# Container Corporation | REDUCE

JM FINANCIAL

## Pricing pressure and market share concerns continue

Priyankar Biswas
priyankar.biswas@jmfl.com | Tel: (91 22) 69703622
Neelotpal Sahu
neelotpal.sahu@jmfl.com | Tel: (91 22) 66303076
Parth Thakkar
parth.thakkar@jmfl.com | Tel: (91 22) 61781879

CCRI is expected to be the key beneficiary of the modal shift from road to rail with full commissioning of the WDFC. However, we think WDFC-implied modal shifts are exaggerated as EXIM containers at JNPT are increasingly being transported along non-WDFC corridors (East and South aligned). Further, pricing aggression by well-funded peers is likely to weigh on near-term pricing, EXIM margin and market share. We downgrade to REDUCE on the stock with a TP of INR 500. Our TP implies 14x FY28 EV EBITDA.

- **WDFC to connect to JNPT by end-FY26 but large-scale rail modal shift may be limited:** The WDFC (Western Dedicated Freight Corridor) is already connected to Mundra and Pipavav but road to rail modal shift has failed to materialise. This is due to increased presence of short lead traffic and rising trucking competitiveness following increased capex on highways/expressways infrastructure. In case of **JNPT, the modal shift may be limited to 22-24% by rail (vs. 16% in FY25) and not 30-35% as generally believed**. This is due to increasing shift of EXIM container traffic towards Nagpur, Hyderabad and North Karnataka belt, which reduces the share of north-bound or WDFC-aligned traffic to 33%. Similarly, a significant share of the traffic to Gujarat is short lead and is unlikely to shift to rail. JNPT port capacity is constrained at 10mnTEU p.a. and with FY26 volume likely to cross 8mnTEU there is limited headroom for further absolute growth.

- **Aggressive pricing actions by certain CTOs is impacting market share and pricing:** We have witnessed some losses in EXIM market share at Mundra due to aggressive pricing offered by well-funded peers like Adani Logistics and DP World. This behaviour may likely persist as ADSEZ and DPW focus on integrated end mile logistics. This dynamic is not only impacting pricing and margins but also necessitating investments into trucking (low margin) for CCRI to support first mile last mile (FMLM) logistics to retain market share.

- **Management initiatives are positive but industry trends are unfavourable:** CCRI has managed to substantially rationalise costs. It has largely maintained employee costs at steady levels and has also kept land licence fee (LLF) cost under control by surrendering land at rail controlled ICDs where operations are sub-optimal. However, trends like levying of 10% busy season surcharge since FY25 at a time of moderate diesel prices (leading to relatively steady truck freights) has impacted competitiveness. The focus on FMLM capex is necessary but is margin dilutive.

- **Valuations have corrected but lacks near-term triggers, downgrade to REDUCE with DCF-based TP of INR 500:** CCRI appears inexpensive below 25x FY27 PE on Bloomberg consensus estimates. However, this can be misleading as it appears Street numbers do not yet bake in the full extent of pricing aggression. While connection of JNPT to WDFC can provide some near-term support sentimentally (thus providing an exit opportunity), it is unlikely to translate into strong EBITDA growth over FY26-30E due to limited nature of modal shift.

| Recommendation and Price Target | |
|---|---|
| Current Reco. | REDUCE |
| Previous Reco. | HOLD |
| Current Price Target (12M) | 500 |
| Upside/(Downside) | -9.1% |
| Previous Price Target | 508 |
| Change | -1.5% |

| Key Data – CCRI IN | |
|---|---|
| Current Market Price | INR550 |
| Market cap (bn) | INR419.0/US$4.7 |
| Free Float | 48% |
| Shares in issue (mn) | 761.6 |
| Diluted share (mn) | 761.6 |
| 3-mon avg daily val (mn) | INR791.0/US$9.0 |
| 52-week range | 742/481 |
| Sensex/Nifty | 82,160/25,202 |
| INR/US$ | 88.3 |

| Price Performance | | | |
|---|---|---|---|
| % | 1M | 6M | 12M |
| Absolute | 0.4 | -0.3 | -23.0 |
| Relative* | -0.6 | -6.7 | -20.4 |

* To the BSE Sensex

| Financial Summary | | | | | (INR mn) |
|---|---|---|---|---|---|
| Y/E March | FY24A | FY25A | FY26E | FY27E | FY28E |
| Net Sales | 86,325 | 88,634 | 91,671 | 1,04,123 | 1,14,329 |
| Sales Growth (%) | 6.5 | 2.7 | 3.4 | 13.6 | 9.8 |
| EBITDA | 19,296 | 18,986 | 18,929 | 22,548 | 24,588 |
| EBITDA Margin (%) | 22.4 | 21.4 | 20.6 | 21.7 | 21.5 |
| Adjusted Net Profit | 12,362 | 12,969 | 12,525 | 15,535 | 17,506 |
| Diluted EPS (INR) | 20.3 | 21.3 | 16.4 | 20.4 | 23.0 |
| Diluted EPS Growth (%) | 5.7 | 4.9 | -22.7 | 24.0 | 12.7 |
| ROIC (%) | 14.3 | 13.6 | 12.6 | 15.4 | 16.7 |
| ROE (%) | 10.7 | 10.7 | 9.9 | 11.6 | 12.2 |
| P/E (x) | 27.1 | 25.8 | 33.4 | 27.0 | 23.9 |
| P/B (x) | 2.8 | 2.7 | 3.2 | 3.0 | 2.8 |
| EV/EBITDA (x) | 20.0 | 20.2 | 20.0 | 16.5 | 14.9 |
| Dividend Yield (%) | 2.0 | 2.1 | 1.6 | 2.0 | 2.3 |

Source: Company data, JM Financial. Note: Valuations as of 22/Sep/2025

# Limited WDFC benefits and pricing aggression by peers pose growth and margin challenges

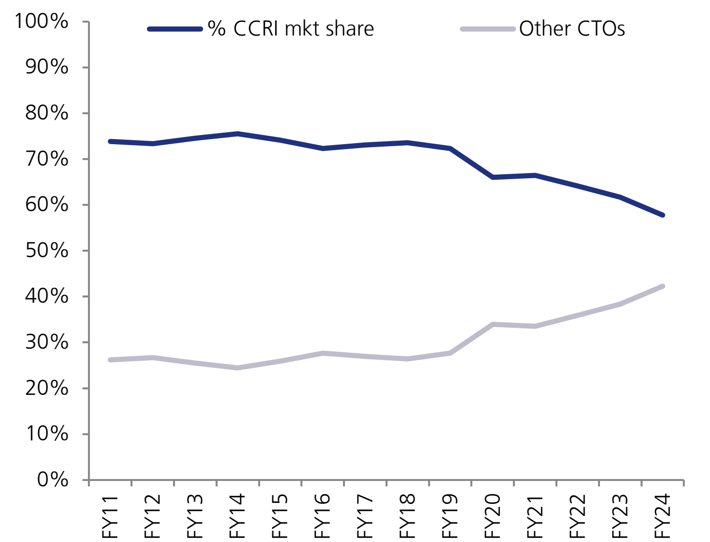
## Loss of market share is a concern; corrective measures are underway

### Sector liberalisation hurt CCRI's market share; normalcy since FY15

In FY06, the Ministry of Railways (MoR) opened rail container transport for private participation. Prior to this policy, CCRI, as a part of the Ministry, was the sole national container train operator (CTO). As the sector opened up for private participation, a number of private operators applied for the CTO licence, which led to sharp volume market-share erosion for CCRI.

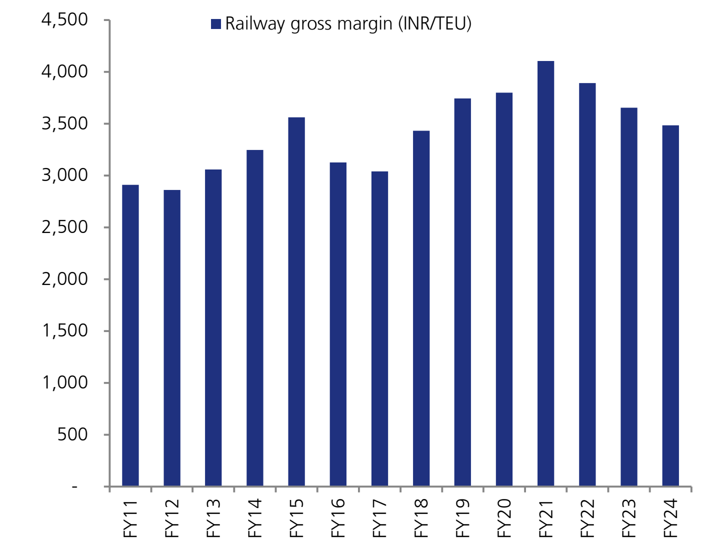
However, the drop in market share has largely been arrested since FY15 at 65-70% for export import (EXIM) volume. Post this period, a significant number of CTOs practically ceased to operate due to their small scale of operations (hence lower profitability) and presumed preferential access to CCRI for railway terminals. While some of the new entrants adopted an aggressive pricing strategy, it was largely limited to container volume destined for short lead distances, hence having lower margins. With limited price aggression in long lead volumes, CCRI faced relatively minimal impact on EBITDA margin (sustained at 23-26% over FY15-20), despite the reduction in volume market share.

Exhibit 1. CCRI has lost market share to private CTOs




Source: Company, JM Financial

Exhibit 2. Aggressive pricing is impacting margins




Source: Company, JM Financial

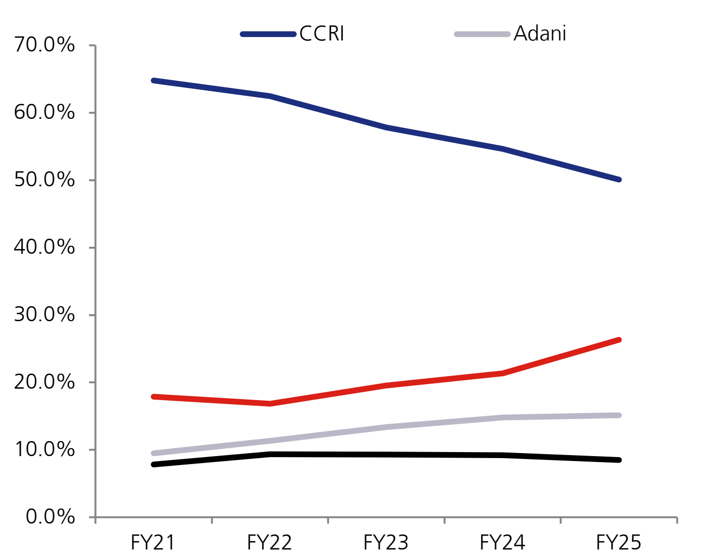
## However, strong challenge is emerging as large port operators are investing in backward integration

Since FY20, there has been a significant ramp-up in container train operations by Adani Logistics (100% owned subsidiary of ADSEZ) with steady increase in container rakes operated (18 rakes in FY18 to 132 rakes in FY25) with eventual target of 300 rakes by FY29. Adani Logistics is also investing heavily in trucking and aims to expand its truck fleet from ~900 in FY25 to ~5,000 by FY29 to boost first mile last mile (FMLM) logistics. Similarly, DP World with its presence in the key ports of Mundra and JNPT is also expanding its footprint through a combination of acquisitions (KRIBCHO).

We find that most port operators are well funded and are focusing on FMLM-integrated logistics. They are also able to offer competitive pricing on long lead distances, which is CCRI's most profitable segment. As per our estimate, private CTOs' discount on long leads is as high as 9%, compared with CCRI's pricing. This, coupled with a more reliable service level, aided by strong FMLM, is pushing up the market share of peers, at the expense of CCRI.

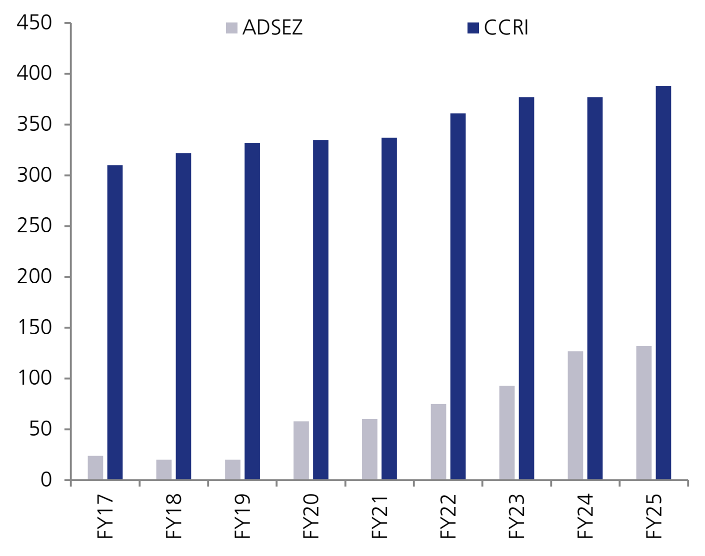
More recently, we are observing the entry of JSW INFRA in the space with the acquisition of Navkar and Arshiya, providing it presence both in the northern and western parts of India. **The investments by well-funded peers into backward integration is likely to intensify competition in our view**.

Exhibit 3. CCRI lost market share to CTOs like Adani Logistics




Source: Company, JM Financial

Exhibit 4. CCRI dominates but ADSEZ is adding rail rakes




Source: Company, JM Financial

Exhibit 5. CCRI tariffs at key northern routes are higher than those of ADSEZ

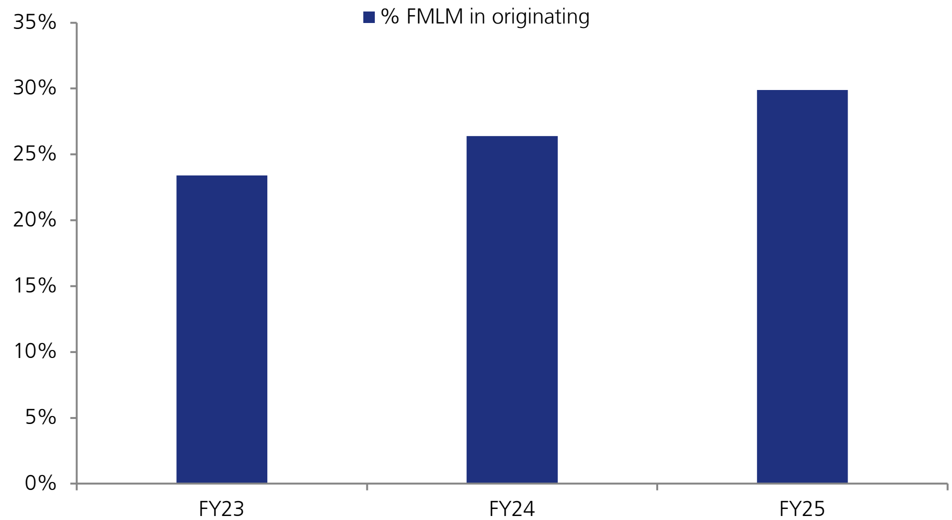
| ADSEZ vs. CCRI railway haulage charges | | |
|---|---|---|
| Rail haulage charges | INR/TEU | INR/NTKM |
| ADSEZ | 34,729 | 1.87 |
| CCRI | 35,600 | 1.97 |
| Base charge of Indian railways | 21,629 | 1.16 |
| Total charges | INR/TEU | INR/NTKM |
| ADSEZ | 47,662 | 2.56 |
| CCRI | 50,655 | 2.80 |
| Indian railways | 31,033 | 1.67 |
| % difference CCRI vs ADSEZ | | 9.3% |

Source: Industry, JM Financial

## Management thrust on end mile logistics (trucking) can arrest market share loss but can also be a drag on margins

We feel the management's delayed response to developing FMLM connections, across CCRI's terminal network (64 as of FY23), is one of the key reasons for market share loss. CCRI's FMLM coverage, i.e., share of originating volume having FMLM facilities was only 23% in FY23. We believe it was weaker in FY22, when only 35 of 61 terminals had FMLM facilities, as CCRI had not yet invested in a trucking fleet or technology. However, in Oct'23, following the elevation of Mr Sanjay Swarup as the CMD, the company witnessed a change with focus on end mile logistics and software. The current CMD has a target of increasing CCRI's FMLM share to 80% by FY27 (currently 35% at end-1QFY26 with 5% contribution to revenue). **While the focus on FMLM is welcome, trucking margin is 3-4% vs. 20-25% at CCRI level**.

Exhibit 6. First mile last mile share is rising but still away from target of 80% by FY27




Source: Company, JM Financial

CCRI is also investing in LNG trucks and bunkering facilities at its terminals (ICDs) as well as in software apps to improve service delivery. The two terminals selected for app-based tracking have shown promising results and the management has plans for a wider rollout. These actions are addressing two emerging megatrends in customer demand, in our view.

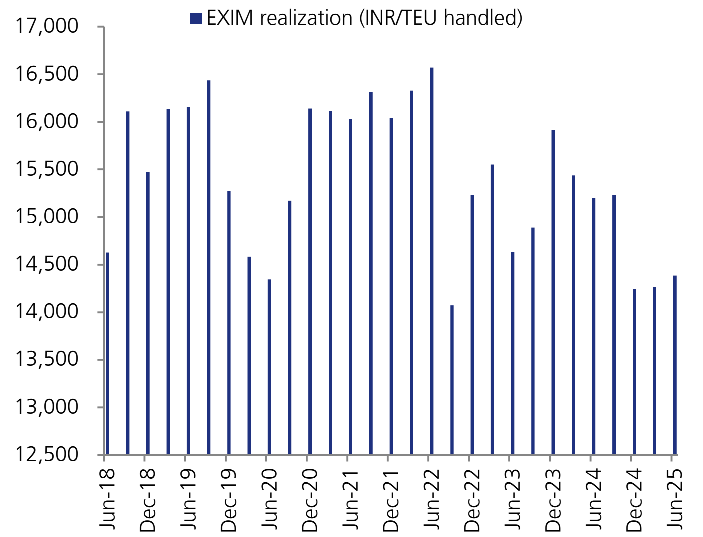
- **Provide integrated logistics solutions, with high service delivery levels:** We note that CCRI's pricing is higher than peers, including Adani Logistics. However, in rail transport, we find that service levels are more important than pricing, especially for cargo destined for longer leads (average value of consignment per twenty-foot equivalent unit (TEU) is USD 60,000 vs. USD 300-400/TEU for rail transport). We also note that CCRI has wider network coverage than any other CTO, including Adani Logistics. Based on management commentary, CCRI now aims to focus on higher service levels, while maintaining premium pricing.
- **Green logistics (reduced emissions):** This is being addressed by deploying LNG trucks and using renewable energy at terminals to operate equipment. So far (till FY25), 130 LNG powered trucks have been deployed and a further 200 are being procured.

## Resultant pricing and margin challenges may continue in the near term

CCRI's realisation on unit EXIM volume handled or even on originating volume has been relatively stagnant since FY21. This highlights the severe pricing pressure the CTO industry is facing both as a result of competitive pricing by integrated port companies and also due to improved competitiveness of trucking following levy of 10% busy season surcharge since 2HFY24.

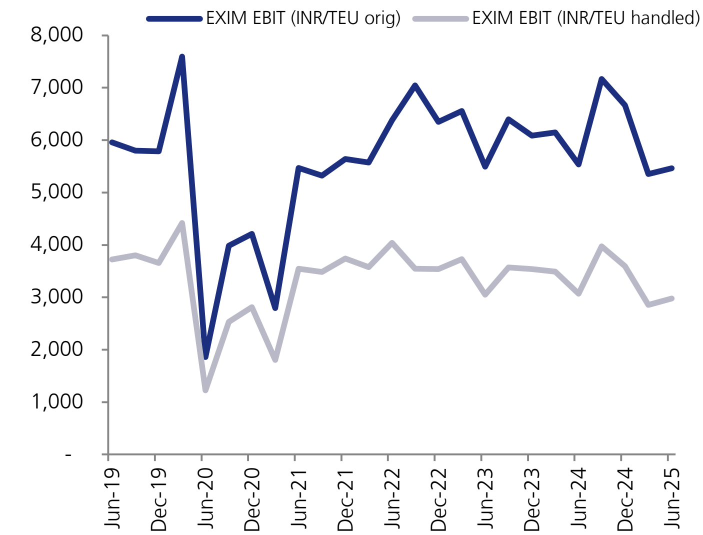
To the management's credit, it has largely kept employee cost in check (reflected in robust productivity levels) and also kept LLF in check at ~INR 4.0bn p.a. through a series of rationalisations of terminals located on Indian Railways land with minimal volume sacrificed in the process.

Exhibit 7. Realisation has weakened in recent quarters




Source: Company, JM Financial

Exhibit 8. EXIM margin is weaker than pre-Covid levels




Source: Company, JM Financial

## Indian Railways' tariff hike of 10% may pose a near-term challenge

**Rail freight is a key cost, but largely not in CCRI's control; customer preference is a function of rail vs. road competitiveness**

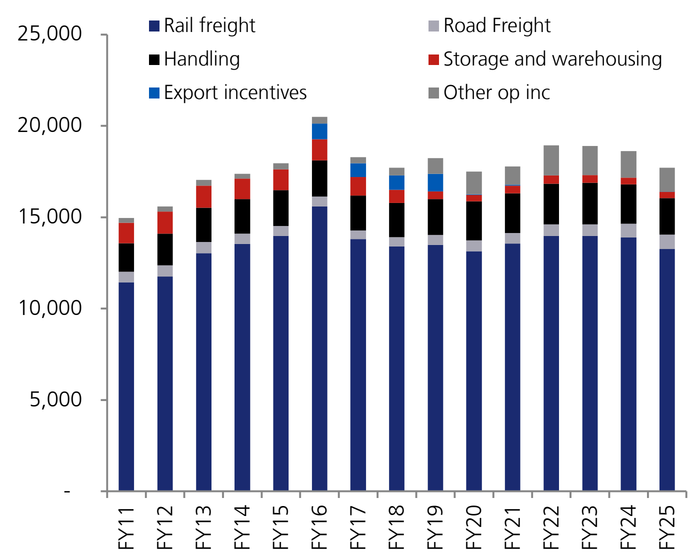
The Indian Railways has implemented sharp tariff hikes in the past that coincided with periods of lower or stable diesel prices. This led to modal share gradually shifting from rail to roads. Though CCRI was able to maintain its market share within CTO operators, the overall rail CTO market growth was sluggish.

Indian Railways decided to levy a busy season surcharge of 10% (w.e.f. 1st Oct'23). This came at a time when diesel prices were relatively stable. To stay competitive vs. road, CCRI was able to undertake a 7% tariff hike in EXIM cargo initially and a lower hike on domestic cargo. This tariff hike covers the rise in rail freight expenses and is unlikely to be margin accretive, in our view. We note that this tariff hike came after a gap of ~5 years. However, due to **aggressive CTO competition the 7% tariff increase could not be absorbed by the market, which impacted EXIM margins in FY25 and also in 1QFY26**.

CCRI's revenue is largely derived from rail freight income, with some smaller contributions from road freight income (possibly a result of FMLM), storage and warehousing. Thus, except for rail haulage, there are limited levers to control margins from an income point of view. In the case of cost items, rail freight expense payable to Indian Railways (for track access charges) is the largest item, and it is not in CCRI's control (rail tariffs are set by Indian Railways, which is a public monopoly).

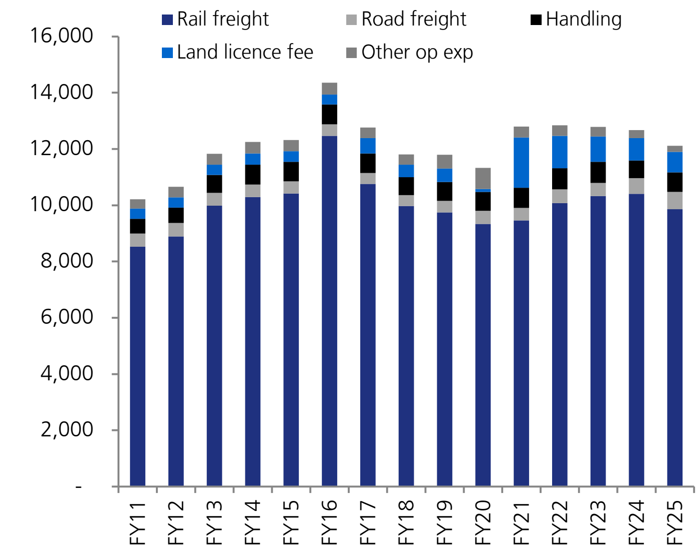
**CCRI is focusing on key areas of costs that are in its control, namely, employee cost rationalisation, increased double stacking** (the upper stack rail fare is 50% of the lower stack; thus, double stacking reduces costs by 25%) and maintaining LLF at relatively unchanged levels.

Exhibit 9. Rail freight and handling key drivers of revenue




Source: Company, JM Financial

Exhibit 10. Opex driven by rail freight expenses and LLF



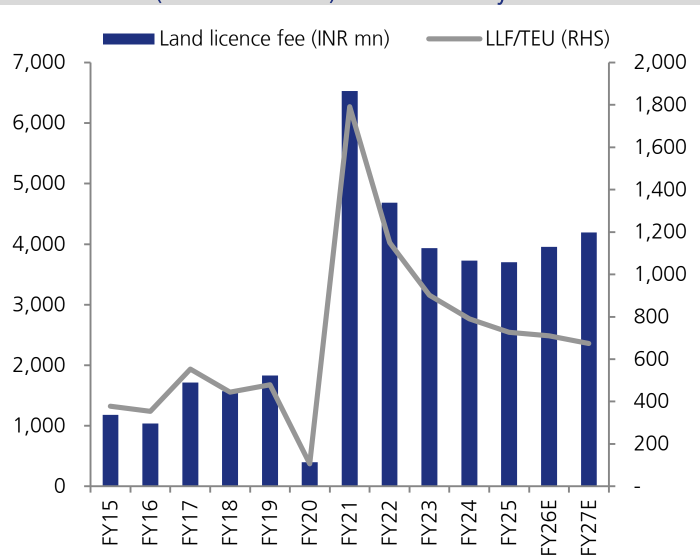

Source: Company, JM Financial

Exhibit 11. Indian Railways undertook abrupt fare hikes in FY15 but recent hikes in FY19 and FY24 were moderate

| | | Freight rate | (INR/TEU) | | Change (INR/TEU) | | | % increase | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Leads (kms) | FY13 | FY15 | 2HFY19 | 2HFY24 | FY15 | 2HFY19 | 2HFY24 | FY15 | 2HFY19 | 2HFY24 |
| 701 - 750 | 9,983 | 12,620 | 13,251 | 14,576 | 2,637 | 631 | 1,325 | 26.4% | 5.0% | 10.0% |
| 751 - 800 | 10,611 | 13,418 | 14,089 | 15,498 | 2,807 | 671 | 1,409 | 26.5% | 5.0% | 10.0% |
| 801 - 850 | 11,240 | 14,216 | 14,927 | 16,420 | 2,976 | 711 | 1,493 | 26.5% | 5.0% | 10.0% |
| 851 - 900 | 11,868 | 15,014 | 15,765 | 17,342 | 3,146 | 751 | 1,577 | 26.5% | 5.0% | 10.0% |
| 901 - 950 | 12,496 | 15,812 | 16,603 | 18,263 | 3,316 | 791 | 1,660 | 26.5% | 5.0% | 10.0% |
| 951 - 1000 | 13,125 | 16,610 | 17,441 | 19,185 | 3,485 | 831 | 1,744 | 26.6% | 5.0% | 10.0% |

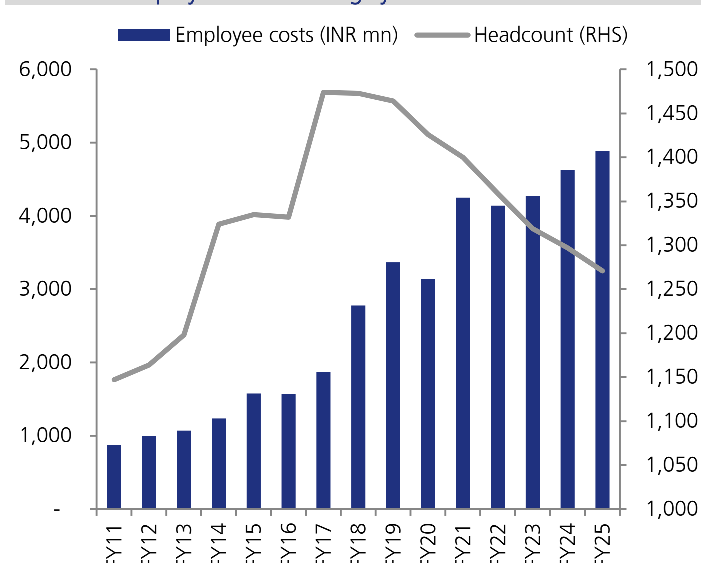
Source: Industry, JM Financial

Exhibit 12. LLF (land licence fees) has been steady



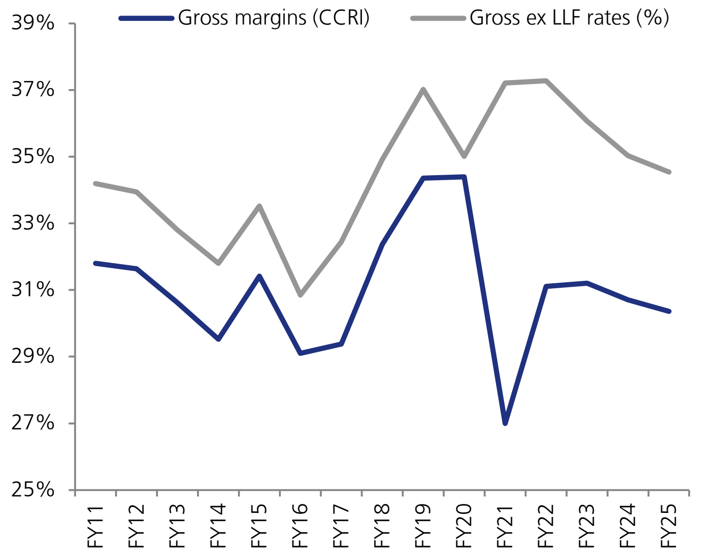

Source: Company, JM Financial

Exhibit 13. Employee cost also largely under check



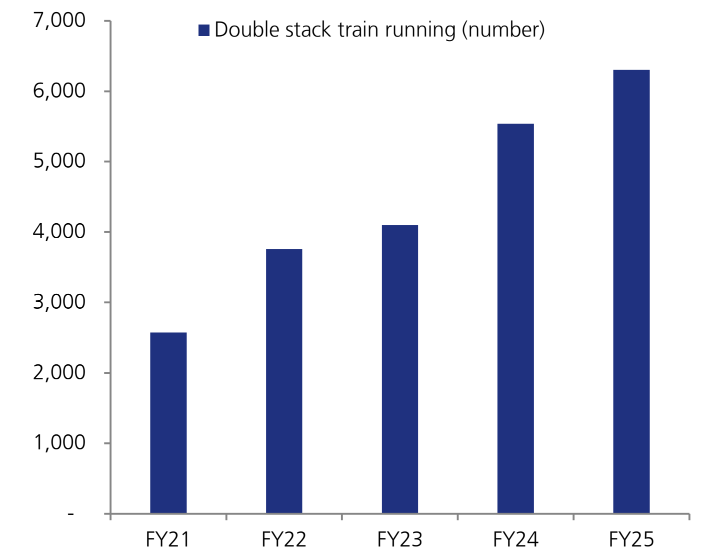

Source: Company, JM Financial

Exhibit 14. Gross margin (ex LLF) has been steady




Source: Company, JM Financial

Exhibit 15. Improved double stacking drives up asset turns




Source: Company, JM Financial

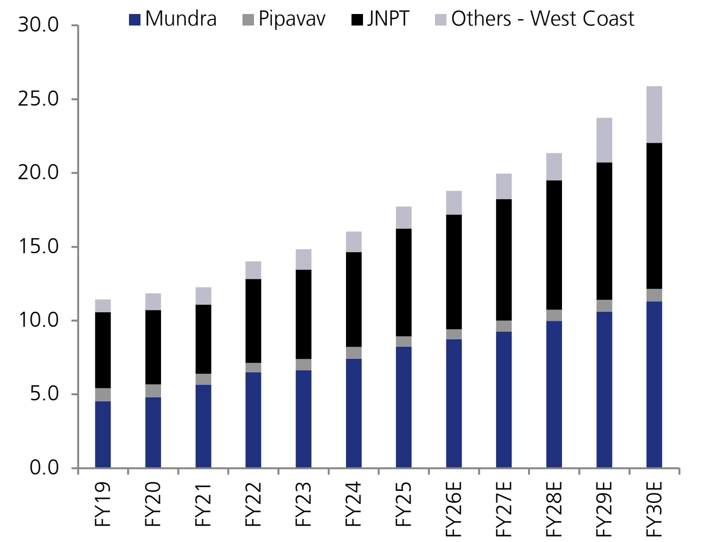
## Deep-dive into our volume projections on CCRI (detailed WDFC modelling)

### We estimate 11% EXIM CAGR over FY25-28E partly supported by JNPT linkage to WDFC

Based on our deep-dive of WDFC rail container traffic, we arrive at 11% EXIM container volume CAGR over FY25-28E for CCRI. For our analysis, we have projected potential EXIM rail volume for CCRI based on potential rail EXIM container volume on the WDFC route by port (by FY30) and CCRI's market share at key ports. We list key conclusions from our analysis below:

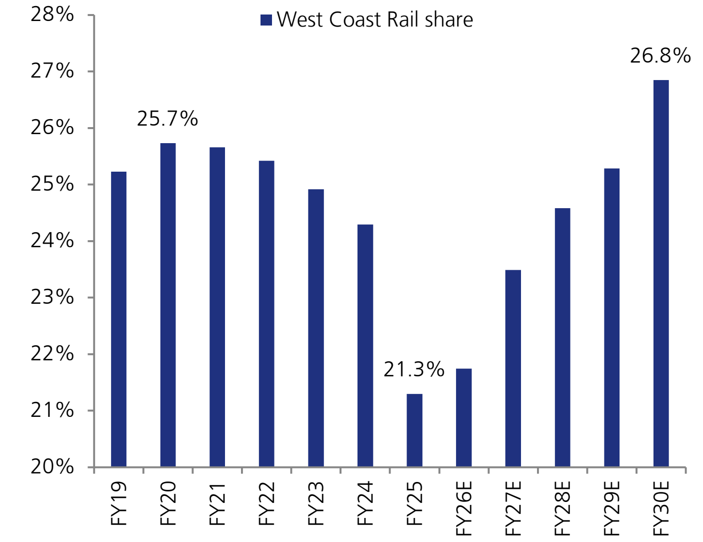
- **Port-based analysis suggests 6% CAGR in port container volume over FY25-28E**: We have considered the key gateway ports on the West Coast, namely Mundra, Pipavav and JNPT, as well as smaller volumes at other terminals, namely Kandla and Mumbai, for our analysis. We estimate c7% CAGR in Mundra, which contributes the highest share in volume growth (in absolute terms). We also estimate that JNPT will largely exhaust its full permitted capacity of 10mnTEU by FY30E (vs. 7.3mnTEU in FY25). We factor in the rise in volume at Kandla terminal (DP World), which would add further capacity at the port (2.15mnTEU).
- **WDFC supports ~12% CAGR over FY25-28E driven by modal shift:** Mundra and Pipavav are already connected to the WDFC, and we expect them to benefit initially. However, the shifts have so far been relatively modest since a significant part of the traffic is short lead (according to GPPV) with volume concentration rising in Gujarat and Rajasthan. We also expect JNPT to connect to WDFC in end-FY26 and rail modal share to rise from 16% in FY25 to 24% by FY30E. JNPT's modal share gains are limited by bulk of the traffic falling outside WDFC zones. These factors enable rail modal share to rise from 21% in FY25 to 27% in FY30E
- **Expect CCRI to lose market share but witness 11% EXIM container volume CAGR over FY25-28E:** We expect Adani Logistics to gain market share in the Mundra region till FY27. Post FY26 and with the connection of JNPT to WDFC, CCRI's market share is likely to stabilise. The market share loss in Mundra zone supports a lower but still decent 11% CAGR in EXIM container volume over FY25-28E.

Exhibit 16. Port-wise container origin (mnTEU)



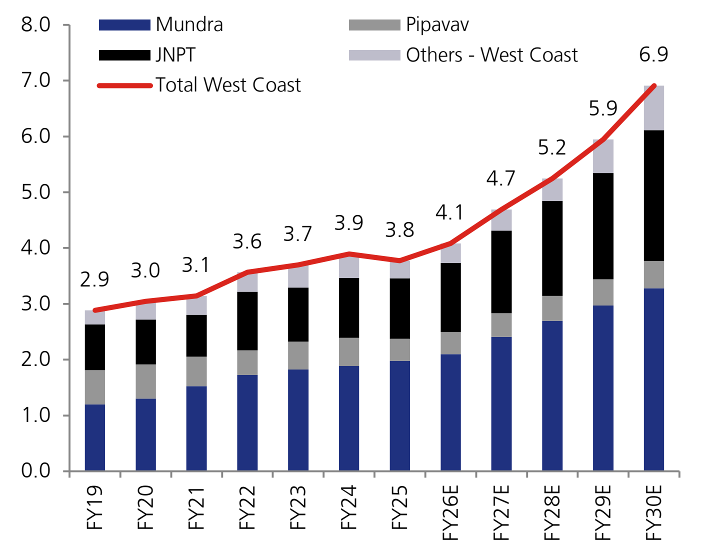

Source: Company, JM Financial, Industry

Exhibit 17. Share of rail evacuation on West Coast containers



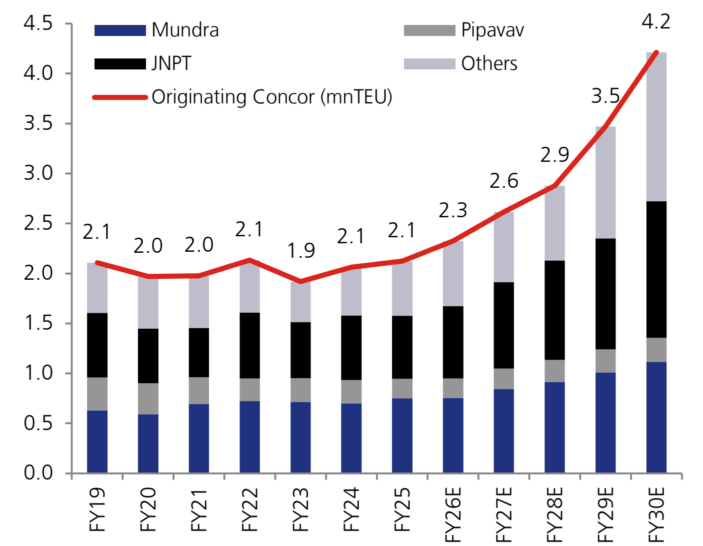

Source: Company, JM Financial, Industry

Exhibit 18. Port-wise rail evacuated containers (mnTEU)




Source: Company, Industry, JM Financial

Exhibit 19. CCRI EXIM volume by ports (mnTEU)




Source: Company, Industry, JM Financial

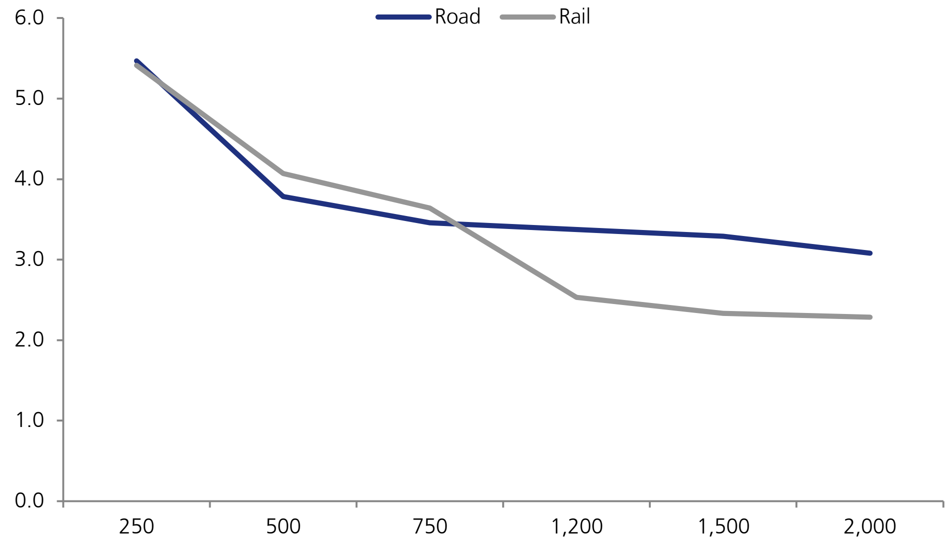
## Limitations on rail shift at JNPT as cargoes are not aligned to WDFC

We note that there is a popular misconception that rail freight is cheaper than road freight. While a cursory glance at road and rail tariffs might suggest this, it must be noted that trucking can support door-to-door delivery, while rail traffic needs additional handling and FMLM logistics. We estimate the breakeven distance to be ~500-750km.

### Low lead traffic (<400km) may not shift to rail despite DFC

We estimate that ~40% of the containers are for low lead distances (based on National Rail Plan 2030). These cargoes will be hard to shift from road to rail without indulging in aggressive tariff cuts, in our view. This holds true for both Mundra and JNPT, which have relatively well-developed hinterlands in Gujarat and Maharashtra (except in Pipavav, with a less-industrialised hinterland).

Exhibit 20. Railways is cheaper than roads only for long leads (including FMLM costs)




Source: Industry, JM Financial

## JNPT hinterland is oriented away from the WDFC

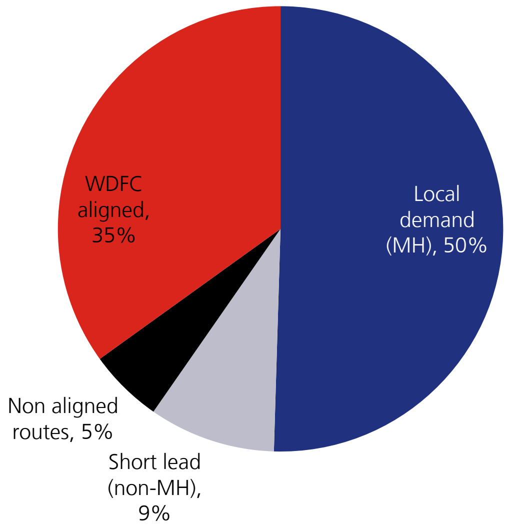
A study by The Energy and Resources Institute (TERI) in 2019 highlighted that shippers prefer rail container movement for import containers. This is because fully loaded containers are being unloaded at ports and these containers need to be sent to ICDs. However, exporters tend to transport smaller quantum of goods by road to ICDs, near the port premises, for aggregation and then containerisation for final exports.

This leads to a significant mismatch between import and export legs, resulting in empty running charges for CTOs. Even with the commissioning of DFCs, effecting the shift in export containers (~40% of traffic) will be challenging, in our view.

Furthermore, for JNPT, unlike Gujarat ports, a significant portion of the hinterland is not aligned to the WDFC (Central and eastern Maharashtra, Hyderabad, and Bangalore). Based on our hinterland study and estimates, only 33% of the container volumes are north-bound long leads (the rest are for local consumption in Maharashtra and South India). This aligns with statements by CCRI management that 30-35% of demand from JNPT is in the northern region. For non-WDFC aligned cargo, we do not expect any modal shift as the railway's competitiveness is impacted by the development of high-quality roads (Mumbai Nagpur Expressway). Therefore, we estimate only ~24% rail coefficient for JNPT in the long term (FY30).

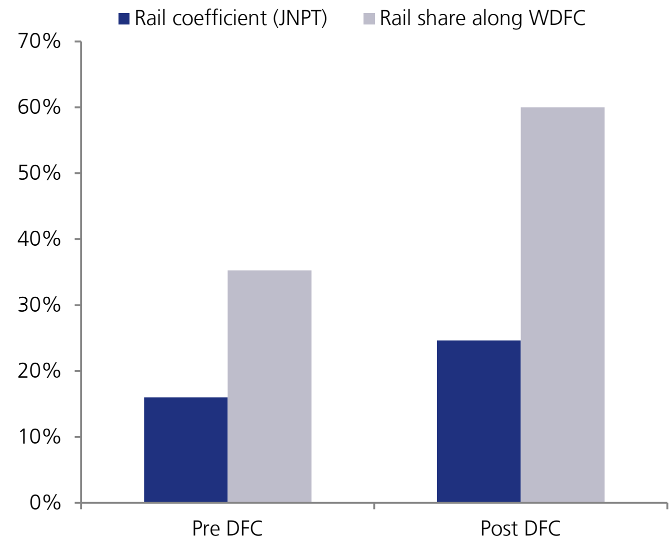
Furthermore, JNPT has no further scope of expansion (current capacity of 10.0m TEU). Unless the planned Vadhavan port is implemented, which we believe is at least a decade away, the Maharashtra WDFC zone area is likely to be saturated in terms of port capacity by FY29E.

Exhibit 21. JNPT hinterland analysis: Majority of traffic is along the non-WDFC route




Source: Industry, JM Financial

Exhibit 22. Rail modal share can rise up to 25% by FY30 vs 16% (FY25) even if rail volume doubles on WDFC stretch




Source: Industry, JM Financial

## Peers are investing in ICDs along the WDFC, rail rakes and FMLM capabilities

Key CTO operators, such as Adani Logistics, are investing in ICDs along the WDFC. Other CTOs including Pristine Logistics, Gateways Distriparks, DP World, JM Baxi and Hind Terminals have also invested in setting up ICDs in the region (these terminals are mostly targeted on the Mundra to Dadri routes) along the WDFC

On the JNPT leg, Adani Logistics acquired Navkar's ICD at Tumb (Gujarat), which is linked to the WDFC. JSW has acquired Navkar's assets and is likely to roll out full-fledged CTO operations. **All this implies incremental competition for CCRI.**

CCRI has key ICDs in the zone, namely Swarupgunj and Varanama. Currently, JNPT's cargoes are being aggregated at Varanama, before being transitioned on the WDFC.

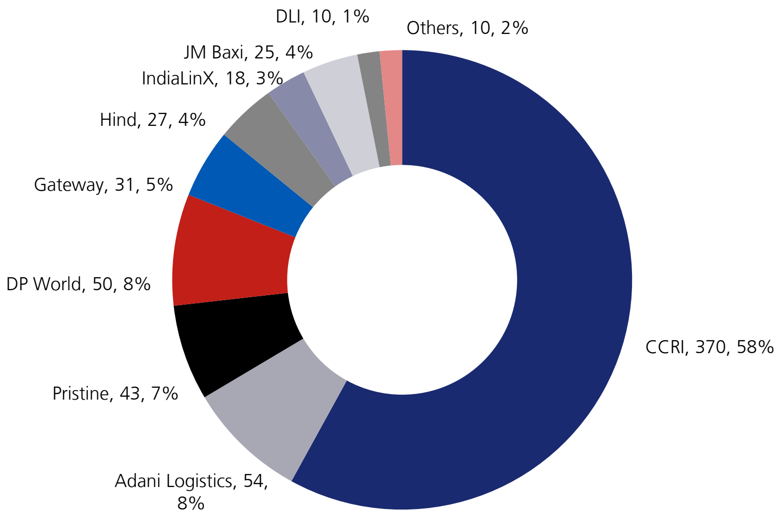
Key peers have increasingly invested in rail rakes for container train operations and in expanding their trucking fleet (owned or leased) to support their FMLM capabilities and act as integrated logistics players.

Exhibit 23. Companies are increasing their presence along the WDFC

| Adani Logistics | DP World | Pristine ICD/PFT | Gateway Distriparks | Hind Terminals | JM Baxi |
|---|---|---|---|---|---|
| Patil Haryana | Modinagar | Kanpur (UP) | Gurugram Garhi Harsaru | Kila Raipur, Ludhiana | Delhi ICD |
| Kila Raipur, Ludhiana | Panipat | Ludhiana (Punjab) | Ludhiana Sahnewal | Palwal Logistics Parks | Incchapuri ICD |
| Kannech, Rajasthan | Hindaun | Patna (Bihar) | Faridabad Piyala | | |
| ICD Tumb | Pali | Siliguri (West Bengal) | Ahmedaad Viramgam | | |
| Malur, Bangalore | Ahmedabad | Birgunj (Nepal) | Kashipur | | |
| Borkehdi, Nagpur | Khazira | SICAL (Bangalore) | | | |
| ICD Loni | Hyderabad | | | | |
| ICD Valvada | | | | | |
| Virochnangar MMLP | | | | | |

Source: Industry, JM Financial.

Exhibit 24. CCRI still retains the lion's share in container rakes




Source: Company, Industry, JM Financial

## Estimate 9% EBITDA and 11% PAT CAGR over FY25-28E

We estimate 9%/11% CAGR EBITDA/EPS for CCRI over FY25-28E. We are 10%/8% lower than consensus estimates on our FY26/27 EBITDA estimates. We believe the consensus estimates do not factor in headwinds on pricing and margins from aggressive competition.

Exhibit 25. JMFe vs. consensus

| INR m | JMFe | | Consensus | | JMFe vs consensus | |
|---|---|---|---|---|---|---|
| | FY26E | FY27E | FY26E | FY27E | FY26E | FY27E |
| Sales | 91,671 | 1,04,123 | 96,878 | 1,10,554 | -5.4% | -5.8% |
| EBITDA | 18,929 | 22,548 | 21,105 | 24,477 | -10.3% | -7.9% |
| EBITDA margin (%) | 20.6% | 21.7% | 21.8% | 22.1% | -114bps | -48bps |
| PAT | 12,525 | 15,535 | 14,406 | 16,902 | -13.1% | -8.1% |

Source: Company, Industry, JM Financial

## DCF-based target price of INR 500, downgrade to REDUCE

We value CCRI's core business using DCF methodology. Based on CCRI's current operations, we arrive at a value of INR 500. For our DCF valuation, we use a risk-free rate of 6.6% (in line with India's G-sec yield), an equity beta of 0.9x and a terminal growth rate of 5%.Thus, we downgrade to REDUCE rating.

Exhibit 26. DCF based TP of INR 500

| Parameters | Value |
|---|---|
| Cost of equity | 11.10% |
| Risk free rate | 6.6% |
| Market premium | 5.00% |
| Adjusted Beta | 0.90 |
| Terminal growth | 5.0% |
| NPV of FCFF | 3,39,213 |
| Cash on books (FY26E) | 41,029 |
| Equity value | 3,80,242 |
| **Target price** | **500** |

Source: JM Financial

# Investment risks

## Upside risks

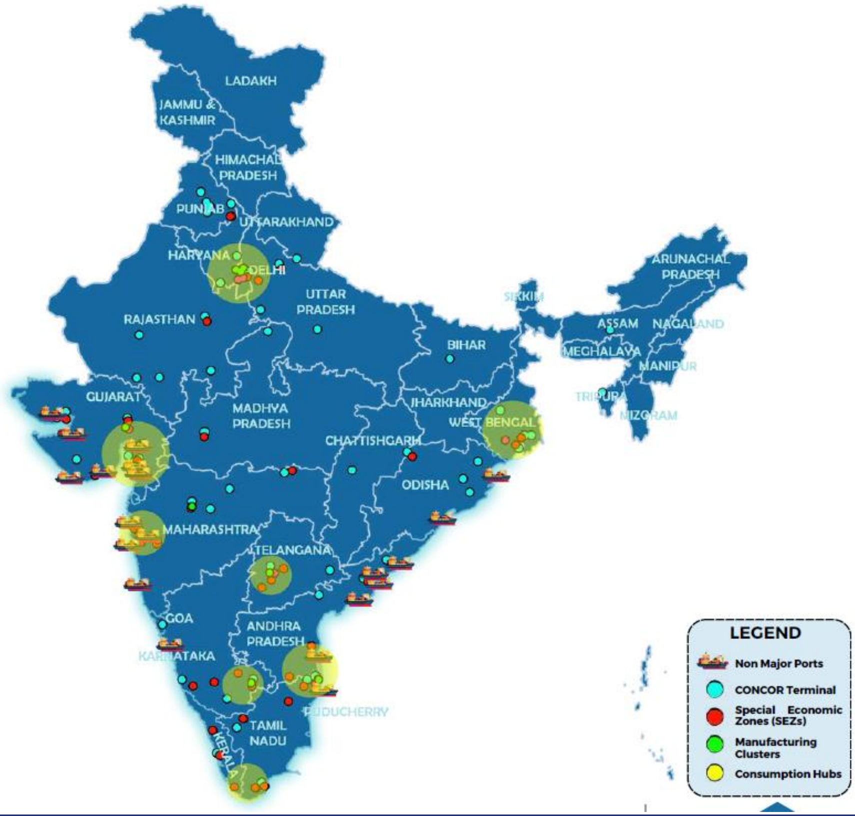
- Market-share gains in the near term and volume benefits from the full commissioning of the WDFC
- Railway tariff rationalisation and predictability supporting modal shift from road to rail
- Lower-than-estimated LLF levels in the event more terminals are surrendered with minimal impact on cargo volumes

## Downside risks

- Further market share loss to private CTOs due to pricing aggression and expansion into integrated logistics services by other private players
- Continued delay (beyond FY26) in the connection of JNPT to the WDFC
- Sharp decline in truck freight rates or sharp tariff hike by railways adversely impacting modal shift from road to rail

# Annexures

Exhibit 27. Map showing CCRI terminal locations




Source: Niti Aayog

Exhibit 28. Port-wise ICD connectivity

| Port terminal | Draft (m) | Capacity (mn TEU) | ICDs |
|---|---|---|---|
| Mundra | | | |
| CT1 (MICT) | 16.50 | 1.35 | Khodiyar-Sachana-Sanand-Tughlakabd-Patparganj-Dadri-Ghari,Harsaru-Loni-Patli-Piyala-Moradabad-Faridabad- Kahthuwas- Pantnagar-Sonipat-Samalkha-Ludhiana-(Dhandarikalana, Sahnewal, Kanesch Chawa)-Kashipur-Pali-Kota-Jaipur-Jodhpur (Bgkyt, Thar Dry port)- Rewari-Palwal |
| CT2 (AMCT) | 14.00 | 1.20 | |
| CT3 (AICT-MSC) | 16.60 | 2.80 | |
| CT4 (ACMT-CMA-CGM) | 14.50 | 1.30 | |
| Pipavav | | | |
| Maersk terminal | 14.50 | 1.30 | Sachana-Khodiyar-Sanand-Tughlakabad-Patparganj-Dadri-Ghari Harsaru-Loni-Patli-Piyala-Faridabad-Kathuwas-Sonipat-Samalkha-Bawal-Sudhiana (Dhandharikalan, Sahnewal, Kanech, Chawa) Kashipur-Pali-Jaipur-Jodhpur (BGKT, Thar Dry Port) |
| Hazira Adani | | | |
| AHCT | 14.00 | 1.20 | Tumb, Dashrath |

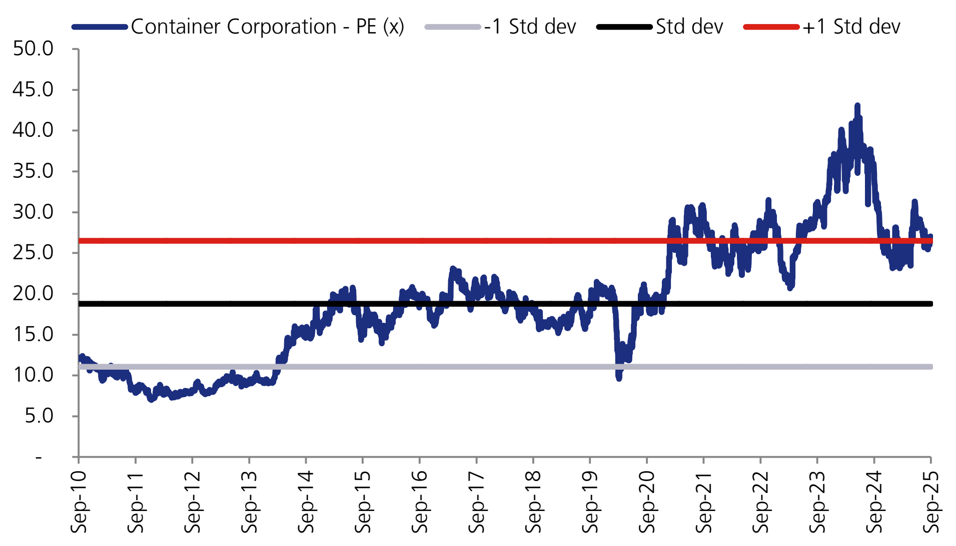
Source: Industry, JM Financial

## Exhibit 29. Mundra and Pipavav have stronger rail connectivity to northern hinterland vs. JNPT

| | | Train weekly frequency | | | Haulage time in days | | |
|---|---|---|---|---|---|---|---|
| | Mode | Mundra | JNPT | Pipavav | Mundra | JNPT | Pipavav |
| Tughlakabad | Rail | 14 | 7 | 7 | 3 | 3 | 3 |
| Ludhiana (5 ICDs) | Rail | 14 | 4 | 7 | 4 | 4 | 4 |
| Dadri | Rail | 14 | 7 | 7 | 3 | 3 | 3 |
| Khodiyar | Rail | 7 | 3 | 4 | 2 | 2 | 2 |
| Samalkha (panipat) | Rail | 7 | | 1 | 3 | | 3 |
| Garhi Harsaru | Rail | 3 | 1 | 1 | 3 | 3 | 3 |
| Patli | Rail | 4 | | 1 | 3 | | 3 |
| ACTL Faridabad | Rail | 3 | 1 | 3 | 3 | 3 | 3 |
| MIHAN | Rail | | 4 | | | 2 | |
| Piyala | Rail | 7 | 1 | 2 | 3 | 3 | 3 |
| Sanand | Rail | 3 | | 1 | 2 | | 2 |
| Jaipur | Rail | 3 | 1 | 1 | 3 | 3 | 3 |
| Hyderabad | Rail | | 7 | | | 3 | |
| Patparhanj | Rail | 7 | 1 | 1 | 3 | 3 | 3 |
| Borkhedi | Rail | | 3 | | | 2 | |
| Kanpur | Rail | | 3 | | | 3 | 3 |
| Sonipat | Rail | 7 | | 2 | 3 | | 3 |
| Jodhpur | Rail | 3 | | 1 | 3 | | 3 |
| Moradabad | Rail | 4 | 1 | 1 | 3 | 3 | |
| Panki | Rail | | 4 | | | 3 | |
| TIHI | Rail | | 3 | | | 2 | |

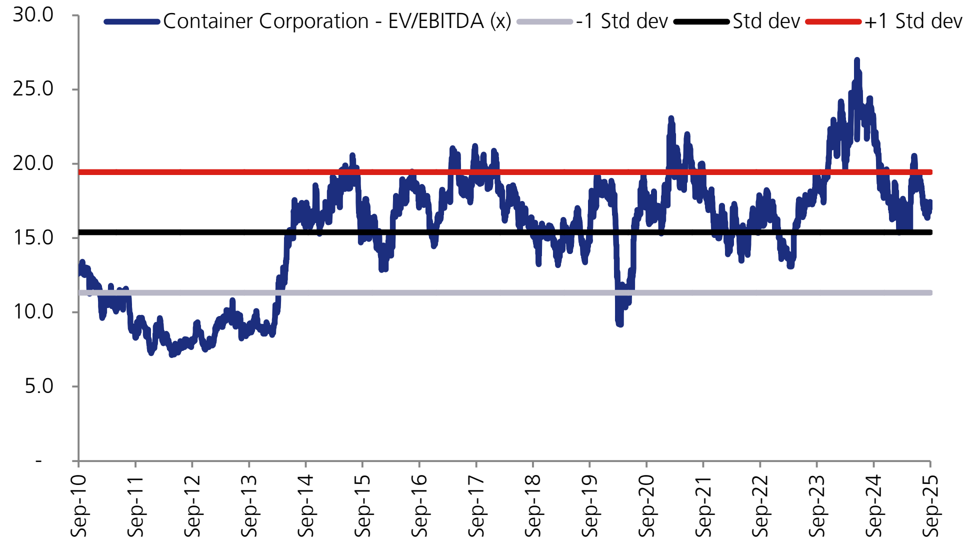
Source: Industry, JM Financial

## Exhibit 30. CCRI 12 month forward P/E is higher than average




Source: Bloomberg

### Exhibit 31. CCRI's 12 month forward EV EBITDA is marginally higher than average




Source: Bloomberg

### Exhibit 32. JMFe vs Consensus

| Particulars (INR mn) | JMFe | | | Consensus | | | JMFe vs consensus | | |
|---|---|---|---|---|---|---|---|---|---|
| | FY26E | FY27E | FY28E | FY26E | FY27E | FY28E | FY26E | FY27E | FY28E |
| Sales | 91,671 | 1,04,123 | 1,14,329 | 97,050 | 1,11,457 | 1,26,151 | -5.5% | -6.6% | -9.4% |
| EBITDA | 18,929 | 22,548 | 24,588 | 20,651 | 24,032 | 28,617 | -8.3% | -6.2% | -14.1% |
| EBITDA margin (%) | 20.6% | 21.7% | 21.5% | 21.3% | 21.6% | 22.7% | -63bps | 9bps | -118bps |
| PAT | 12,525 | 15,535 | 17,506 | 14,005 | 16,882 | 29,781 | -10.6% | -8.0% | NA |

Source: JM Financial, Bloomberg

### Exhibit 33. Change in estimates

| Particulars (INR mn) | New | | | Old | | | Change in estimates | | |
|---|---|---|---|---|---|---|---|---|---|
| | FY26E | FY27E | FY28E | FY26E | FY27E | FY28E | FY26E | FY27E | FY28E |
| Sales | 91,671 | 1,04,123 | 1,14,329 | 91,671 | 1,04,520 | 1,16,182 | 0.0% | -0.4% | -1.6% |
| EBITDA | 18,929 | 22,548 | 24,588 | 18,889 | 22,395 | 25,384 | 0.2% | 0.7% | -3.1% |
| EBITDA margin (%) | 20.6% | 21.7% | 21.5% | 20.6% | 21.4% | 21.8% | 4bps | 23bps | -34bps |
| PAT | 12,525 | 15,535 | 17,506 | 12,495 | 15,416 | 18,110 | 0.2% | 0.8% | -3.3% |

Source: JM Financial

# Financial Tables (Standalone)

| Income Statement | | | | | (INR mn) |
|---|---|---|---|---|---|
| Y/E March | FY24A | FY25A | FY26E | FY27E | FY28E |
| Net Sales | 86,325 | 88,634 | 91,671 | 1,04,123 | 1,14,329 |
| Sales Growth | 6.5% | 2.7% | 3.4% | 13.6% | 9.8% |
| Other Operating Income | 0 | 0 | 0 | 0 | 0 |
| **Total Revenue** | **86,325** | **88,634** | **91,671** | **1,04,123** | **1,14,329** |
| Cost of Goods Sold/Op. Exp | 59,817 | 61,723 | 64,372 | 72,890 | 80,730 |
| Personnel Cost | 4,628 | 4,889 | 5,182 | 5,337 | 5,497 |
| Other Expenses | 2,584 | 3,036 | 3,188 | 3,348 | 3,515 |
| **EBITDA** | **19,296** | **18,986** | **18,929** | **22,548** | **24,588** |
| EBITDA Margin | 22.4% | 21.4% | 20.6% | 21.7% | 21.5% |
| EBITDA Growth | 4.8% | -1.6% | -0.3% | 19.1% | 9.0% |
| Depn. & Amort. | 6,009 | 5,628 | 6,207 | 6,428 | 6,629 |
| EBIT | 13,287 | 13,357 | 12,722 | 16,120 | 17,959 |
| Other Income | 3,783 | 4,652 | 4,663 | 5,283 | 6,076 |
| Finance Cost | 653 | 695 | 664 | 664 | 664 |
| PBT before Excep. & Forex | 16,416 | 17,314 | 16,721 | 20,738 | 23,371 |
| Excep. & Forex Inc./Loss(-) | -71 | -333 | 0 | 0 | 0 |
| PBT | 16,345 | 16,981 | 16,721 | 20,738 | 23,371 |
| Taxes | 4,037 | 4,261 | 4,196 | 5,204 | 5,864 |
| Extraordinary Inc./Loss(-) | 0 | 0 | 0 | 0 | 0 |
| Assoc. Profit/Min. Int.(-) | 0 | 0 | 0 | 0 | 0 |
| Reported Net Profit | 12,308 | 12,720 | 12,525 | 15,535 | 17,506 |
| **Adjusted Net Profit** | **12,362** | **12,969** | **12,525** | **15,535** | **17,506** |
| Net Margin | 14.3% | 14.6% | 13.7% | 14.9% | 15.3% |
| Diluted Share Cap. (mn) | 609.3 | 609.3 | 761.6 | 761.6 | 761.6 |
| **Diluted EPS (INR)** | **20.3** | **21.3** | **16.4** | **20.4** | **23.0** |
| Diluted EPS Growth | 5.7% | 4.9% | -22.7% | 24.0% | 12.7% |
| Total Dividend + Tax | 6,702 | 7,007 | 6,900 | 8,557 | 9,644 |
| Dividend Per Share (INR) | 11.0 | 11.5 | 9.1 | 11.2 | 12.7 |

Source: Company, JM Financial

| Balance Sheet | | | | | (INR mn) |
|---|---|---|---|---|---|
| Y/E March | FY24A | FY25A | FY26E | FY27E | FY28E |
| Shareholders' Fund | 1,18,123 | 1,23,495 | 1,30,260 | 1,38,651 | 1,48,108 |
| Share Capital | 3,047 | 3,047 | 3,047 | 3,047 | 3,047 |
| Reserves & Surplus | 1,15,077 | 1,20,448 | 1,27,214 | 1,35,605 | 1,45,061 |
| Preference Share Capital | 0 | 0 | 0 | 0 | 0 |
| Minority Interest | 0 | 0 | 0 | 0 | 0 |
| Total Loans | 0 | 0 | 0 | 0 | 0 |
| Def. Tax Liab. / Assets (-) | 0 | 0 | 0 | 0 | 0 |
| **Total - Equity & Liab.** | **1,18,123** | **1,23,495** | **1,30,260** | **1,38,651** | **1,48,108** |
| Net Fixed Assets | 66,128 | 71,536 | 73,929 | 76,101 | 78,072 |
| Gross Fixed Assets | 98,089 | 1,09,017 | 1,17,617 | 1,26,217 | 1,34,817 |
| Intangible Assets | 169 | 124 | 124 | 124 | 124 |
| Less: Depn. & Amort. | 40,911 | 46,064 | 52,272 | 58,700 | 65,328 |
| Capital WIP | 8,782 | 8,460 | 8,460 | 8,460 | 8,460 |
| Investments | 13,336 | 13,336 | 13,336 | 13,336 | 13,336 |
| Current Assets | 59,185 | 57,923 | 62,366 | 68,787 | 76,567 |
| Inventories | 499 | 497 | 512 | 556 | 620 |
| Sundry Debtors | 3,295 | 3,944 | 4,064 | 4,413 | 4,924 |
| Cash & Bank Balances | 32,389 | 35,622 | 39,929 | 45,957 | 53,162 |
| Loans & Advances | 155 | 162 | 162 | 162 | 162 |
| Other Current Assets | 22,848 | 17,700 | 17,700 | 17,700 | 17,700 |
| Current Liab. & Prov. | 20,526 | 19,300 | 19,370 | 19,572 | 19,867 |
| Current Liabilities | 10,247 | 8,972 | 9,042 | 9,244 | 9,539 |
| Provisions & Others | 10,279 | 10,328 | 10,328 | 10,328 | 10,328 |
| Net Current Assets | 38,659 | 38,623 | 42,996 | 49,215 | 56,700 |
| **Total – Assets** | **1,18,123** | **1,23,495** | **1,30,260** | **1,38,651** | **1,48,108** |

Source: Company, JM Financial

| Cash Flow Statement | | | | | (INR mn) |
|---|---|---|---|---|---|
| Y/E March | FY24A | FY25A | FY26E | FY27E | FY28E |
| Profit before Tax | 12,308 | 12,720 | 12,525 | 15,535 | 17,506 |
| Depn. & Amort. | 6,009 | 5,628 | 6,207 | 6,428 | 6,629 |
| Net Interest Exp. / Inc. (-) | 653 | 695 | 664 | 664 | 664 |
| Inc (-) / Dec in WCap. | -1,946 | -846 | -66 | -191 | -280 |
| Others | -3,332 | -1,545 | -4,663 | -5,283 | -6,076 |
| Taxes Paid | 0 | 0 | 0 | 0 | 0 |
| **Operating Cash Flow** | **13,692** | **16,652** | **14,668** | **17,153** | **18,444** |
| Capex | -7,817 | -8,380 | -8,600 | -8,600 | -8,600 |
| Free Cash Flow | 5,875 | 8,272 | 6,068 | 8,553 | 9,844 |
| Inc (-) / Dec in Investments | 0 | 0 | 0 | 0 | 0 |
| Others | 985 | 2,367 | 4,663 | 5,283 | 6,076 |
| **Investing Cash Flow** | **-6,832** | **-6,014** | **-3,937** | **-3,317** | **-2,524** |
| Inc / Dec (-) in Capital | 0 | 0 | 0 | 0 | 0 |
| Dividend + Tax thereon | -6,702 | -7,311 | -5,760 | -7,144 | -8,050 |
| Inc / Dec (-) in Loans | 592 | -112 | 0 | 0 | 0 |
| Others | -1,936 | -1,664 | -664 | -664 | -664 |
| **Financing Cash Flow** | **-8,047** | **-9,088** | **-6,424** | **-7,808** | **-8,715** |
| **Inc / Dec (-) in Cash** | **-1,187** | **1,551** | **4,307** | **6,028** | **7,205** |
| Opening Cash Balance | 3,085 | 1,898 | 3,449 | 7,755 | 13,784 |
| Closing Cash Balance | 1,898 | 3,449 | 7,755 | 13,784 | 20,989 |

Source: Company, JM Financial

| Dupont Analysis | | | | | |
|---|---|---|---|---|---|
| Y/E March | FY24A | FY25A | FY26E | FY27E | FY28E |
| Net Margin | 14.3% | 14.6% | 13.7% | 14.9% | 15.3% |
| Asset Turnover (x) | 0.7 | 0.7 | 0.7 | 0.7 | 0.8 |
| Leverage Factor (x) | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 |
| RoE | 10.7% | 10.7% | 9.9% | 11.6% | 12.2% |

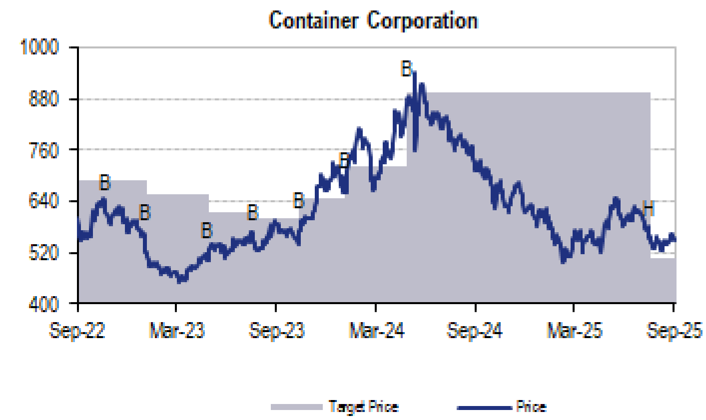
| Key Ratios | | | | | |
|---|---|---|---|---|---|
| Y/E March | FY24A | FY25A | FY26E | FY27E | FY28E |
| BV/Share (INR) | 193.9 | 202.7 | 171.0 | 182.0 | 194.5 |
| ROIC | 14.3% | 13.6% | 12.6% | 15.4% | 16.7% |
| ROE | 10.7% | 10.7% | 9.9% | 11.6% | 12.2% |
| Net Debt/Equity (x) | -0.3 | -0.3 | -0.3 | -0.3 | -0.4 |
| P/E (x) | 27.1 | 25.8 | 33.4 | 27.0 | 23.9 |
| P/B (x) | 2.8 | 2.7 | 3.2 | 3.0 | 2.8 |
| EV/EBITDA (x) | 20.0 | 20.2 | 20.0 | 16.5 | 14.9 |
| EV/Sales (x) | 4.5 | 4.3 | 4.1 | 3.6 | 3.2 |
| Debtor days | 14 | 16 | 16 | 15 | 16 |
| Inventory days | 2 | 2 | 2 | 2 | 2 |
| Creditor days | 16 | 12 | 12 | 11 | 12 |

Source: Company, JM Financial

## History of Recommendation and Target Price

| Date | Recommendation | Target Price | % Chg. |
|---|---|---|---|
| 11-Aug-20 | Hold | 336 | |
| 21-Sep-20 | Buy | 376 | 11.9 |
| 7-Nov-20 | Buy | 380 | 1.1 |
| 8-Jan-21 | Buy | 424 | 11.6 |
| 5-Feb-21 | Buy | 456 | 7.5 |
| 5-Apr-21 | Buy | 520 | 14.0 |
| 24-May-21 | Buy | 592 | 13.8 |
| 30-Jul-21 | Buy | 632 | 6.8 |
| 22-Oct-21 | Buy | 640 | 1.3 |
| 22-Jan-22 | Buy | 688 | 7.5 |
| 20-May-22 | Buy | 616 | -10.5 |
| 8-Sep-22 | Buy | 688 | 11.7 |
| 11-Nov-22 | Buy | 688 | 0.0 |
| 24-Jan-23 | Buy | 656 | -4.7 |
| 19-May-23 | Buy | 616 | -6.1 |
| 12-Aug-23 | Buy | 600 | -2.6 |
| 4-Nov-23 | Buy | 648 | 8.0 |
| 26-Jan-24 | Buy | 720 | 11.1 |
| 19-May-24 | Buy | 896 | 24.4 |
| 7-Aug-25 | Hold | 508 | -43.3 |

## Recommendation History



# APPENDIX I

## JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081
Member of BSE Ltd. and National Stock Exchange of India Ltd.
SEBI Registration Nos.: Stock Broker - INZ000163434, Research Analyst - INH000000610
Registered Office: 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025, India.
Board: +91 22 6630 3030 | Fax: +91 22 6630 3488 | Email: jmfinancial.research@jmfl.com | www.jmfl.com
Compliance Officer: Mr. Sahil Salastekar | Tel: +91 22 6224 1743 | Email: sahil.salastekar@jmfl.com
Grievance officer: Mr. Sahil Salastekar | Tel: +91 22 6224 1743 | Email: instcompliance@jmfl.com

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

| New Rating System: Definition of ratings | |
|---|---|
| Rating | Meaning |
| BUY | Expected return >= 15% over the next twelve months. |
| ADD | Expected return >= 5% and < 15% over the next twelve months. |
| REDUCE | Expected return >= -10% and < 5% over the next twelve months. |
| SELL | Expected return < -10% over the next twelve months. |

| Previous Rating System: Definition of ratings | |
|---|---|
| Rating | Meaning |
| BUY | Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields. |
| HOLD | Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months. |
| SELL | Price expected to move downwards by more than 10% from the current market price over the next twelve months. |

* REITs refers to Real Estate Investment Trusts.

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All of the views expressed in this research report accurately reflect his or her or their personal views about all of the issuers and their securities; and
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