

BlueDart Express (BLUDAR)

₹ 3175

Revenues upbeat on strong festive season...

- Revenues grew 21% YoY to ₹ 855 crore (I-direct estimate: ₹ 775 crore). Both B2B and B2C continued to show good traction during the quarter, post double digit growth in H1FY19
- EBITDA margins contracted 438 bps YoY to 7% (I-direct estimate: 6%) with an absolute EBITDA de-growth of 25% YoY to ₹ 60 crore (I-direct estimate: ₹ 47 crore)
- Subsequently, PAT de-grew 31% to ₹ 31 crore but came in above I-direct estimate of ₹ 24 crore mainly due to a strong operational performance above estimates

Creating infrastructure that provides competitive advantage

As per the management, BlueDart has reached ~18000 pin codes and expects to reach ~19200 pin codes across India in few months. With this feat, the company expects to remain the preferred logistics partner in all Tier I, II, III, IV cities. Approximately on 9MFY19 basis, the B2B:B2C and air: surface split for the company is at 80:20 and 77:23, respectively. BlueDart is the market leader in B2B and air segment (~46% market share). With improvement in road infrastructure, regulations benefitting the organised players (GST, E-way bill, etc) and robust growth in e-commerce (30-50% logistics outsourced), the management is bullish on growth opportunities in the surface logistics (20%+ growth expected, current market share at ~16%). Also, BlueDart's promoter DHL is planning to buy 1000 trucks annually for five to six years and make the fleet available for BlueDart (BlueDart will pay DHL on a per km usage basis). This widespread infrastructure and a push towards automation and building a strong IT network will enable the company to have a competitive advantage over existing domestic players and new entrants.

Improved performance; margins to improve from H2FY20

The Q3 performance has certainly lifted subdued sentiments surrounding the stock and is a key reminder of BlueDart's core strength in delivering to a wider audience across the country. The management feels it will take 12-18 months for incremental assets to start delivering in a positive manner for the company and ultimately lead to a rise in blended margins (we expect margins to return to the range of 9.5-11% for FY20E, FY21E). On a 9MFY19 basis, BDE had been facing challenges on the B2C segment for two years (due to entry of PE players in the segment) and its focus on capturing only profitable volumes had lowered its growth.

Investment in creating infrastructure augurs well over long term

Over the last two years, the company has invested in enhancing its reach to gain a competitive advantage, which has led to short-term pain in terms of lower margins. The company has also undertaken an investment programme for two to three years (~₹ 150 crore annually), that will make it ready for the next leg of growth. With the economy set to gather steam, BDE's leadership position coupled with strong balance sheet and close to debt-free capital structure is well equipped to ride out the next growth cycle triggered by GST implementation. In addition to the same, we expect structural changes like e-way bill coupled with formalisation of sector would put BlueDart on a strong footing in coming years. Also, as the economy improves, given its strong client base, BDE's business model provides earnings visibility. However, given time lag with which intended capex and strategy will yield result, we value the stock at 42x FY21 multiple to arrive at a target price of ₹ 3650 with **BUY** rating.

Rating matrix	
Rating	Buy
Target	₹ 3650
Target Period	12 months
Potential Upside	15%

What's changed?	
Target	Changed from ₹ 2950 to ₹ 3650
EPS FY19E	Changed from ₹ 34.2 to ₹ 35.2
EPS FY20E	Changed from ₹ 64.4 to ₹ 59.2
EPS FY21E	Introduced at ₹ 87
Rating	Changed from Hold to Buy

Quarterly performance					
	Q3FY19	Q3FY18	YoY (%)	Q2FY19	QoQ (%)
Revenue	855.5	704.6	21.4	797.9	7.2
EBITDA	60.1	80.5	-25.4	40.2	49.3
EBITDA Margin	7.0	11.4	-440 bps	5.0	198 bps
PAT	31.4	45.5	-31.1	21.3	47.1

Key financials				
₹ Crore	FY18	FY19E	FY20E	FY21E
Net Sales	2,799	3,126	3,564	4,134
EBITDA	351	253	346	446
Net Profit	144.7	83.7	140.7	206.9
EPS	60.9	35.2	59.2	87.1

Valuation summary				
	FY18	FY19E	FY20E	FY21E
P/E (x)	52.1	90.1	53.6	36.5
Target P/E (x)	59.9	103.6	61.6	41.9
EV/EBITDA (x)	21.7	30.1	22.1	16.9
P / BV (x)	14.2	13.4	12.2	10.8
RONW (%)	27.2	14.8	22.7	29.6
ROCE (%)	29.3	19.2	30.0	37.7

Stock data				
	FY18	FY19E	FY20E	FY21E
P/E (x)	52.1	90.1	53.6	36.5
Target P/E (x)	59.9	103.6	61.6	41.9
EV/EBITDA (x)	21.7	30.1	22.1	16.9
P / BV (x)	14.2	13.4	12.2	10.8
RONW (%)	27.2	14.8	22.7	29.6
ROCE (%)	29.3	19.2	30.0	37.7

Peer Set				
	1M	3M	6M	1Y
Blue Dart Expres	-9.0	13.9	-15.3	-33.3
Gati Ltd	-14.6	-2.9	-35.2	-42.0
Vrl Logistics	-7.1	5.2	-21.4	-37.4
Transport Corp	-1.7	-1.9	-0.3	-0.8

Research Analyst	
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Variance analysis

	Q3FY19	Q3FY19E	Q3FY18	YoY (%)	Q2FY19	QoQ (%)	Comments
Revenue	855.5	775.0	704.6	21.4	797.9	7.2	Higher than estimated revenues mainly due to a strong festive season
Freight Handling & Service cost	557.5	519.3	442.0	26.1	538.5	3.5	
Employee Expenses	148.2	131.8	104.4	42.0	139.1	6.6	Higher employee expenses indicating continued higher investments in expanding reach of the company
Administrative & Oth Expenses	89.6	77.5	77.7	15.4	80.1	11.9	
Total Expense	795.4	728.5	624.1	27.4	757.7	5.0	
EBITDA	60.1	46.5	80.5	-25.4	40.2	49.3	
EBITDA Margin (%)	7.0	6.0	11.4	-440 bps	5.0	198 bps	Strong festive season leading to beat in I-direct estimates
Depreciation	12.5	11.1	11.1	13.0	11.1	13.0	
Interest	4.2	3.6	6.1	-30.8	4.0	7.1	
Other Income	4.4	4.8	5.8	-24.7	4.7	-6.2	
Exceptional Gain/Loss	0.0	0.0	0.0	-	0.0	-	
PBT	47.7	36.6	69.1	-31.0	29.8	59.7	
Total Tax	16.3	12.8	23.6	-30.8	8.5	91.2	
PAT	31.4	23.8	45.5	-31.1	21.3	47.1	In sync with EBITDA

Source: Company, ICICI Direct Research

Change in estimates

(` Crore)	FY19E				FY20E			FY21E		Comments
	FY18	Old	New	% Change	Old	New	% Change	New		
Revenue	2,799.2	3,042.7	3,126.4	2.8	3,407.7	3,564.0	4.6	4,134.1	Introduced FY21 revenue estimates	
EBITDA	351.3	264.7	253.2	-4.3	388.5	345.7	-11.0	446.5		
EBITDA Margin (%)	12.5	8.7	8.1	-60 bps	11.4	9.7	-170 bps	10.8	Higher growth in surface transport and continued investments, expected to impact margins	
PAT	144.7	81.2	83.7	3.1	153.1	140.7	-8.1	206.9		
EPS (`)	60.9	34.2	35.2	3.0	64.4	59.2	-8.1	87.1		

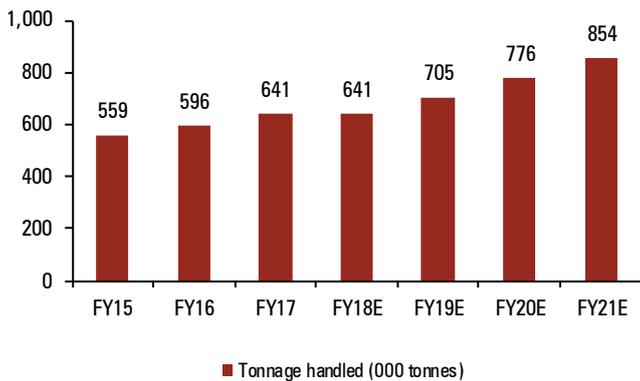
Source: Company, ICICI Direct Research

Company Analysis

Upbeat volume growth to sustain revenue momentum...

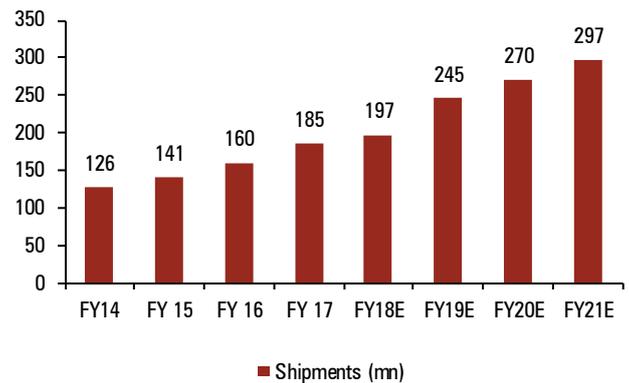
For FY18, tonnage handled for BDE grew 8.5% YoY to 695961 tonnes while shipments grew 6.4% YoY to 196.81 million. Tonnage growth over FY14-18 grew at 7.9% CAGR whereas total shipments (including domestics and international) grew at 11.6% CAGR in the same period. Volume growth in the air express industry is largely driven by a robust outlook in industries like banking financial services & insurance (BFSI), e-commerce, pharmaceuticals and automotive. 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, ICICI Direct Research

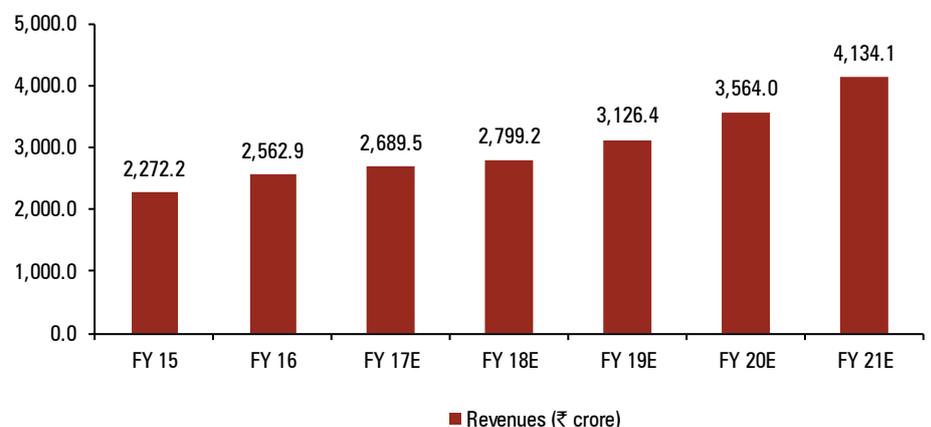
Exhibit 2: GST enabling faster movement and increased shipments...



Source: Company, ICICI Direct 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 16% in FY18. 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: Revenue growth to remain robust from FY19E



Source: Company, ICICI Direct Research

Plethora of products to address myriad customer requirements

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

Source: Company, ICICI Direct Research

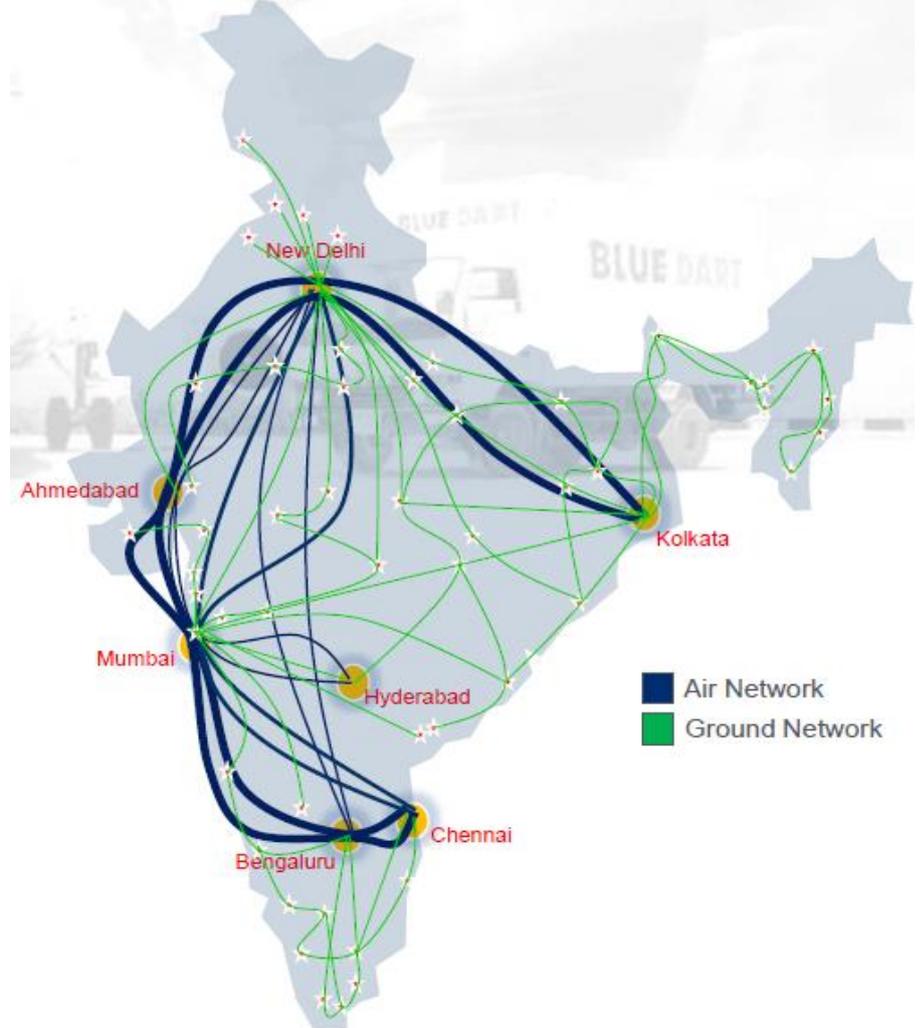
Unparalleled network, robust infrastructure catering across India

BDE has the distinction of having one of the most extensive domestic coverage networks with over 35000+ service locations. The company has a dedicated aviation system with six freighters having a daily haulage capacity of 425 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 ~11000 vehicles with 250 network routes and 21 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.

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 ~425 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 16%) 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 5: Continue to leverage on core routes...



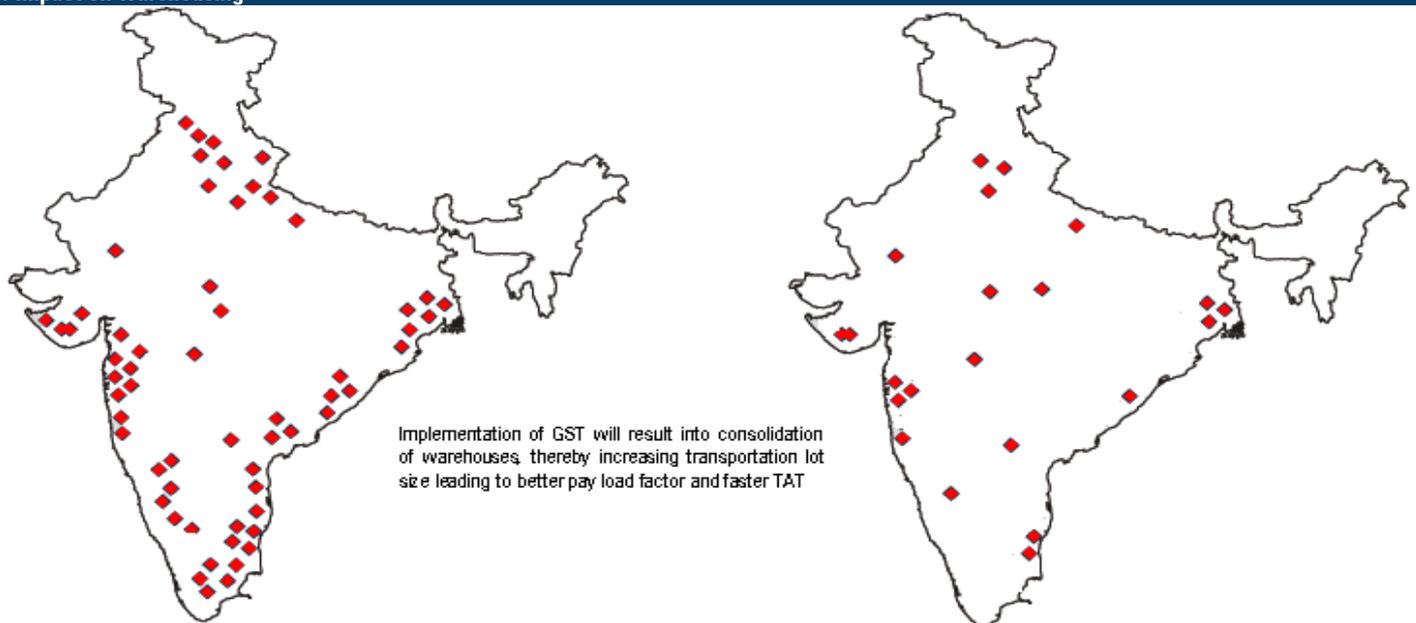
Source: Company, ICICI Direct Research

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 6: Impact on warehousing



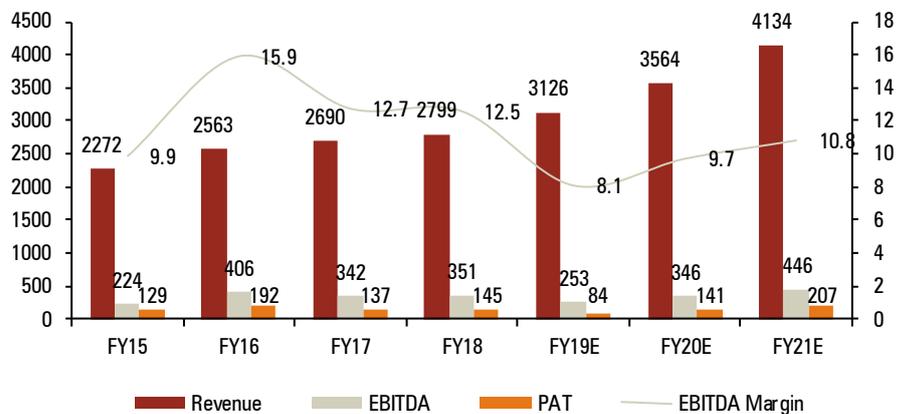
Source: ICICI Direct Research

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.

Utilisation of aircraft remains key to increase margins...

BDE is the leader in the air cargo transport with 46% market share, which is considered the premium segment. Further, BDE's market shares on the ground improved from 5.9% in FY07 to 16% in FY18. 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. However, EBITDA margins moderated to 12.7% and 12.5% in FY17 and FY18, respectively, on the back of business development exercise undertaken to make BDE future ready. Efficiencies from GST leading to increased utilisation levels would improve EBITDA margins. The key catalyst here would be a rebound in the B2B segment, which would enable BDE to expand its margins.

Exhibit 7: EBITDA margin to recover as economy expected to rebound



Source: Company, ICICI Direct Research

BlueDart Express preferred player in logistics segment

Logistics, like retail, is a highly fragmented and unorganised segment in India and 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. 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 it will be well geared to cater to a large geographical scope, thereby increasing revenue share from the online retail segment.

Valuation

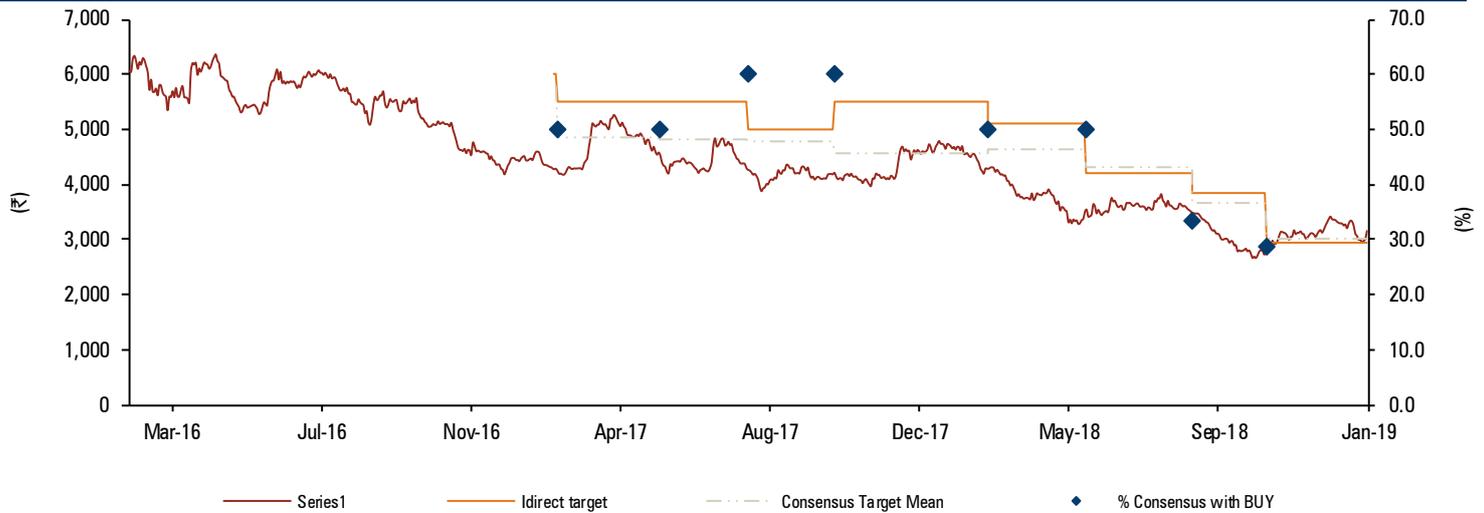
Over the last two years, the company has invested in enhancing its reach to gain a competitive advantage, which has led to short-term pain in terms of lower margins. The company has also undertaken an investment program for two to three years (~150 crore annually), that will make it ready for the next leg of growth. With the economy set to gather steam, BDE's leadership position coupled with strong balance sheet and close to debt-free capital structure is well equipped to ride out the next growth cycle triggered by GST implementation. In addition to the same, we expect structural changes like e-way bill coupled with formalisation of sector would put BlueDart on a strong footing in coming years. Also, as the economy improves, given its strong client base, BDE's business model provides earnings visibility. However, given time lag with which intended capex and strategy will yield result, we value the stock at 42x FY21 multiple to arrive at a target price of ₹ 3650 with **BUY** recommendation.

Exhibit 8: Valuations

	Sales (₹ cr)	Sales Growth (%)	EPS (₹)	EPS Growth (%)	PE (x)	EV/EBITDA (x)	RoNW (%)	RoCE (%)
FY17	2689.5	4.9	58.9	-29.0	53.9	22.2	32.6	32.2
FY18	2799.2	4.1	60.9	3.5	52.1	21.7	27.2	29.3
FY19E	3126.4	11.7	35.2	-42.1	90.1	30.1	14.8	19.2
FY20E	3564.0	14.0	59.2	68.0	53.6	22.1	22.7	30.0
FY21E	4134.1	16.0	87.1	47.0	36.5	16.9	29.6	37.7

Source: Company, ICICI Direct Research

Recommendation history vs. Consensus



Source: Bloomberg, Company, ICICI Direct 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, Bluedart 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	BlueDart 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, ICICI Direct Research

Top 10 Shareholders

Rank	Name	Latest Filing Date	% O/S	Position (m)	Change (m)
1	DHL Express Singapore Pte. Ltd.	31-Dec-18	0.75	17.8	0.0
2	Bright Star Investments Pvt. Ltd.	31-Dec-18	0.03	0.8	0.0
3	ICICI Prudential Life Insurance Company Ltd.	31-Dec-18	0.03	0.7	0.4
4	Life Insurance Corporation of India	31-Dec-18	0.03	0.6	0.1
5	Matthews International Capital Management, L.L.C.	31-Dec-18	0.02	0.5	0.0
6	ICICI Prudential Asset Management Co. Ltd.	31-Dec-18	0.02	0.4	0.0
7	Damani Estates & Finance Pvt. Ltd.	31-Dec-18	0.01	0.3	0.0
8	The Vanguard Group, Inc.	31-Dec-18	0.01	0.2	0.0
9	SBI Funds Management Pvt. Ltd.	31-Dec-18	0.01	0.1	0.0
10	BlackRock Institutional Trust Company, N.A.	31-Dec-18	0.00	0.1	0.0

Source: Reuters, ICICI Direct Research

Shareholding Pattern

(in %)	Mar-18	Jun-18	Sep-18	Dec-18
Promoter	75.0	75.0	75.0	75.0
FII	7.4	5.6	5.6	4.5
DII	5.0	7.6	3.9	3.1
Others	12.6	11.9	15.5	17.5

Recent Activity

Buys			Sells		
Investor name	Value	Shares	Investor name	Value	Shares
ICICI Prudential Life Insurance Company Ltd.	20.22	0.42	First State Investments (Singapore)	-5.94	-0.12
Life Insurance Corporation of India	2.45	0.05	Stewart Investors	-3.96	-0.08
The Vanguard Group, Inc.	0.15	0.00	Morgan Stanley Investment Management (India) Pvt. Ltd.	-3.88	-0.08
Manuel (Balfour)	0.05	0.00	HDFC Asset Management Co., Ltd.	-1.43	-0.03
BlackRock Asset Management Ireland Limited	0.03	0.00	Baroda Asset Management India Ltd	-0.56	-0.01

Source: Reuters, ICICI Direct Research

Financial summary

Profit and loss statement		₹ crore			
(Year-end March)	FY18	FY19E	FY20E	FY21E	
Total operating Income	2,799.2	3,126.4	3,564.0	4,134.1	
Growth (%)	4.1	11.7	14.0	16.0	
Operating and handling costs	1,127.8	1,344.4	1,532.5	1,777.6	
Other Aircraft Expenses	115.7	187.6	213.8	248.0	
Fuel Charges	194.4	234.5	249.5	289.4	
Other Operating Expenses	41.0	53.1	60.6	70.3	
Employee Cost	584.5	625.3	673.6	735.9	
Other Expenses	384.6	428.3	488.3	566.4	
Total Expenditure	2,448.0	2,873.2	3,218.3	3,687.6	
EBITDA	351.3	253.2	345.7	446.5	
Growth (%)	0.0	-0.3	0.4	0.3	
Depreciation	114.5	126.0	144.9	158.4	
Interest	40.5	31.1	21.1	11.1	
Other Income	20.7	28.8	30.3	31.8	
PBT	217.0	125.0	210.0	308.8	
Tax	72.3	41.2	69.3	101.9	
Adjusted PAT	144.7	83.7	140.7	206.9	
Growth (%)	3.5	-42.1	68.0	47.0	
EPS	60.9	35.2	59.2	87.1	

Source: Company, ICICI Direct Research

Cash flow statement		₹ crore			
(Year-end March)	FY18	FY19E	FY20E	FY21E	
Profit after Tax	144.7	83.7	140.7	206.9	
Add: Depreciation	114.5	126.0	144.9	158.4	
Add: Interest	40.5	31.1	21.1	11.1	
Increase in Current Liabilities	100.5	20.6	8.7	66.1	
Increase in Current Assets	-30.6	-11.7	-64.9	-84.2	
Others	-52.9	0.0	0.0	0.0	
CF from operating activities	316.7	249.7	250.5	358.3	
(Inc)/dec in Investments	0.4	-10.0	-10.0	-10.0	
(Inc)/dec in Fixed Assets	-199.5	-150.0	-150.0	-110.0	
Others	9.3	0.0	0.0	0.0	
CF from investing activities	-189.8	-160.0	-160.0	-120.0	
Issue/(Buy back) of Equity	0.0	0.0	0.0	0.0	
Inc/(dec) in loan funds	-68.6	-94.9	-100.0	0.0	
Less: Interest	-40.5	-31.1	-21.1	-11.1	
Others	-54.2	-51.3	-86.3	-126.9	
CF from financing activities	-163.3	-177.4	-207.4	-138.0	
Net Cash flow	-36.4	-87.7	-116.9	100.4	
Opening Cash	265.0	228.7	141.0	24.1	
Closing Cash	228.7	141.0	24.1	124.5	

Source: Company, ICICI Direct Research

Balance sheet		₹ crore			
(Year-end March)	FY18	FY19E	FY20E	FY21E	
Liabilities					
Equity Capital	23.8	23.8	23.8	23.8	
Reserve and Surplus	508.1	540.4	594.9	674.9	
Total Shareholders funds	531.8	564.2	618.6	698.6	
Total Debt	406.1	311.2	211.2	211.2	
Long term Provisions	4.4	4.4	4.4	4.4	
Other Long term liabilities	16.3	16.3	16.3	16.3	
Deferred Tax Liability	0.00	0.00	0.00	0.00	
Total Liabilities	958.6	896.1	850.5	930.5	
Assets					
Gross Block	793.3	933.3	1,073.3	1,173.3	
Less: Acc Depreciation	275.0	401.0	545.9	704.3	
Net Block	518.3	532.3	527.4	469.0	
Capital WIP	99.2	109.2	119.2	129.2	
Total Fixed Assets	617.5	641.5	646.6	598.2	
Non-current Investments	55.8	65.8	75.8	85.8	
Other Non-current assets	69.2	69.2	69.2	69.2	
Deferred Tax Asset	20.3	20.3	20.3	20.3	
Inventory	21.3	25.7	29.3	34.0	
Debtors	422.3	428.3	488.2	566.3	
Loans and Advances	1.0	1.0	1.0	1.1	
Other Current Assets	66.6	67.9	69.2	70.6	
Cash	228.7	141.0	24.1	124.5	
Current investments	0.0	0.0	0.0	0.0	
Total Current Assets	739.8	663.9	611.9	796.4	
Creditors	368.4	385.4	390.6	453.0	
Other liab & Provisions	175.6	179.1	182.7	186.4	
Total Current Liabilities	544.0	564.6	573.3	639.4	
Net Current Assets	195.8	99.3	38.6	157.0	
Application of Funds	958.6	896.1	850.5	930.5	

Source: Company, ICICI Direct Research

Key ratios					
(Year-end March)	FY18	FY19E	FY20E	FY21E	
Per share data (₹)					
EPS	60.9	35.2	59.2	87.1	
Cash EPS	109.1	88.3	120.2	153.7	
BV	252.1	274.1	315.5	339.7	
DPS	30.5	17.6	29.6	43.5	
Cash Per Share	96.2	59.3	10.1	52.4	
Operating Ratios (%)					
EBITDA Margin (%)	12.5	8.1	9.7	10.8	
PBT / Total Operating income	7.8	4.0	5.9	7.5	
PAT Margin	5.2	2.7	3.9	5.0	
Inventory days	2.8	3.0	3.0	3.0	
Debtor days	55.1	50.0	50.0	50.0	
Creditor days	48.0	45.0	40.0	40.0	
Return Ratios (%)					
RoE	27.2	14.8	22.7	29.6	
RoCE	29.3	19.2	30.0	37.7	
RoIC	43.8	22.9	32.5	49.0	
Valuation Ratios (x)					
P/E	52.1	90.1	53.6	36.5	
EV/EBITDA	21.2	29.1	21.7	15.8	
EV/Sales	2.7	2.4	2.1	1.7	
Market Cap / Sales	2.7	2.5	2.2	1.8	
Price to Book Value	14.2	13.4	12.2	10.8	
Solvency Ratios					
Debt/EBITDA	1.2	1.2	0.6	0.5	
Debt / Equity	0.6	0.4	0.2	0.2	
Current Ratio	1.2	1.0	0.9	1.1	
Quick Ratio	1.8	1.9	2.0	2.3	

Source: Company, ICICI Direct Research

ICICI Direct coverage universe (Logistics)

Sector / Company	CMP			M Cap (₹ Cr)	EPS (₹)				P/E (x)				EV/EBITDA (x)				RoCE (%)			
	(₹)	TP(₹)	Rating		FY17	FY18	FY19E	FY20E	FY17	FY18	FY19E	FY20E	FY17	FY18	FY19E	FY20E	FY17	FY18	FY19E	FY20E
Container Corporation	643	780	BUY	31,340	22.0	22.0	24.5	29.8	28.9	28.9	25.9	21.3	8.6	6.9	5.8	4.6	9.8	11.4	12.5	13.5
Transport Corp. of India	280	360	BUY	2,147	10.7	16.1	22.0	27.3	25.2	16.8	12.3	9.9	14.4	11.0	8.4	7.0	10.7	13.4	15.1	15.8
BlueDart	3,175	3,650	BUY	7,534	58.9	60.9	34.2	64.4	47.3	45.7	81.5	43.2	19.5	18.6	24.4	16.9	32.2	29.3	17.9	28.2
Gati Ltd.	72	75	Hold	777	1.2	3.2	1.2	2.6	59.1	22.6	60.9	27.8	9.2	13.7	11.6	8.2	7.6	6.0	7.2	10.3
Gujarat Pipavav	86	100	BUY	4,162	5.8	4.6	4.9	5.5	17.3	22.1	20.7	18.4	10.8	11.9	11.2	10.5	14.0	12.1	12.3	13.0
TCI Express	604	780	BUY	2,316	9.8	15.2	19.5	24.4	65.9	42.3	33.1	26.4	40.3	27.6	20.8	16.6	31.9	38.3	38.3	36.4

Source: Company, ICICI Direct Research

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