

## New Rly Land Licence Policy may Not Benefit Concor: Analysts

Container operator may not risk losing its terminals by rebidding for lower fees; stock likely to see downgrades

### Our Bureau

**Mumbai:** The revised land licence policy for terminals of Indian Railways is negative for Container Corporation (Concor), and the company may have more to lose if it considers rebidding for railway facilities to benefit from the reduced land licence fees.

The stock, which rallied 30% in the last six months, might see some rating downgrades from analysts as complexities arising out of reduced land licence fees are expected to outweigh the benefits.

The Union Cabinet, on September 7, approved the policy on leasing railways land for Gati Shakti terminals, cutting the annual land

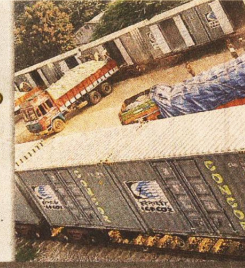
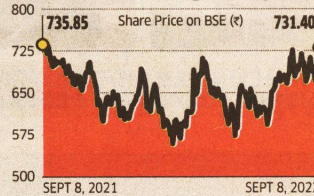
licence fee (LLF) to 1.5% from earlier 6% of the market value of the land. It has also extended the

term for up to a period of 35 years from the earlier five years. The new policy will be applicable on new terminals; however, it provides existing entities with an option to switch to the new regime after a transparent and competitive bidding process where the incumbent will possess the right of first refusal.

Shares of Concor surged nearly 15% on Wednesday to an all-time

**Concor's handling income is ₹910 cr and the land licence fee is 40% of this, based on June quarter run-rate**

### Container Corporation



high after the Cabinet approved the new rail land lease policy.

"Concor may not be willing to go for rebidding and risk letting go of key terminals against the prospects of reducing its land licence

fee," said Aditya Mongia, an analyst at Kotak Securities. "We downgrade Concor to reduce from add with an unchanged target price,"

Shares of Concor gained 0.65% to close at ₹731.40 on Thursday. Con-

cor's handling income is ₹910 crore and the land licence fee, based on the June quarter run-rate, is about 40% of such income at ₹380 crore, according to Kotak Securities.

"On the face of it, it appears that the policy is aimed at the Gati Shakti terminal. However, it provides Concor and other players the option to adopt/ switch to this new regime through a competitive bidding process," said Achal Lohade, an analyst at JM Financial. "Rules and conditions are yet to be spelt out clearly. But as per Gati Shakti Policy Cargo terminal policy, if Concor is to take the option of moving to the new regime, it is likely to have to win the terminal back basis revenue share model via a competitive bidding process."