

India

Neutral (no change)**Highlighted Companies****Adani Ports & Special Economic Zone Ltd****ADD, TP Rs823, Rs642 close**

Ex-acquisitions, we expect a 12% EBITDA CAGR over FY20-24F. Our target price implies a 11.6x FY25F EV/EBITDA (10% discount to 5-year average).

Container Corp of India Ltd**ADD, TP Rs940, Rs571 close**

We expect sharp volume growth for Concor over FY24F-25F, driven by the shift of cargo from road to rail after the commissioning of the Dedicated Freight Corridor (DFC).

InterGlobe Aviation Ltd**REDUCE, TP Rs1600, Rs1912 close**

We factor in a yearly growth of 13% in ASK and RPK over FY23F-25F. We consider a decline in tariff in FY24F due to a 20% reduction in fuel prices and higher tariff in 3QFY23 due to industry capacity constraints (which are unlikely to sustain).

Summary Valuation Metrics

P/E (x)	Mar22-F	Mar23-F	Mar24-F
Adani Ports & Special Economic Zone Ltd	28.12	18.83	15.63
Container Corp of India Ltd	33.04	28.31	22.05
InterGlobe Aviation Ltd	-11.93	-27.16	-119.59
P/BV (x)	Mar22-F	Mar23-F	Mar24-F
Adani Ports & Special Economic Zone Ltd	3.54	3.04	2.56
Container Corp of India Ltd	3.23	2.99	2.73
InterGlobe Aviation Ltd	-12.2	-8.42	-7.87
Dividend Yield	Mar22-F	Mar23-F	Mar24-F
Adani Ports & Special Economic Zone Ltd	0.95%	0.67%	0.16%
Container Corp of India Ltd	1.58%	1.06%	1.36%
InterGlobe Aviation Ltd	0%	0%	0%

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Transport Infra - Overall

4QFY23 results preview

- In 4QFY23F, we expect a 27% qoq EBITDA growth for Concor and a 16% qoq EBITDA growth for Adani Ports (ADSEZ).
- Domestic air passenger traffic in Jan-Feb 2023 was still 2% below Jan-Feb 2020 level. We believe this was because of weak business traffic.

Strong railway EXIM container growth

Rail cargo (tkm) grew 4.7% yoy but rail export-import (EXIM) container cargo (tkm) rose 8.8% yoy, significantly above the average yoy growth over the previous five quarters (3.5%). We expect a sharp pick-up in rail cargo from Mundra and Pipavav ports after completion of the Rewari to Dadri stretch (127km) in North India on the western Dedicated Freight Corridor or DCF route. We expect a 27% qoq growth in Concor's EBITDA driven by a 17% qoq growth in originating volume. We estimate BlueDart's EBITDA to dip 24% yoy due to intense competition in the air cargo segment and expect the losses to be similar qoq for Delhivery.

Ports: Growth driven by coal cargo

In Jan-Feb 2023, major ports (MPs) + APSEZ cargo grew 13% yoy (vs. a 13% yoy rise in 2QFY23). MPs' cargo grew 12% yoy. At MPs, coal cargo rose 34% yoy as thermal coal grew 37% yoy and coking coal rose 30% yoy. This is in line with our thesis (link to the report: [Port sector report 11 Jun 2022](#)). Among ports, JNPT grew 13.4% yoy. APSEZ reported 86.1mt of cargo in 4QFY23. We expect ADSEZ's EBITDA (excluding SEZ) to rise 16% qoq and GPPV's EBITDA to decline 7% qoq.

Aviation: Traffic continues to disappoint

Domestic air passenger traffic in Jan-Feb 2023 was still 2% below Jan-Feb 2020 level. Domestic traffic in Jan-Feb 2023 from metro-to-metro airports was 9% below Jan-Feb 2020 level. We believe this was due to weak business traffic as the Covid-19 pandemic has altered the entrenched habit of air travel for meetings. Business travel is more lucrative for airlines (vs. tourism) as tickets are booked closer to the travel date vs. tourism. We expect IndiGo's EBITDAR to decline 34% qoq as we expect EBITDAR margin to soften post 3QFY23 due to easing industry capacity constraints.

ADD Concor, GPPV, APSEZ; REDUCE IndiGo, VRL, Delhivery

We have an ADD rating on Concor because of the likely boost to its volume after the commissioning of the DFC. We have a REDUCE rating on IndiGo. We factor in a yearly growth of 13% in ASK and RPK over FY23F-25F. We consider a decline in tariff in FY24F due to a 20% reduction in fuel prices and higher tariff in 3QFY23 due to industry capacity constraints (unlikely to sustain). A sharp economic downturn is the key downside risk because it could negatively impact the volume for ports and logistics operators.

Figure 1: 4QFY23F estimates for companies under our coverage

(Rs m)	Revenue	yoy %	qoq %	EBITDA	yoy %	qoq %	Adj. PAT	yoy %	qoq %
Adani Ports	53,152	38	11	33,243	40	10	17,475	24	12
Gujarat Pipavav	2,095	2	(15)	1,284	(0)	(7)	816	20	(6)
Concor	22,861	12	15	5,444	23	28	3,461	24	17
VRL Logistics	7,677	17	(0)	1,112	(6)	(6)	414	(16)	(16)
BlueDart Express	12,475	7	(7)	2,140	(24)	(6)	774	(40)	(13)
Delhivery	21,447	4	18	(805)	na	na	(2,149)	na	na
IndiGo	1,27,479	59	(13)	13,382	106	(61)	(3,573)	na	na
SpiceJet	19,948	7	(14)	(1,696)	na	na	(3,113)	na	na

SOURCE: INCRED RESEARCH, COMPANY REPORTS

4QFY23 results preview

Figure 2: Detailed 4QFY23F estimates for companies under our coverage

Company	4QFY23F	4QFY22	yoy %	3QFY23	qoq %	Comments
Adani Ports (Consolidated)						
Sales (Rs m)	53,152	38,450	38.2	47,862	11.1	We expect ADSEZ's EBITDA (excluding SEZ income) to rise 16% qoq, inline with volume growth.
SEZ Income (Rs m)	200	420		1,690		
EBITDA (Rs m)	33,243	23,827	39.5	30,114	10.4	
EBITDA excluding SEZ (Rs m)	33,043	23,407	41.2	28,424	16.3	
EBITDA margin %	62.5	62.0		62.9		
Cargo volume (Mn Tonne)	86	70	22.3	75	14.1	
Adj. PAT (Rs m)	17,475	14,149	23.5	15,582	12.1	
Concor (Standalone)						
Sales (Rs m)	22,861	20,430	11.9	19,884	15.0	We expect 27% qoq growth in Concor's EBITDA driven by 17% qoq growth in originating cargo.
EBITDA (Rs m)	5,444	4,428	23.0	4,264	27.7	
EBITDA margin %	23.8	21.7		21.4		
Volume handled (KTEU)	1,265	1,069	18.4	1,085	16.6	
Adj. PAT (Rs m)	3,461	2,791	24.0	2,965	16.7	
Gujarat Pipavav (Standalone)						
Sales (Rs m)	2,095	2,058	1.8	2,464	(15.0)	We expect GPPV's EBITDA to be flat yoy due to 5% yoy decline in cargo volume.
EBITDA (Rs m)	1,284	1,290	(0.5)	1,375	(6.7)	
EBITDA margin %	61.3	62.7		55.8		
Cargo volume (Mn Tonne)	3.9	4.1	(4.7)	4.1	(5.9)	
Adj. PAT (Rs m)	816	683	19.6	869	(6.0)	
VRL Logistics (Standalone)						
Sales (Rs m)	7,677	6,582	16.6	7,688	(0.1)	We estimate 6% yoy decline in EBITDA due to decline in EBITDA margin (in line with 3QFY23).
EBITDA (Rs m)	1,112	1,189	(6.4)	1,186	(6.2)	
EBITDA margin %	14.5	18.1		15.4		
Adj. PAT (Rs m)	414	494	(16.2)	492	(15.8)	
Bluedart Express (Consolidated)						
Sales (Rs m)	12,475	11,659	7.0	13,371	(6.7)	We estimate 24% yoy dip in EBITDA due to increase in competition in air cargo segment.
EBITDA (Rs m)	2,140	2,818	(24.0)	2,281	(6.1)	
EBITDA margin %	17.2	24.2		17.1		
Adj. PAT (Rs m)	774	1,295	(40.2)	887	(12.7)	
Delhivery (Consolidated)						
Sales (Rs m)	21,447	20,718	3.5	18,238	17.6	We estimate losses to muted improvement in EBITDA margin along with 17% qoq rise in sales.
EBITDA (Rs m)	(805)	632	na	(733)	na	
EBITDA margin %	(3.8)	3.1		(4.0)		
Adj. PAT (Rs m)	(2,149)	(1,199)	na	(1,944)	na	
IndiGo (Standalone)						
Sales (Rs m)	1,27,479	80,207	58.9	1,46,830	(13.2)	We expect IndiGo's revenue to decline 13% qoq due to 16% qoq decline in tariff. We expect IndiGo's EBITDAR to decline 34% qoq as we expect EBITDAR margin to soften post 3QFY23 due to easing capacity constraints.
EBITDAR (Rs m)	36,049	24,144	49.3	55,055	(34.5)	
EBITDA (Rs m)	13,382	6,480	106.5	34,501	(61.2)	
EBITDA margin %	10.5	8.1		23.5		
Adj. PAT (Rs m)	(3,573)	(10,636)	na	17,547	na	
SpiceJet (Standalone)						
Sales (Rs m)	19,948	18,657	6.9	23,146	(13.8)	We expect SpiceJet's revenue to decline 14% qoq due to 15% qoq decline in tariff.
EBITDAR (Rs m)	(339)	(159)	na	1,903	na	
EBITDA (Rs m)	(1,696)	(1,460)	na	546	na	
EBITDA margin %	(8.5)	(7.8)		2.4		
Adj. PAT (Rs m)	(3,113)	(4,580)	na	(2,012)	na	

SOURCE: INCRED RESEARCH, COMPANY REPORTS

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