- Revenue is expected to grow by 12.5% YoY.
- Company will continue to invest in sorting centre and currently construction at Pune and Gurgaon is underway and expected to complete by the year end.
- EBITDA margin is expected to expand by 10 bps and EBITDA will grow by 14% YoY.
- PAT is expected to grow by 57% YoY to Rs 29 Cr mainly on account of tax rate cut and improvement in operating margin. Margin is expected to improve by 330 bps.
- Company will be spending Rs 400 Cr over FY20-FY24 for replacement and expansion of some of the sorting centres.

## Key Trackable this Quarter

- Volume Growth

*We value the stock 27x FY21E EPS. HOLD*

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