

BlueDart Express (BLUDAR)

₹ 4100

H2 crucial to maintain premium valuation...

- Revenues grew 6% YoY (up 5.4% QoQ) to ₹ 702.8 crore (I-direct estimate: ₹ 696.4 crore). The B2C segment continued to remain subdued, contributing 21-22% of overall revenues while the remaining contribution (78-79%) was from B2B. Utilisation levels for the quarter were at 83-85% compared to 80% in Q1FY18
- Post de-growth for four consecutive quarters, EBITDA showed signs of revival with a marginal growth of 3% YoY to ₹ 76.7 crore (I-direct estimate: ₹ 66.2 crore) reflecting operating synergies. The impact of revision of employee expenses (up 12% YoY) under Minimum Wages Act continued to moderate margins. EBITDA margins declined 36 bps YoY to 10.9% (I-direct estimate: 9.5%)
- A better-than-expected operational performance was completely offset by higher depreciation (up 5% YoY) and lower other income (down 17% YoY). The resultant PAT de-grew 3% YoY to ₹ 41.4 crore (I-direct estimate: ₹ 35.2 crore) vs. ₹ 42.8 crore in Q2FY17

Growth to foster high competition; BDE to sustain market leadership...

With a fleet of six freighters and express support vehicles of 9185 vehicles (outsourced), BDE covers over 34267 locations. The company leverages its pan-India reach via 21 ground hubs and 250 network routes. This widespread infrastructure enables the company to have a competitive advantage over existing domestic players and new entrants. As per the management, the captive logistics companies for e-commerce players, the likes of e-kart, Gojavas, etc, would continue to co-exist in the logistics ecosystem. However, given their capabilities and scalability, these players would remain regional in nature. Subsequently, with the pan India reach, BDE would continue to remain the preferred logistic partner for catering to Tier II and Tier III cities. We continue to believe that BDE's network continues to enjoy the uniqueness compared to its peers and, thus command the valuation premium.

Upbeat air cargo outlook; DHL collaboration icing on the cake...

According to Civil Aviation address at the India Integrated Transport & Logistics Summit 2017, the air cargo sector is expected to grow 9% in the next few years. The sector has grown 7% over the last decade. Key growth drivers would be recently announced regional connectivity scheme (RCS) and erection of logistic parks. Subsequently, in the global strategy of foreign players like FedEx, UPS and DHL, India is a key growth market. DHL, in collaboration with BlueDart, operates five cross business units wherein leads, clients and synergies are shared. DHL leverages BDE's dedicated infrastructure for international co-load. Furthermore, DHL also utilises BDE's robust reach across India to reach locations where DHL is not present directly. Synergies are expected to bring in higher efficiencies and best practices, which enable BDE to perform better than its competitors, commanding higher multiples.

Delayed recovery; GST to bring tectonic changes; maintain BUY...

The Indian logistics industry, which is highly fragmented with ~50% unorganised share, is expected to favour pan-India organised logistics players. In addition, a direct correlation of ~2x to GDP and trade growth, buoyancy in the same would support sector growth rates. BlueDart, being one of the largest organised surface logistics players, will benefit from these tectonic policy changes. We believe growth rates would be much higher post GST-stabilisation period. Given the benefits to accrue over a longer period of time, we continue to value BDE on a DCF model maintaining target price of ₹ 5000 with a **BUY** recommendation.

Rating matrix		
Rating	:	Buy
Target	:	₹ 5000
Target Period	:	12 months
Potential Upside	:	22%

What's changed?	
Target	Unchanged
EPS FY18E	Unchanged
EPS FY19E	Unchanged
Rating	Unchanged

Quarterly performance					
	Q2FY18	Q2FY17	YoY (%)	Q1FY18	QoQ (%)
Revenue	702.8	663.2	6.0	666.7	5.4
EBITDA	76.7	74.8	2.6	45.8	67.4
EBITDA Margin	10.9	11.3	-36 bps	6.9	404 bps
PAT	41.4	42.8	-3.3	21.1	96.3

Key financials				
₹ Crore	FY16	FY17	FY18E	FY19E
Net Sales	2,563	2,690	2,900	3,263
EBITDA	406	342	376	464
Net Profit	196.8	139.8	145.6	203.5
EPS	82.8	58.9	61.3	85.6

Valuation summary				
	FY16	FY17	FY18E	FY19E
P/E (x)	49.5	67.4	66.9	47.9
Target P/E (x)	60.4	82.1	81.6	58.4
EV/EBITDA (x)	24.2	28.7	25.6	20.5
P / BV (x)	25.5	26.1	17.7	15.4
RONW (%)	51.5	38.8	26.5	32.1
ROCE (%)	34.8	32.9	28.9	33.7

Stock data	
Particular	Amount
Market Capitalization (₹ crore)	9,742
Total Debt (FY17) (₹ Crore)	309.9
Cash (FY17) (₹ Crore)	256.8
EV (₹ Crore)	9,794.6
52 week H/L	5422 / 3830
Equity Capital (₹ Crore)	23.8
Face Value (₹)	10.0

Peer Set				
	1M	3M	6M	12M
Patel Integrated	0.9	(1.5)	4.1	(28.9)
Transport Corp.	7.1	28.6	94.0	53.6
Blue Dart Exp.	0.2	(11.7)	(3.9)	(27.5)
Gati	(5.1)	(10.6)	0.5	(33.1)

Research Analyst	
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Variance analysis

	Q2FY18	Q2FY18E	Q2FY17	YoY (%)	Q1FY18	QoQ (%)	Comments
Revenue	702.8	696.4	663.2	6.0	666.7	5.4	Majority of the growth is driven by volume. B2C revenues contributed 21-22% of total revenues. Utilisation levels were at 83-85%
Freight Handling & Service cost	441.9	438.7	418.2	5.7	430.1	2.8	
Employee Expenses	113.1	114.9	101.2	11.7	117.6	-3.9	
Administrative & Oth Expenses	71.1	76.6	69.0	3.1	73.2	-2.8	
Total Expense	626.1	630.2	588.4	6.4	620.8	0.8	
EBITDA	76.7	66.2	74.8	2.6	45.8	67.4	
EBITDA Margin (%)	10.9	9.5	11.3	-36 bps	6.9	404 bps	Margins impacted by higher employee expenses
Depreciation	11.4	11.2	10.9	5.0	11.4	0.3	
Interest	7.9	7.8	7.9	-0.3	7.8	1.2	
Other Income	5.8	6.5	7.0	-16.9	5.7	2.5	
Exceptional Gain/Loss	0.0	0.0	0.0	-	0.0	-	
PBT	63.3	53.7	63.0	0.4	32.3	95.6	
Total Tax	21.9	18.5	20.2	8.1	11.3	94.4	
PAT	41.4	35.2	42.8	-3.3	21.1	96.3	

Source: Company, ICICIdirect.com Research

Change in estimates

(` Crore)	FY17	FY18E			FY19E			Comments
		Old	New	% Change	Old	New	% Change	
Revenue	2,689.5	2,900.3	2,900.3	0.0	3,262.7	3,262.7	0.0	Unchanged
EBITDA	341.7	376.1	376.1	0.0	463.9	463.9	0.0	
EBITDA Margin (%)	12.7	13.0	13.0	0 bps	14.2	14.2	0 bps	Margins to remain subdued in FY18; margins thereon are expected to improve
PAT	137.0	145.6	145.6	0.0	203.5	203.5	0.0	
EPS (`)	58.9	61.3	61.3	0.0	85.6	85.6	0.0	Unchanged

Source: Company, ICICIdirect.com Research

Assumptions

	Current			Earlier			
	Phase 1	Phase 2	Phase 3	Phase 1	Phase 2	Phase 3	
Revenue Growth (%)	7.8	18.1	13.0	7.8	18.1	13.0	Phase 2 would remain upbeat on GST benefits
Present Value FCFE	390.6	1,206.6	3,216.0	390.6	1,206.6	3,216.0	
Cost of Equity	11.3	9.9	10.1	11.3	9.9	10.1	FCFE value Phase 1 (FY17-18), Phase 2 (FY19-25) & Phase 3 (FY26-30)

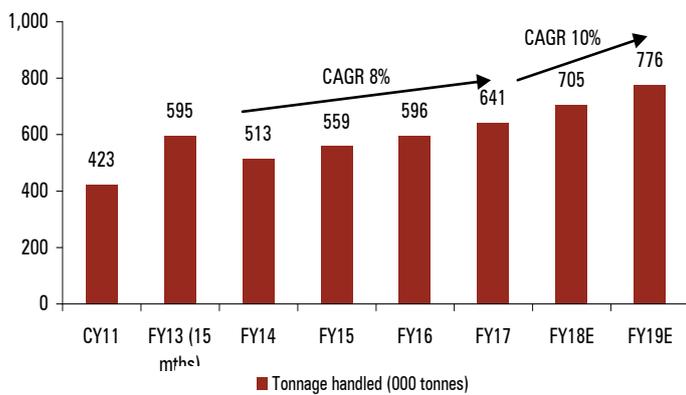
Source: Company, ICICIdirect.com Research

Company Analysis

Upbeat volume growth to sustain revenue momentum...

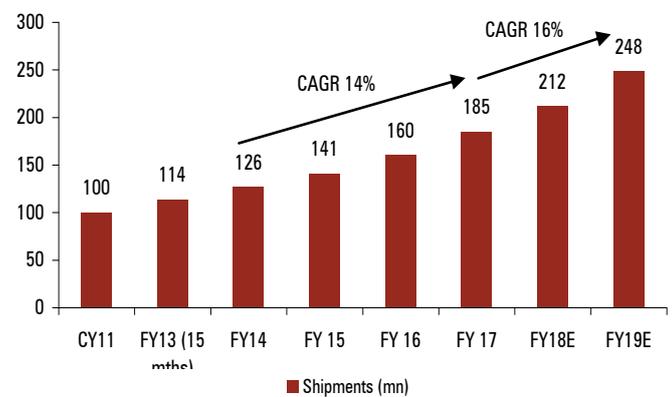
For FY17, tonnage handled for BDE grew 7.7% YoY to 641284 tonnes while shipments grew 16% YoY to 185 million. Tonnage growth over FY10-17 grew at 14% CAGR whereas total shipments (including domestics and international) grew at 13% CAGR in the same period. Volume growth in the air express industry is largely driven by a robust outlook in industries like banking financial services & insurance (BFSI), e-commerce, pharmaceuticals and automotive. We believe this volume growth would be supported by the addition of a freight plane to BDE's fleet in FY16. BDE's presence in the fastest growing segment of the logistics sector and its dominant position in the air express with continuously expanding presence in the ground express segment would enable it to garner higher tonnage.

Exhibit 1: Tonnage growth momentum at 10% CAGR post GST-era



Source: Company, ICICIdirect.com, Research

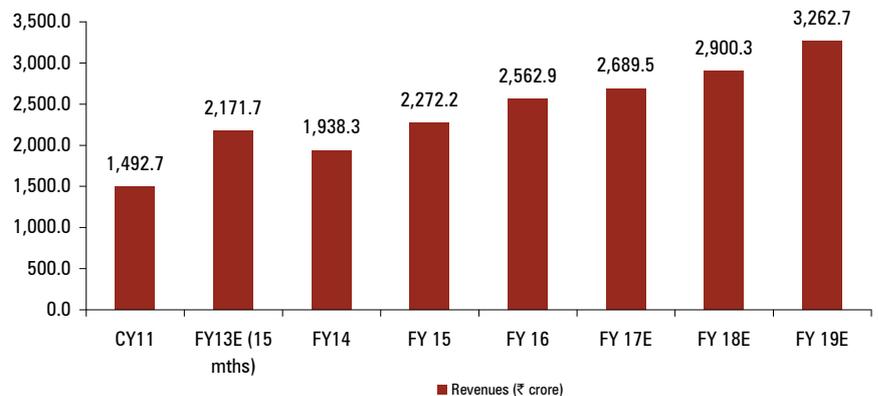
Exhibit 2: GST enabling faster movement and increased shipments...



Source: Company, ICICIdirect.com, Research

The cargo of the air express segment is mostly characterised by high value low weight cargo such as gems & jewellery and high-end consumer goods. In the ground express segment, BDE's market share improved from 5.9% in FY07 to 13% in FY15. The segment is driven by strong outlook in sectors like auto parts, electrical appliances and healthcare services coupled with growth in the e-tailing segment. As a result, BDE has been able to maintain strong volume growth as it has ~96% institutionalised client base providing considerable volume assurance. Going ahead, we believe that with outsourcing of logistic operations by online retail and other sector clients, express and logistics players will benefit notably.

Exhibit 3: FY18 revenues to remain subdued for FY18; post-GST era revenues to remain robust



Source: Company, ICICIdirect.com, Research

Plethora of products to address myriad customer requirements

The USP for the express industry is its ability to provide door-to-door time bound services both in terms of documents and non-documents. BDE, with its suite of integrated solutions provides services right from domestic door-to-door to international door-to-door through its parent's DHL worldwide network. As an integrated player, BDE's 24 core offerings distributed across express services, value added services and air freight services cover a gamut of industry requirements. Its bouquet of offerings across ground and air express makes BDE a preferential partner for institutions that require all services under one roof.

Exhibit 4: Core service offerings

Express Services Offerings	Value-Added Services	Air Freight Services
<p>Domestic Priority Domestic door-to-door delivery service for documents and small shipments under 32 kgs per piece</p>	<p>GOGREEN Carbon Neutral Services Environmentally responsible shipping option to neutralize carbon emissions</p>	<p>Airport-to-Airport Air freight service between Ahmedabad, Kolkata, Delhi, Mumbai, Bengaluru, Hyderabad and Chennai</p>
<p>Dart Apex Door-to-door day definite delivery solution for commercial shipments</p>	<p>Time Definite Delivery (TDD) Services Guaranteed door-to-door TDD of shipments by specified time with full money back guarantee</p>	<p>Interline Services Agreements with major international airlines for interline trans-shipment of cargo</p>
<p>Dart Surfaceline Premium ground express service providing door-to-door ground distribution solutions</p>	<p>Cash on Delivery (COD) (E-TAIL) Value of the shipment will be collected from the consignee at the time of delivery</p>	<p>Charter Services Charter flights for distribution of large cargo volumes supported by ground-handling facilities</p>
<p>Dart Surfaceline Plus Multimodal, door-to-door, distribution for less time-sensitive bulk shipments</p>	<p>Demand Draft on Delivery (DOD) Collection of demand draft from consignee for shipper</p> <p>Freight on Delivery (FOD) Collection of freight charge from consignee</p> <p>Freight On Value (FOV) Facilitate transit insurance of consignment</p>	<p>Co-Load Domestic air network for leading International express operators</p>
<p>Smart Box – Air / Ground Packaging unit sized 10 kgs and 25 kgs</p>	<p>Temperature Controlled Logistics Movement in frozen, chilled and ambient conditions for temperature ranging from -20°C, 2-8°C and 15-25°C</p>	<p>India Post Support for Express Mail Service (EMS) service of India Post</p>
<p>Express Pallet – Air/ Ground Packaging unit sized 50 kgs, 75 kgs and 100 kgs</p>	<p>Ground Point to Point Ground express solutions wherein entire truck is contracted to a single customer from origin to destination</p>	<p>Recently introduced Value-Added Services</p>
<p>International Services Door-to-door delivery of international documents and packages. Reach to 220 countries and territories worldwide through DHL</p>	<p>Customized Solutions Customized offerings for students, festivals and Small Medium Enterprises (SMEs)</p>	<p>Critical Express An express solution to move any critical items (like passport, tenders, original papers/ certificates, property documents etc.) in Blue Dart network in a more secure and safe manner.</p>
<p>Reverse Logistics Simplified Return to Origin (RTO) process where the shipment is returned before delivery to the end consumer due to Wrong Address, Shipment Refused, Unavailability of the customer</p>	<p>International Time Definite Express (TDX) Guaranteed door-to-door International service for Time Definite Delivery with full money back guarantee</p>	<p>Time Definite Delivery (TDD) for E-tailing Guaranteed door-to-door TDD of E-tailing shipments by specified time with full money-back guarantee.</p>
		<p>Mobile Wallet Payment Delivery Value added service to strengthen the last mile Services. This service is currently available in Mumbai.</p>

Source: Company, ICICIdirect.com Research

Unparalleled network, robust infrastructure catering across India

BDE has the distinction of having one of the most extensive domestic coverage networks with over 34000+ service locations. The company has a dedicated aviation system with six freighters having a daily haulage capacity of 504 tonnes together with seven air network stations across metro cities. In the ground segment, BDE applies a combination of hub and spoke and centipede model. The ground express segment has a robust fleet size of ~9200 vehicles with 274 touch points servicing 166 network routes and 20 ground hubs. An extensive reach coupled with optimised flight scheduling ensures a superior transit time thereby improving customer value proposition. Among its peers, BDE has double the coverage compared to its nearest competitor (FedEx). FedEx coverage has increased due to acquisition of other Indian logistics companies AFL Pvt Ltd and Unifreight India Pvt Ltd, which will help it strengthen its domestic services. Such extensive coverage coupled with time-bound delivery makes BDE an attractive proposition and partner for business transactions.

Exhibit 5: BlueDart leads the way...

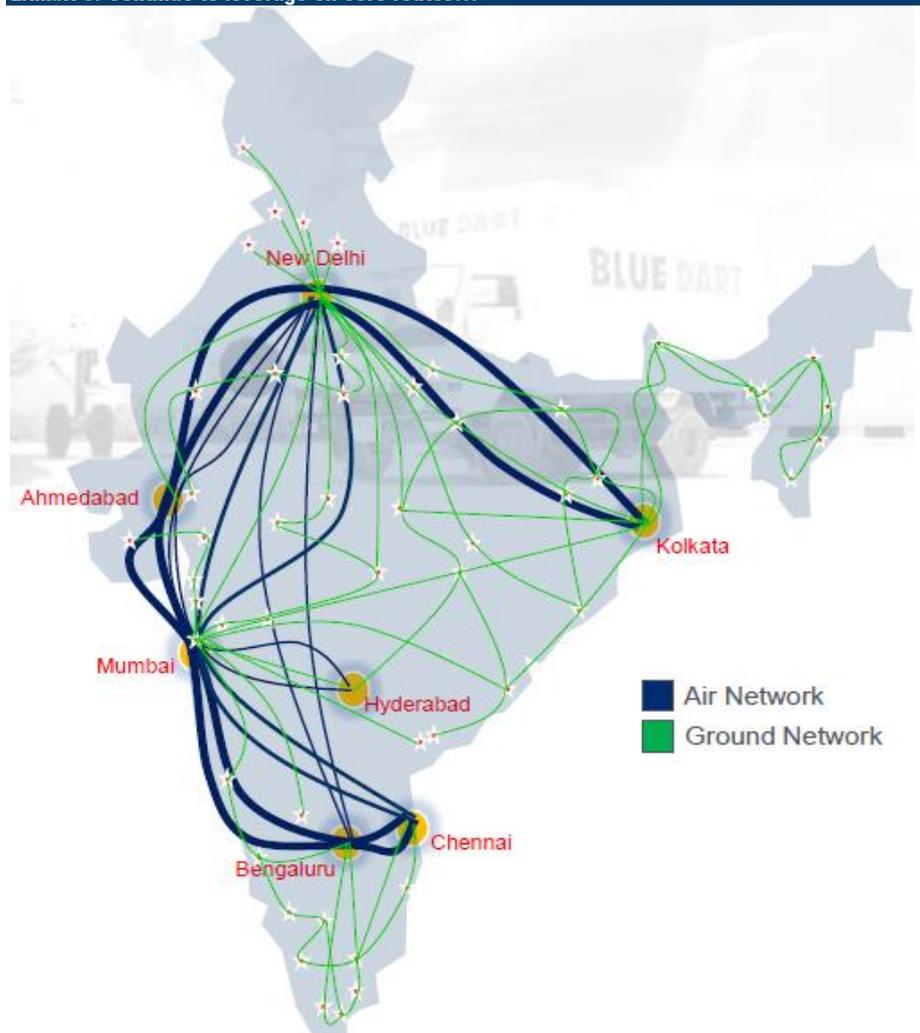
	BlueDart	Fedex India*	DTDC	First Flight
Domestic locations	34000+	19000	11000+	6700+
International location	220	220	220	220
Work force	10000+	7500	5500	15000

*Source: Company, ICICIdirect.com Research, * Post acquisition of AFL and Unifreight India*

Consistently proven profitable business model...

The company continues to command market leadership in the organised air express market with ~46% market share. With the addition of a freight aircraft in FY16, BlueDart now operates a fleet of six Boeing 757-200 freighters and manages daily dedicated services of ~504 tonnes. This dedicated aviation and ground infrastructure enables BDE to provide its customers end-to-end express services from a document to a charter load. The management candidly indicated that the key to its success in the air freight business is its routing plan, which has remained unchanged since 1996. BDE intends to remain a market leader in the air express market. However, it aims to increase its market share (currently at 13%) in the organised surface express market. With a growth multiple of ~1.5x of the GDP and ~2x of GDP attached to air express and ground express, we believe BDE is well positioned to capture the incremental growth.

Exhibit 6: Continue to leverage on core routes...



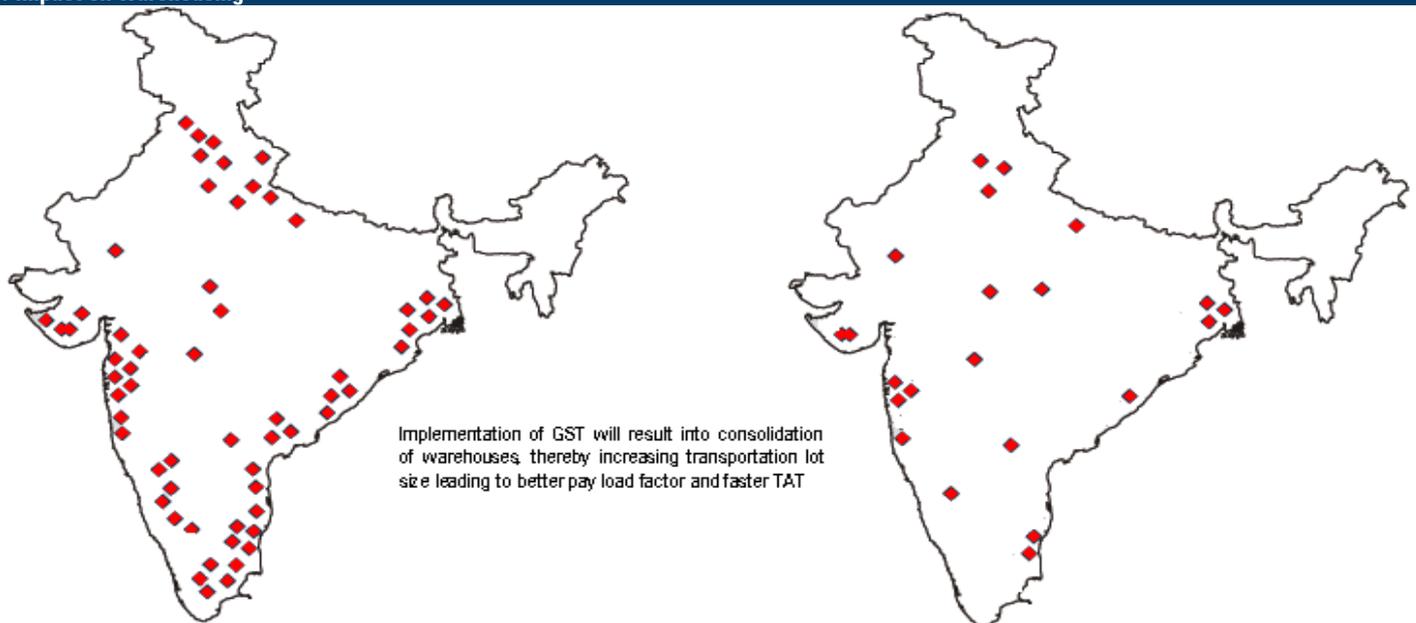
Source: Company, ICICIdirect.com, Research

Implementation of GST to boost volumes for organised players

The Indian logistics industry is plagued by multiple levels of state and central taxes. Products are prone to double taxation as taxes already paid on inputs are not adjusted on calculation of taxes on the final product. Further complications are in the form of interstate transactions that are taxed separately for which no input tax credit is available. More than 140 markets have implemented GST in some form or the other. With numerous benefits at both firm/consumer and economy level, GST is expected to add over 1% to the GDP. Implementation of GST will lead to a simplified tax structure with a majority of taxes pooled under one uniform rate, thereby bringing more efficient tax administration and reduction tax seepages.

Due to multiple taxation, firms had resorted to setting up multiple warehouses in different states. This was adding to firm's costs, as they were unable to take advantage of economies of scale from using larger but fewer warehouses. Implementation of GST will overhaul and compress the entire transportation setup. Under the GST system, it is estimated that tax will be levied on stock transfers and full credit will be given on inter-state transactions. The outcome of the same will enable manufacturers to plan the warehousing and decide on the basis of operational and logistics efficiency. The current supply chain arrangements would be realigned keeping in mind certain proximity to manufacturing locale or consumption markets, resulting in diverse hub-and-spoke models.

Exhibit 7: Impact on warehousing



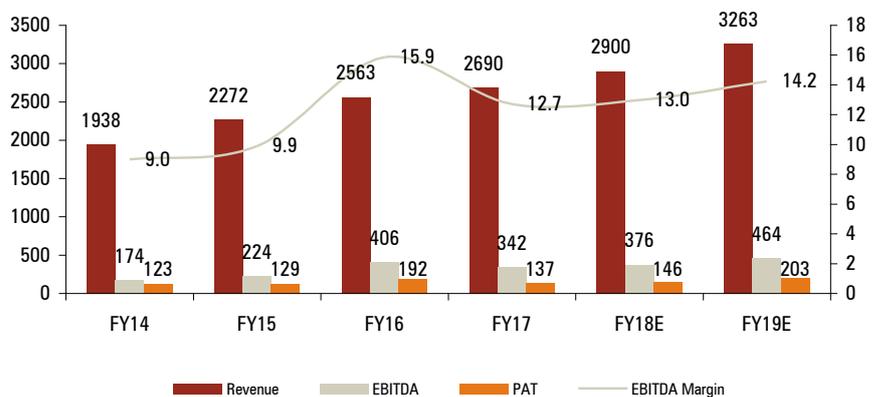
Source: ICICIdirect.com Research

Post GST, the demand for warehousing is expected to grow at an annual rate of 9% from the current 918 mn sq ft to 1440 mn sq ft. The economies needed would trigger the transition of the logistics sector from the unorganised to the organised market. With a single rate being applied across India, the whole country will act as a single market, thereby reducing taxes in manufactured goods and impacting the pricing of the product. In the absence of a cascading taxation system, manufacturers do not have to maintain multiple warehouses to save inter-state tax. Economies of large scale and centralised management of volumes will bring in higher efficiencies for logistics companies.

Margins to take toll due to addition of an aircraft; utilisation remains key...

BDE is the leader in the air cargo transport with 46% market share, which is considered the premium segment. Further, BDE's market share on the ground improved from 5.9% in FY07 to 13% in FY15. With an improvement in volumes and tonnages, BDE seeks to optimise operating levers. Rationalisation of fixed expenses and route optimisation will bring in higher efficiencies that will gradually lead to margin expansion. The express market has a large number of unorganised players that are unable to provide the entire spectrum of services across the supply chain and tend to lose business to quality players like BDE. With every additional value-added service, BDE manages to increase the revenue per package, keeping fixed costs constant. Furthermore, a decline in diesel prices and lower aviation turbine fuel enhances margins by 500 bps to 16% for FY16. However, EBITDA margins moderated to 12.7% in FY17 on the back of business development exercise undertaken to make BDE future ready. Moderate crude prices coupled with increase in utilisation levels would marginally improve EBITDA margins. The key catalyst here would be a rebound in the B2B segment, which would enable BDE to expand its margins.

Exhibit 8: EBITDA margin to recover as economy expected to rebound



Source: Company, ICICIdirect.com Research

BlueDart Express preferred player in logistics segment

Logistics, like retail, is a highly fragmented and unorganised segment in India. Providing end-to-end service to upcoming online players remains a challenge. BlueDart Express (BDE) with its dedicated air facilities and ground network is well equipped to cater to the growing needs of online retail players. In 2010, as the online retail market began to see green shoots, BDE derived nearly 3% of its revenue from the e-tailing segment. However, currently, the e-tailing segment contributes nearly 25% of total revenue to BDE's topline registering a CAGR of nearly 80% in FY10-16. Going ahead, as internet penetration grows, growth in the e-tailing segment is expected to be much stronger in tier-II and III cities. Consequently, as BDE expands its network to more pin codes from the current 34267; it will be well geared to cater to a large geographical scope, thereby increasing revenue share from the online retail segment.

Valuation

As the economy nears a turnaround, BDE is expected to be one of the foremost beneficiaries in the logistics sector. Its strong institutional clientele and diverse customer proposition such as time definite cargo delivery, temperature controlled cargo movement, etc, virtually ensure consistent cargo volume growth in future. Further, with the growth of the online retail industry, the e-tailing segment is expected to show strong growth. E-tailing revenue for BDE increased at a CAGR of ~80% in FY10-17. As the online segment becomes more vibrant, the revenue contribution from the segment will only be more pronounced. Also, its robust balance sheet with strong cash flow and debt-free capital structure provide a cushion at difficult times. Going ahead, as we expect the economy to gather steam, passing of fuel hikes to customers becomes smoother leading to an improvement in margin. Also, as the central government emphasises on implementation of GST, it is expected to bring a structural change in the sector, as a whole. We believe, as a leading player, BDE is well poised to ride the next growth wave.

Following the delay in GST implementation coupled with slower-than-expected revival in trade activities we had moderated our phase 1 (FY17 - 18) revenue expectations in our three phases of DCF valuation methodology. We expect our phase one growth at 7.8% CAGR (vs. earlier 5%). Further, as GST gets implemented (assuming in FY18) it would take a minimum of two years for the benefits to percolate to the logistics industry together with enhanced revenue contribution from the e-tailing segment. Consequently, our phase two (FY19-25) revenues are expected to grow at a CAGR of 20%. Subsequently, in the third and the last phase (FY26-30), we anticipate a stable growth period with both revenue and net profit posting 13% growth. With the declining interest rate scenario, we have adjusted our risk free rate at 6.5% arriving at an average cost of equity of ~12% over the three phases (Phase-1=11.3% and 10% for Phase-2 & Phase-3 respectively). We assume a terminal growth rate of 4.5% and arrive at a DCF based target price of ₹ 5000. We have a **BUY** recommendation on the stock.

Exhibit 9: DCF based valuation

Particulars	Amount
Average cost of equity (Ke)	10%
PV of Phase 1	390.6
PV of Phase 2	1206.6
PV of Phase 3	3216.0
Terminal Growth Rate	4.5%
Present Value of terminal cash flow	7,066.0
PV of FCFE	4,813.2
Number of Equity Shares outstanding	2.4
DCF - Target price (₹)	5,000

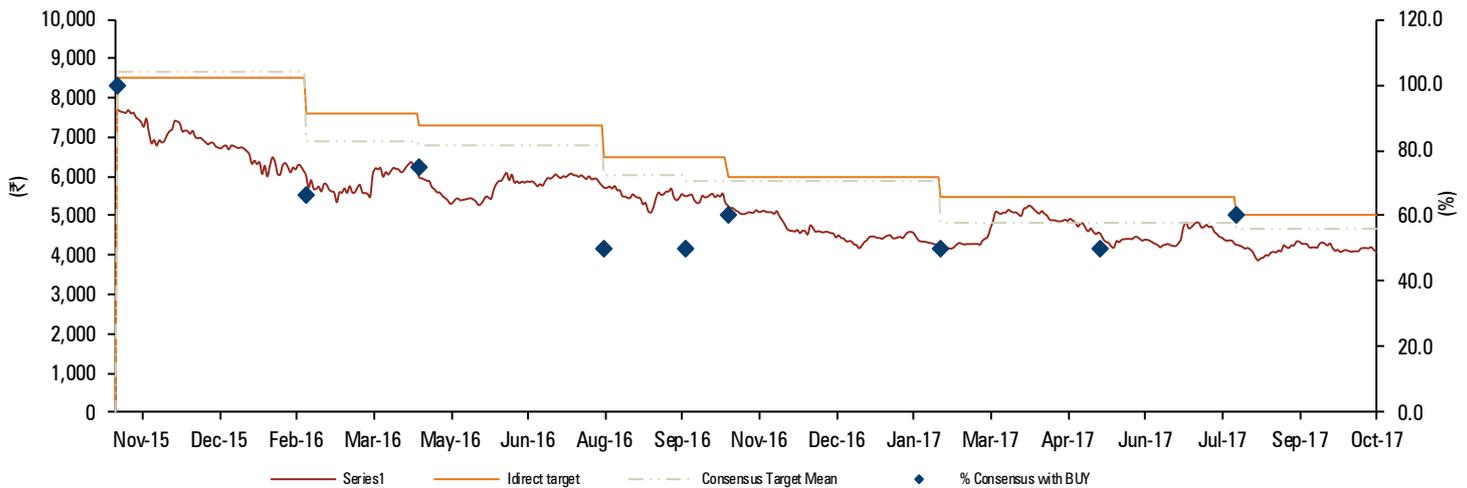
Source: Company, ICICIdirect.com Research

Exhibit 10: Valuations

	Sales (₹ cr)	Sales Growth (%)	EPS (₹)	EPS Growth (%)	PE (x)	EV/EBITDA (x)	RoNW (%)	RoCE (%)
FY15	2272.2	17.2	54.4	5.5	115.8	65.9	42.7	28.0
FY16	2562.9	12.8	82.8	52.2	49.5	24.2	51.5	34.8
FY17	2689.5	4.9	58.9	-29.0	67.4	28.7	38.8	32.9
FY18E	2900.3	7.8	61.3	4.1	66.9	25.6	26.5	28.9
FY19E	3262.7	12.5	85.6	39.8	47.9	20.5	32.1	33.7

Source: Company, ICICIdirect.com Research

Recommendation history vs. Consensus



Source: Bloomberg, Company, ICICIdirect.com Research

Key events

Date	Event
Jul-10	BDE speeds up 4.31% as net profit surged 124% YoY in Q2CY10
Apr-11	BDE net profit surges 52% YoY in Q1CY11; MNCs with more than 75% holding gained on delisting news, Blue Dart too gained 20%
Feb-12	BDE loses 3.6% to ₹1608 as profit slipped 6.7% in Q4 December 2011
Apr-12	BDE falls 4% to ₹2015 on weak Q1 March 2012 earnings as profit declined 19.5%
Jan-13	Blue Dart Express jumps after robust Q4FY13 result (describe result)
Oct-13	Net profit declines 6.65% in September 2013 quarter
May-15	Posts highest EBITDA margins of 11.9% in past seven quarters
Jun-15	Posts highest EBITDA margins of 13% in past nine quarters
Oct-15	Consecutive third quarter of margin expansion with 14.2% EBITDA margins. Upgrade the target price to ₹8500
Apr-16	FY16 sees best year in terms of profitability. Revenues grow 13%, margins expand 500 bps to 15%
Aug-16	Reports subdued Q1FY17 results. Revenue grew by 1%; EBITDA margins stood at 12.5%. B2C contribution at 20%
Oct-16	Q2FY17 results below estimates. Revenue growth stays subdued at ~2%. Margins fall to 11.3%. Target price revised downwards to ₹6000
Dec-16	Revenue growth revives at ~10% YoY. B2C contribution at 26%. Margins decline to 8%. Target price revised downwards to ₹5500
May-17	Revenues for Q4FY17 grow 7% YoY. B2C contribution at 18%. Margins subdued for second consecutive quarter at 8%. PAT at ₹219 crore
Jul-17	Revenues grew by 7%. EBITDA margins stood at 7%. PAT nearly halved to ₹21.1 crore

Source: Company, ICICIdirect.com Research

Top 10 Shareholders

Rank	Name	Latest Filing Date	% O/S	Position (m)	Change (m)
1	DHL Express Singapore Pte. Ltd.	30-Jun-17	0.75	17.8	0.0
2	Bright Star Investments Pvt. Ltd.	30-Jun-17	0.03	0.8	0.0
3	ICICI Prudential Asset Management Co. Ltd.	30-Sep-17	0.02	0.4	0.0
4	Matthews International Capital Management, L.L.C.	30-Jun-17	0.02	0.4	0.0
5	IDFC Asset Management Company Private Limited	30-Jun-17	0.01	0.3	0.0
6	SBI Funds Management Pvt. Ltd.	30-Sep-17	0.01	0.3	0.0
7	Axis Asset Management Company Limited	30-Jun-17	0.01	0.3	0.0
8	The Vanguard Group, Inc.	31-Aug-17	0.01	0.2	0.0
9	Capital International, Inc.	30-Apr-17	0.00	0.1	0.0
10	Dimensional Fund Advisors, L.P.	31-Aug-17	0.00	0.1	0.0

Source: Reuters, ICICIdirect.com Research

Shareholding Pattern

(in %)	Dec-16	Mar-17	Jun-17	Sep-17
Promoter	75.0	75.0	75.0	75.0
FII	7.6	6.7	6.3	6.8
DII	5.9	6.7	6.7	6.8
Others	11.6	11.7	11.9	11.5

Recent Activity

Buys			Sells		
Investor name	Value	Shares	Investor name	Value	Shares
APG Asset Management	6.39	0.08	T. Rowe Price International (UK) Ltd.	-11.17	-0.14
Franklin Templeton Asset Management (India) Pvt. Ltd.	2.14	0.03	BlackRock Asset Management North Asia Limited	-6.82	-0.10
The Vanguard Group, Inc.	0.86	0.01	IDFC Asset Management Company Private Limited	-3.41	-0.05
Stewart Investors	0.81	0.01	Axis Asset Management Company Limited	-3.36	-0.05
Schroder Investment Management Ltd. (SIM)	0.38	0.01	Matthews International Capital Management, L.L.C.	-1.98	-0.03

Source: Reuters, ICICIdirect.com Research

Financial summary

Profit and loss statement		₹ Crore			
(Year-end March)	FY16	FY17	FY18E	FY19E	
Total operating Income	2,562.9	2,689.5	2,900.3	3,262.7	
Growth (%)	12.8	4.9	7.8	12.5	
Operating and handling costs	960.2	1,036.1	1,167.4	1,305.1	
Other Aircraft Expenses	135.0	151.0	162.8	183.2	
Fuel Charges	165.7	172.3	203.0	212.1	
Other Operating Expenses	42.5	44.7	48.4	54.4	
Employee Cost	525.3	554.9	594.6	685.2	
Other Expenses	328.0	388.8	348.0	358.9	
Total Expenditure	2,156.7	2,347.8	2,524.2	2,798.8	
EBITDA	406.2	341.7	376.1	463.9	
Growth (%)	81.2	-15.9	10.1	23.3	
Depreciation	102.1	103.8	116.5	131.5	
Interest	43.1	45.0	66.5	52.9	
Other Income	34.8	26.2	27.5	28.8	
PBT	295.9	219.1	220.6	308.3	
Total Tax	99.0	79.3	75.0	104.8	
PAT	192.1	137.0	145.6	203.5	
Growth (%)	54.8	-29.0	4.1	39.8	
EPS (₹)	82.8	58.9	61.3	85.6	

Source: Company, ICICIdirect.com Research

Balance sheet		₹ Crore			
(Year-end March)	FY16	FY17	FY18E	FY19E	
Liabilities					
Equity Capital	23.8	23.8	23.8	23.8	
Reserve and Surplus	358.1	405.7	545.3	635.4	
Total Shareholders funds	381.9	429.5	569.1	659.2	
Total Debt	395.3	483.0	443.5	352.9	
Long term Provisions	1.8	2.8	2.8	2.8	
Other Long term liabilities	99.0	38.4	38.4	38.4	
Deferred Tax Liability	3.97	1.49	1.49	1.49	
Minority Interest	0.00	0.00	0.00	0.00	
Total Liabilities	882.0	955.2	1,055.3	1,054.8	
Assets					
Gross Block	555.0	675.0	776.4	876.4	
Less: Acc Depreciation	102.1	204.5	322.3	453.7	
Impairment	0.0	0.0	0.0	0.0	
Net Block	452.9	470.5	454.2	422.7	
Capital WIP	21.5	66.9	70.2	73.9	
Total Fixed Assets	474.4	537.4	524.4	496.6	
Non-current Investments	47.3	56.2	38.7	32.3	
Long term loans & advances	0.0	0.0	0.0	0.0	
Other Non-current assets	33.6	33.0	33.0	33.0	
Deferred Tax Asset	33.4	34.5	33.4	33.4	
Inventory	21.1	24.7	23.8	26.8	
Debtors	290.7	360.7	397.3	446.9	
Loans and Advances	0.8	1.1	1.6	1.8	
Other Current Assets	79.2	94.2	98.9	98.9	
Cash	288.2	256.8	318.3	337.8	
Current investments	0.0	0.0	0.0	0.0	
Total Current Assets	680.1	737.4	839.9	912.2	
Creditors	245.9	272.1	238.4	268.2	
Other liab & Provisions	140.9	171.3	175.7	184.6	
Total Current Liabilities	386.8	443.4	414.1	452.8	
Net Current Assets	293.3	294.0	425.8	459.4	
Application of Funds	882.0	955.2	1,055.3	1,054.8	

Source: Company, ICICIdirect.com Research

Cash flow statement		₹ Crore			
(Year-end March)	FY16	FY17	FY18E	FY19E	
Profit after Tax	196.8	144.6	145.6	203.5	
Add: Depreciation	102.1	103.8	116.5	131.5	
(Inc)/dec in Current Assets	-27.3	-73.8	-36.3	-52.8	
Inc/(dec) in CL and Provisions	100.7	56.7	-29.3	38.7	
Others	0.0	0.0	0.0	0.0	
CF from operating activities	372.3	231.3	196.4	320.8	
(Inc)/dec in Investments	-7.9	0.0	0.0	0.0	
(Inc)/dec in Fixed Assets	-110.2	-100.0	-100.0	-100.0	
Others	-76.8	-201.8	52.8	-13.0	
CF from investing activities	-194.8	-301.8	-47.2	-113.0	
Issue/(Buy back) of Equity	0.0	0.0	0.0	0.0	
Inc/(dec) in loan funds	3.1	87.8	-39.5	-90.6	
Others	-59.6	-48.6	-48.2	-97.8	
CF from financing activities	-56.5	39.1	-87.7	-188.4	
Net Cash flow	121.0	-31.4	61.4	19.5	
Opening Cash	167.2	288.2	256.8	318.3	
Closing Cash	288.2	256.8	318.3	337.8	

Source: Company, ICICIdirect.com Research

Key ratios		₹ Crore			
(Year-end March)	FY16	FY17	FY18E	FY19E	
Per share data (₹)					
EPS	82.8	60.9	61.3	85.6	
Cash EPS	125.8	104.5	110.3	141.0	
BV	160.7	157.0	231.0	267.0	
DPS	41.4	30.4	30.6	42.8	
Cash Per Share	121.3	108.1	134.0	142.2	
Operating Ratios (%)					
EBITDA Margin	15.9	12.7	13.0	14.2	
PBT / Total Operating income	11.5	8.1	7.6	9.4	
PAT Margin	7.5	5.1	5.0	6.2	
Inventory days	3.0	3.3	3.0	3.0	
Debtor days	41.4	49.0	50.0	50.0	
Creditor days	35.0	36.9	30.0	30.0	
Return Ratios (%)					
RoE	51.5	32.6	25.6	30.9	
RoCE	34.7	32.2	29.9	34.4	
RoIC	60.2	42.2	43.2	57.7	
Valuation Ratios (x)					
P/E	51.4	70.0	69.5	49.7	
EV / EBITDA	25.2	29.8	26.6	21.3	
EV / Net Sales	4.0	3.8	3.4	3.0	
Market Cap / Sales	3.9	3.8	3.5	3.1	
Price to Book Value	26.5	27.1	18.4	16.0	
Solvency Ratios					
Debt/EBITDA	1.0	1.4	1.2	0.8	
Debt / Equity	1.0	0.7	0.6	0.5	
Current Ratio	1.7	1.2	1.5	1.8	
Quick Ratio	1.7	1.2	1.7	2.2	

Source: Company, ICICIdirect.com Research

ICICIdirect.com coverage universe (Logistics)

Sector / Company	CMP		Rating	M Cap (₹ Cr)	EPS (₹)			P/E (x)			EV/EBITDA (x)			RoCE (%)			RoE (%)		
	(₹)	TP(₹)			FY17	FY18E	FY19E	FY17	FY18E	FY19E	FY17	FY18E	FY19E	FY17	FY18E	FY19E	FY17	FY18E	FY19E
Container Corporation	1,325	1,370	BUY	28,637	43.7	36.9	50.0	27.0	32.0	23.6	18.2	16.2	12.2	9.8	10.5	13.8	9.4	9.2	11.6
Transport Corp (TRACOR)	280	335	BUY	2,298	10.6	13.4	19.1	3.7	3.3	3.1	16.4	13.0	9.9	10.7	13.6	18.4	10.7	13.6	18.4
BlueDart	4,100	5,000	BUY	9,932	60.9	61.3	85.6	70.0	69.5	49.7	29.8	26.6	21.3	32.2	29.9	34.4	32.6	25.6	30.9
Gati Ltd.	115	134	BUY	1,039	3.3	3.6	4.0	34.4	32.2	28.4	12.5	15.6	11.3	9.7	9.2	12.2	5.2	6.6	7.1
Gujarat Pipavav (GPPL)	140	165	BUY	6,768	5.8	6.0	7.4	16.8	14.8	11.9	10.3	9.2	7.5	19.7	22.7	29.8	14.0	14.8	16.8

Source: Company, ICICIdirect.com Research

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