



India

ADD (previously HOLD)

Consensus ratings*: Buy 6 Hold 2 Sell 1

Current price:	Rs5,888
Target price:	Rs6,600
Previous target:	Rs7,000
Up/downside:	12.1%
InCred Research / Consensus:	-7.4%

Reuters:	BLDT.NS
Bloomberg:	BDE IN
Market cap:	US\$1,596m
	Rs139,710m
Average daily turnover:	US\$1.9m
	Rs169.7m
Current shares o/s:	23.7m
Free float:	25.0%

*Source: Bloomberg

Key changes in this note

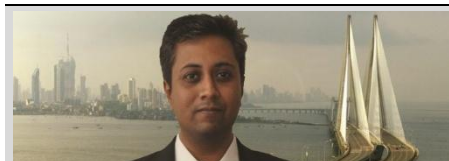
- Reduce our FY26F/ 27F EBITDA estimates by 9%/7%, respectively.
- Reduce our target price from Rs7,000 to Rs6,600.
- Upgrade the stock's rating to ADD (HOLD earlier).



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	(14.0)	(5.1)	(28.4)
Relative (%)	(11.0)	(5.2)	(28.0)

Major shareholders	% held
Promoter and Promoter group	75.0
ICICI Prudential Life Insurance	2.7
Kotak Mutual Fund	1.3

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Blue Dart Express Ltd

Weak margin mars 1Q; reasonable valuation

- In 1QFY26, EBITDA margin dip by 149bp yoy led to a 3% yoy fall in EBITDA.
- BDE lacks strong air cargo volume growth. However, the niche business with established moats ensures a strong RoCE (an average 20% in FY18-25).
- Upgrade to ADD (HOLD earlier) with a lower TP of Rs6,600 (Rs7,000 earlier).

EBITDA margin dip by 149bp yoy leads to a 3% yoy decline in EBITDA

Blue Dart Express or BDE's 1QFY26 sales (Rs14.4bn) grew by 7.4% yoy, slightly lower than the 8.6% yoy rise in cargo, despite a tariff hike (9-12%) in Jan 2025. The EBITDA margin (13.6%) declined by 149bp yoy. As a result, EBITDA declined by 3.2% yoy. Air cargo by BDE planes rose by just 1% yoy in Apr-May 2025 (lower than industry's growth of 8% yoy) and 7% yoy in FY25 (vs. 4.6% rise for industry); over FY23-25, BDE's air cargo rose at just an 0.8% CAGR while industry cargo rose at a 4.7% CAGR; this is disappointing, especially considering the addition of two aircraft to BDE's fleet in 4QFY23; air cargo is the more profitable business comprising ~70%/ 80%+ of BDE's sales/ EBIT.

Niche business with established moats ensures strong RoCE

We are skeptical about BDE's air cargo growth & margin rise due to: (a) Ramp-up of new routes to small towns meant for new planes is likely to take long. Low utilization of planes is detrimental due to the high fixed costs in aviation. (b) As per our analysis, BDE's air cargo tariff/tkm is 4-5x of IndiGo & its cost structure is 10x of passenger carriers carrying belly cargo [Air cargo – What ails domestic air cargo growth? \(28 Feb 2024\)](#). Despite a 9% overall cargo CAGR (FY15-24) for BDE, revenue CAGR was just 10%, despite annual tariff hikes, due to sluggish air cargo CAGR (1.5%). However, the niche business with established moats ensures strong RoCE (average 20%/19% in FY18-25/ FY24-25, respectively).

Upgrade to ADD rating with a lower TP of Rs6,600 (Rs7,000 earlier)

We have cut our FY26F/27F EBITDA estimates by 9%/ 7%, respectively. Over FY25-27F, we factor in sales/volume/EBITDA CAGRs of 9%/9%/10%, respectively, similar to the growth in FY19-25. We value BDE at 15x FY27F EV/EBITDA (22% discount to the median EV/EBITDA of 19.3x over Mar 2022 till now). We believe the discount is warranted, considering the likely muted growth over FY25-27F. Over the last one year, the stock price has declined by 26% with BDE trading at 15x FY26F EV/EBITDA, at a 22% discount to the median. We have upgraded BDE's rating to ADD (HOLD earlier) with a lower target price of Rs6,600 (Rs7,000 earlier). Downside risk: Increase in competitive intensity in the air cargo segment.

Financial Summary

	Mar-23A	Mar-24A	Mar-25A	Mar-26F	Mar-27F
Revenue (Rsm)	51,722	52,678	57,202	62,448	68,006
Operating EBITDA (Rsm)	9,375	8,528	8,726	9,311	10,419
Net Profit (Rsm)	3,705	3,010	2,524	2,834	3,310
Core EPS (Rs)	155.9	126.7	106.2	119.3	139.3
Core EPS Growth	(9.4%)	(18.8%)	(16.1%)	12.3%	16.8%
FD Core P/E (x)	37.76	46.48	55.42	49.36	42.26
DPS (Rs)	30.0	25.0	25.0	0.0	25.0
Dividend Yield	0.51%	0.42%	0.42%	0.00%	0.42%
EV/EBITDA (x)	15.09	16.51	16.07	14.59	12.58
P/FCFE (x)	119.46	27.23	34.25	31.63	25.88
Net Gearing	13.1%	6.5%	2.1%	(22.2%)	(41.8%)
P/BV (x)	11.86	10.23	8.97	7.59	6.65
ROE	36.1%	23.6%	17.3%	16.7%	16.8%

% Change In Core EPS Estimates

InCred Research/Consensus EPS (x)

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Weak margin mars 1Q; reasonable valuation

Figure 1: Consolidated financials: Sales rose by 7.4% yoy, vs. an 8.6% yoy rise in cargo despite a tariff hike (9-12%) in Jan 2025; the EBITDA margin (13.6%) declined by 149bp yoy and led to 3.2% yoy decline in EBITDA

	Quarter ended				
(Rs. m)	1QFY26	1QFY25	% Chg	4QFY25	% Chg
Net Sales	14,419	13,427	7.4	14,173	1.7
Gross Profit	6,056	5,615	7.9	5,872	3.1
Gross margin %	42.0	41.8		41.4	
EBITDA	1,956	2,022	(3.2)	2,131	(8.2)
Other income	99	91	8.6	123	(19.6)
Depreciation	1,209	1,183	2.3	1,243	(2.7)
Interest	186	210	(11.2)	200	(7.1)
Tax	171	186	(8.1)	259	(34.0)
Reported PAT	488	534	(8.6)	551	(11.5)
EBITDA margin (%)	13.6	15.1	-149bp	15.0	-147bp
Tax rate (%)	25.9	25.8		31.9	

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 2: Operating metrics

	1QFY26	1QFY25	% Chg	4QFY25	% Chg
Volume (kt)	340	313	8.6	331	2.7
Tariff (Rs000/t)	42.4	42.9	(1.1)	42.8	(0.9)
Opex/t (Rs000)	36.6	36.4	0.6	36.4	0.8
EBITDA/t (Rs000)	5.8	6.5	(10.9)	6.4	(10.6)

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 3: Standalone financials

	Quarter ended				
(Rs. m)	1QFY26	1QFY25	% Chg	4QFY25	% Chg
Net Sales	14,419	13,427	7.4	14,173	1.7
Gross Profit	4,232	3,951	7.1	4,134	2.4
Gross margin %	29.3	29.4		29.2	
EBITDA	1,002	1,094	(8.5)	1,181	(15.2)
Other income	207	191	8.1	206	0.5
Depreciation	505	523	(3.5)	529	(4.5)
Interest	72	70	3.3	75	(4.8)
Tax	163	178	(8.6)	250	(35.1)
Reported PAT	469	515	(8.9)	532	(11.8)
EBITDA margin (%)	6.9	8.1	-120bp	8.3	-138bp
Tax rate (%)	25.7	25.7		32.0	

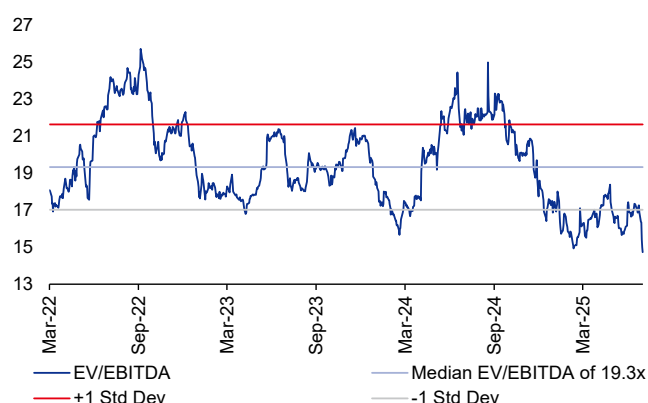
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 4: India domestic air cargo, BDE's air cargo: Air cargo by BDE planes rose by just 1% yoy in Apr-May 2025 (lower than industry's growth of 8% yoy) and 7% yoy in FY25 (vs. a 4.6% rise for industry); over FY23-25, BDE's air cargo rose at just an 0.8% CAGR while industry cargo rose at a 4.7% CAGR; this is disappointing, especially considering the addition of two aircraft to BDE's fleet in 4QFY23; air cargo is the more profitable business comprising ~70%/ 80%+ of BDE's sales/EBIT

	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	Apr-May 2025
Domestic industry air cargo (kt)	192	179	168	189	195	194	188	198	206	203	194	140
yoy growth %	5	(5)	(4)	(2)	2	8	12	5	6	5	4	8
Blue Dart air cargo (kt) - domestic	37.6	37.1	32.0	31.9	33.7	36.4	33.5	35.8	37.2	37.0	34.8	23.4
yoy growth %	(2)	(3)	(8)	(11)	(10)	(2)	5	12	10	2	4	1
Blue Dart's market share %	19.6	20.7	19.1	16.9	17.3	18.7	17.9	18.1	18.1	18.2	17.9	16.8

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 5: Since Mar 2022, BDE's median one-year forward EV/EBITDA was 19.3x; it is trading at 15x FY26F (22% discount to the median)



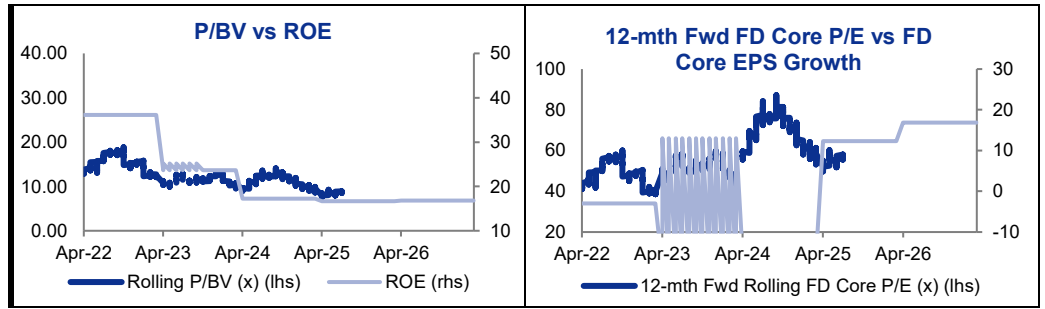
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 6: Our revised earnings estimates

(Rs m)	FY26F		FY27F	
	Old	New	Old	New
Sales	63,034	62,448	68,644	68,006
% change		(1)		(1)
EBITDA	10,177	9,311	11,171	10,419
% change		(9)		(7)
Adjusted PAT	3,086	2,834	3,333	3,310
% change		(8)		(1)

SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS



Profit & Loss

(Rs mn)	Mar-23A	Mar-24A	Mar-25A	Mar-26F	Mar-27F
Total Net Revenues	51,722	52,678	57,202	62,448	68,006
Gross Profit	21,367	21,835	23,040	24,877	27,309
Operating EBITDA	9,375	8,528	8,726	9,311	10,419
Depreciation And Amortisation	(3,945)	(4,329)	(4,849)	(5,091)	(5,588)
Operating EBIT	5,430	4,199	3,877	4,220	4,831
Financial Income/(Expense)	(669)	(781)	(824)	(796)	(796)
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	320	508	420	458	499
Profit Before Tax (pre-EI)	5,082	3,927	3,472	3,882	4,534
Exceptional Items					
Pre-tax Profit	5,082	3,927	3,472	3,882	4,534
Taxation	(1,377)	(917)	(948)	(1,048)	(1,224)
Exceptional Income - post-tax					
Profit After Tax	3,705	3,010	2,524	2,834	3,310
Minority Interests					
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	3,705	3,010	2,524	2,834	3,310
Recurring Net Profit	3,705	3,010	2,524	2,834	3,310
Fully Diluted Recurring Net Profit	3,705	3,010	2,524	2,834	3,310

Cash Flow

(Rs mn)	Mar-23A	Mar-24A	Mar-25A	Mar-26F	Mar-27F
EBITDA	9,375	8,528	8,726	9,311	10,419
Cash Flow from Invt. & Assoc.					
Change In Working Capital	(689)	790	(498)	(2)	8
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow					
Net Interest (Paid)/Received	(348)	(272)	(404)	(337)	(296)
Tax Paid	(1,377)	(917)	(948)	(1,048)	(1,224)
Cashflow From Operations	6,961	8,129	6,876	7,924	8,906
Capex	(6,655)	(1,674)	(1,459)	(3,500)	(3,500)
Disposals Of FAs/subsidiaries	365	(1,364)	(785)		
Acq. Of Subsidiaries/investments					
Other Investing Cashflow					
Cash Flow From Investing	(6,290)	(3,037)	(2,244)	(3,500)	(3,500)
Debt Raised/(repaid)	500	47	(547)		
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	(854)	(593)	(593)		(712)
Preferred Dividends					
Other Financing Cashflow	(1,205)	(3,838)	(3,481)		
Cash Flow From Financing	(1,559)	(4,384)	(4,621)		(712)
Total Cash Generated	(888)	707	11	4,424	4,694
Free Cashflow To Equity	1,171	5,138	4,085	4,424	5,406
Free Cashflow To Firm	1,340	5,872	5,456	5,219	6,202

SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS...cont'd

Balance Sheet

(Rs mn)	Mar-23A	Mar-24A	Mar-25A	Mar-26F	Mar-27F
Total Cash And Equivalents	955	1,662	1,673	6,097	10,791
Total Debtors	6,367	6,704	7,861	8,118	8,841
Inventories	394	518	515	563	613
Total Other Current Assets	1,179	901	1,128	1,230	1,339
Total Current Assets	8,895	9,786	11,177	16,008	21,583
Fixed Assets	18,030	18,266	18,329	16,738	14,650
Total Investments	1,709	3,073	3,858	3,858	3,858
Intangible Assets	730	698	576	576	576
Total Other Non-Current Assets	2,868	2,786	2,688	2,688	2,688
Total Non-current Assets	23,336	24,823	25,451	23,860	21,772
Short-term Debt					
Current Portion of Long-Term Debt					
Total Creditors	5,851	6,073	6,845	7,135	7,770
Other Current Liabilities	1,878	2,630	2,741	2,857	3,111
Total Current Liabilities	7,729	8,704	9,586	9,992	10,881
Total Long-term Debt	2,500	2,547	2,000	2,000	2,000
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	10,178	9,678	9,439	9,439	9,439
Total Non-current Liabilities	12,678	12,225	11,439	11,439	11,439
Total Provisions	28	8	12	12	12
Total Liabilities	20,435	20,936	21,037	21,443	22,332
Shareholders Equity	11,796	13,673	15,590	18,425	21,023
Minority Interests					
Total Equity	11,796	13,673	15,590	18,425	21,023

Key Ratios

	Mar-23A	Mar-24A	Mar-25A	Mar-26F	Mar-27F
Revenue Growth	17.3%	1.8%	8.6%	9.2%	8.9%
Operating EBITDA Growth	(6.2%)	(9.0%)	2.3%	6.7%	11.9%
Operating EBITDA Margin	18.1%	16.2%	15.3%	14.9%	15.3%
Net Cash Per Share (Rs)	(65.02)	(37.23)	(13.76)	172.42	369.99
BVPS (Rs)	496.45	575.45	656.16	775.44	884.80
Gross Interest Cover	8.12	5.38	4.71	5.30	6.07
Effective Tax Rate	27.1%	23.3%	27.3%	27.0%	27.0%
Net Dividend Payout Ratio	19.2%	19.7%	23.5%		17.9%
Accounts Receivables Days	42.93	45.28	46.47	46.70	45.51
Inventory Days	4.47	5.40	5.52	5.24	5.27
Accounts Payables Days	70.04	70.56	69.01	67.91	66.84
ROIC (%)	31.9%	19.2%	18.3%	19.6%	24.2%
ROCE (%)	43.4%	27.5%	22.9%	22.2%	22.2%
Return On Average Assets	14.5%	11.3%	9.4%	9.5%	9.9%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

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Recommendation Framework

Stock Ratings

Definition:

- Add** The stock's total return is expected to exceed 10% over the next 12 months.
- Hold** The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
- Reduce** The stock's total return is expected to fall below 0% or more over the next 12 months.

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

Sector Ratings

Definition:

- Overweight** An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
- Neutral** A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
- Underweight** An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

Country Ratings

Definition:

- Overweight** An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
- Neutral** A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
- Underweight** An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.