

India

Neutral (no change)**Highlighted Companies****Container Corp of India Ltd****ADD, TP Rs940, Rs671 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).

Gujarat Pipavav Port Ltd**ADD, TP Rs148, Rs108 close**

Going ahead, connectivity to the DFC is likely to boost GPPV in FY24F-25F, while JNPT could be connected to the DFC in two years.

InterGlobe Aviation Ltd**REDUCE, TP Rs1600, Rs2373 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 10% reduction in fuel prices and higher tariff in 3QFY23 due to industry capacity constraints (but unlikely to sustain).

Summary Valuation Metrics

P/E (x)	Mar22-A	Mar23-A	Mar24-F
Container Corp of India Ltd	38.85	33.28	25.92
Gujarat Pipavav Port Ltd	26.89	15.97	12.97
InterGlobe Aviation Ltd	-14.8	-33.7	-148.39
P/BV (x)	Mar22-A	Mar23-A	Mar24-F
Container Corp of India Ltd	3.79	3.51	3.21
Gujarat Pipavav Port Ltd	2.56	2.48	2.37
InterGlobe Aviation Ltd	-15.14	-10.45	-9.76
Dividend Yield	Mar22-A	Mar23-A	Mar24-F
Container Corp of India Ltd	1.34%	0.9%	1.16%
Gujarat Pipavav Port Ltd	4.48%	5.11%	5.83%
InterGlobe Aviation Ltd	0%	0%	0%

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Transport Infra - Overall

Transport Infra - 4QFY23 results review

- Major ports (MPs) + Adani Ports (APSEZ) cargo grew 5% yoy in Apr 2023. We have an ADD rating on Gujarat Pipavav (GPPV) and APSEZ.
- Rail export-import container cargo (tkm) rose by 13% yoy in Apr 2023. ADD Concor, HOLD BlueDart Express (BDE), REDUCE VRL Logistics & Delhivery.
- Daily air traffic in Apr 2023 was 4% below Feb 2023 level & the passenger load factor was 240bp below Feb 2023 level. We have a REDUCE rating on IndiGo.

Ports: Tepid growth in Apr 2023 – ADD Gujarat Pipavav, APSEZ

Major ports (MPs) + APSEZ cargo grew 5% yoy in Apr 2023. For **APSEZ (ADD; TP Rs823)**, ex-acquisitions, we expect a 12% EBITDA CAGR (FY20-24F). Our target price implies 11.6x FY25F EV/EBITDA (10% discount to 5-year avg.). Connectivity to the Dedicated Freight Corridor or DFC may boost **GPPV (ADD; TP Rs148)** in FY24F, while JNPT could be connected to the DFC in 1.5-2 years. We forecast an 18% EBITDA CAGR (FY23-25F). We feel that at CMP, GPPV is factoring in (a) a tepid volume growth, and (b) no concession extension post FY29F.

Logistics: ADD Concor; REDUCE VRL & Delhivery; HOLD BlueDart

In Apr 2023, rail export-import (EXIM) container cargo rose by 13.4% yoy (vs. 9% yoy growth in 4QFY23). We expect a sharp volume growth for **Concor (ADD; TP Rs940)** over FY23-25F, driven by the shift in cargo from road to rail after the start of the DFC. Over FY20-22, **BDE's (HOLD; TP Rs6,250)** EBITDA grew 2x, driven by low competition in the air cargo segment (70% of revenue) as competing airlines carrying belly cargo were hamstrung by Covid (FY21-22). We expect BDE's EBITDA margin to decline to 16.7% due to intense competition in the air cargo business (like in 3-4QFY23). We value BDE at 14x EV/EBITDA FY25F. We expect **VRL Logistics' (REDUCE; TP Rs426)** GT segment's EBITDA margin to fall from 16.4% in FY23 to 14% in FY25F due to commissioning of the DFC in FY24F-25F. We factor in a 7% GT volume CAGR (FY23-25F). We value VRL at 10x EV/EBITDA FY25F. We have concerns about **Delhivery's (REDUCE; TP Rs268)** profitability as tariff hike in the near term is unlikely, capping the operating leverage. Despite a 142% sales growth (FY20-22), EBT margin rose by just 428bp and EBT loss rose by 1.8x. We feel the losses may continue for the next two years.

Daily traffic in Apr 2023 4% below Feb: REDUCE IndiGo (TP Rs1,600)

Traffic in Apr 2023 – we did not compare with Apr 2020 as the Covid-19 pandemic started in Mar 2020, but we compared with daily Feb 2023 numbers: Daily total revenue passenger km (RPK: domestic + international for Indian carriers ex-Alliance Air) was 3.7% lower than in Feb 2023 (which was 5% above Feb 2020 level). Industry passenger load factor (PLF: 84.8%) is like the average of Apr 2018 and Apr 2019 (85.8%), but for IndiGo (86%) it is lower. Despite its aircraft on ground from Oct 2022, industry's daily ASK rose by 13% over Sep 2022 to Apr 2023. IndiGo's daily ASK rose ahead of the industry (up 17%). IndiGo's market share in domestic aviation plateaued over 2QFY22 (56.8%) to Apr 2023 (56.7%). We factor in a yearly growth of 13% in ASK and RPK over FY23-25F. We consider a decline in tariff in FY24F because of higher tariff in 3QFY23 due to industry capacity constraints (unlikely to sustain). We value the business at 9.5x FY25F EV/EBITDAR.

Figure 1: 4QFY23 results summary

(Rs m)	Revenue	yoy %	qoq %	EBITDA	yoy %	qoq %	Adj. PAT	yoy %	qoq %
Adani Ports	57,969	40	21	32,713	27	9	22,851	46	47
Gujarat Pipavav	2,347	6	-5	1,339	4	-3	908	33	5
Concor	21,660	6	9	4,997	13	17	3,207	15	8
VRL Logistics	6,982	6	-9	1,141	-4	-4	605	22	23
Blue Dart Express	12,166	4	-9	1,992	-29	-13	694	-46	-22
Delhivery	18,596	-10	2	134	-79	na	-1,594	na	na
IndiGo	1,41,606	77	-4	24,955	285	-28	6,632	na	-62

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Ports, logistics & aviation - 4Q results review

Figure 2: Results summary

Company	4QFY23	4QFY22	yoy %	3QFY23	qoq %
Adani Ports (Consolidated)					
Sales (Rs m)	57,969	41,408	40.0	47,862	21.1
SEZ EBITDA (Rs m)	220	120		1,080	
EBITDA (Rs m)	32,713	25,809	26.8	30,114	8.6
EBITDA excluding SEZ (Rs m)	32,493	25,689	26.5	29,034	11.9
EBITDA margin %	56.4	62.3		62.9	
Cargo volume (mt)	86.3	78.1	10.5	75.4	14.4
Adj. PAT (Rs m)	22,851	15,605	46.4	15,582	46.6
Gujarat Pipavav (Standalone)					
Sales (Rs m)	2,347	2,207	6.3	2,464	(4.7)
EBITDA (Rs m)	1,339	1,290	3.8	1,375	(2.6)
EBITDA margin %	57.1	58.5		55.8	
Cargo volume (mt)	3.9	4.1	(4.3)	4.1	(5.5)
Adj. PAT (Rs m)	908	683	32.9	869	4.5
Concor (Standalone)					
Sales (Rs m)	21,660	20,430	6.0	19,884	8.9
EBITDA (Rs m)	4,997	4,428	12.9	4,264	17.2
EBITDA margin %	23.1	21.7		21.4	
Volume handled (k TEU)	1,119	1,069	4.7	1,085	3.1
Adj. PAT (Rs m)	3,207	2,791	14.9	2,965	8.2
VRL Logistics (Standalone)					
Sales (Rs m)	6,982	6,582	6.1	7,688	(9.2)
EBITDA (Rs m)	1,141	1,189	(4.0)	1,186	(3.8)
EBITDA margin %	16.3	18.1		15.4	
Adj. PAT (Rs m)	605	494	22.5	492	23.0
BlueDart Express (Consolidated)					
Sales (Rs m)	12,166	11,659	4.3	13,371	(9.0)
EBITDA (Rs m)	1,992	2,818	(29.3)	2,281	(12.7)
EBITDA margin %	16.4	24.2		17.1	
Adj. PAT (Rs m)	694	1,295	(46.4)	887	(21.8)
Delhivery (Consolidated)					
Sales (Rs m)	18,596	20,718	(10.2)	18,238	2.0
EBITDA (Rs m)	134	632	(78.8)	(733)	na
EBITDA margin %	0.7	3.1		(4.0)	
Adj. PAT (Rs m)	(1,594)	(1,199)	na	(1,944)	na
IndiGo (Standalone)					
Sales (Rs m)	1,41,606	80,207	76.6	1,46,830	(3.6)
EBITDA (Rs m)	24,955	6,480	285.1	34,501	(27.7)
EBITDA margin %	17.6	8.1		23.5	
Adj. PAT (Rs m)	6,632	(10,674)	na	17,547	(62.2)

SOURCE: INDIAN PORTS ASSOCIATION, INCRED RESEARCH, COMPANY REPORTS

Ports (Apr 2023): Coal cargo drives growth; APSEZ cargo grew 15% yoy while major ports' volume grew 1% yoy ➤

Note: Major ports' data for Mar 2023 not available. Hence, we have not presented the data for 4QFY23.

Apr 2023 cargo at major ports (MPs) + APSEZ (ex-Gangavaram) grew 5% yoy (vs. a 5% yoy rise in 3QFY23). 3QFY23 cargo at MP+ APSEZ was driven by coal (26% of total cargo; up 22% yoy).

Apr 2023 MPs' cargo grew 1% yoy (vs. a 6% yoy rise in 3QFY23). At MPs, coal cargo grew 17% yoy as thermal coal rose by 27% yoy and coking coal declined by 3% yoy. This was in line with our thesis (link to the report: [Port sector report 11 Jun 2022](#)). Container cargo grew 5% yoy and petroleum, oil and lubricants declined by 2% yoy. Among ports, JNPT grew 7% yoy (vs. 7% yoy growth in 3QFY23).

APSEZ's Apr 2023 volume was 32mt. Its Apr 2023 volume rose by 15% yoy and was 20% higher than the run-rate in 2HFY23. The strong performance was driven by a 9% yoy rise in dry cargo and a 13.6% yoy rise in container cargo.

GPPV's 4QFY23 volume declined by 5% yoy as bulk cargo fell 42% yoy to 1mt. Container cargo rose by 22% yoy to 199kTEU.

Figure 3: Major ports and Adani Ports volume – Apr 2023

	Volume (mt)		Growth %		
	3QFY23	Apr 23	3QFY23 (yoy)	(qoq)	Apr 23 (yoy)
Major Ports	192	66	6	3	1
POL	58	20	(1)	2	(2)
Iron Ore	10	5	4	33	(13)
Fertilizer	5	1	14	11	6
Coal-Thermal	31	12	32	(10)	27
Coal-Coking	15	5	17	4	(3)
Container	42	15	(2)	2	5
Others	31	9	2	9	(12)
Adani Ports (ex-GPL)	69	30	2	(12)	15
Container	31		8	(1)	
Crude	8		(7)	-	
Coal	21		12	(30)	
Others	9		(25)	(3)	
Major Ports + Adani Ports	261	96	5	(2)	5
Container	73		2	1	
Crude	66		(1)	2	
Coal	67		22	(15)	
Others	55		(3)	11	

SOURCE: INDIAN PORTS ASSOCIATION, INCRED RESEARCH, COMPANY REPORTS

APSEZ: Strong volume (up 10% yoy) and rise in EBITDA/t (mainly at Mundra) drove 4Q performance: EBITDA grew 27% yoy, driven by ports' EBITDA (up 26% yoy). Ports' EBITDA/t grew 14% yoy due to a sharp rise in Mundra port's EBITDA/t (up 17% yoy). PAT (up just 3% yoy) was marred by the loss on sale of Myanmar asset worth Rs12.7bn. APSEZ gave guidance of 370-390mt cargo, Rs240-250bn revenue, Rs145-150bn EBITDA and capex of Rs40-45bn for FY24F. This is in line with our estimates of 378mt cargo (up 12% yoy) and Rs146bn EBITDA (up 14% yoy).

GPPV: Strong container volume and tariff offset weak bulk cargo: Sales grew 6% yoy, despite a 4% yoy dip in blended volume. EBITDA/t grew 9% yoy. Container cargo (199kTEU; 75% of total cargo) grew 22% yoy. Bulk cargo declined by 41% yoy mainly because Ultratech's jetty (close to GPPV), which was damaged by a cyclone in 1-2QFY22, regaining volume. GPPV has approved a capex of Rs7.2bn (Rs15/share) for a liquid berth, subject to regulatory approvals. In 4QFY23, JNPT + Mundra + GPPV's container cargo (3.5mTEU) grew 7% yoy.

Railways (Apr 2023): 0.6% yoy decline in overall cargo, 13.4% yoy growth in EXIM containers ➤

Rail cargo (tkm) declined by 0.6% yoy (vs. 5%/4% yoy growth in 4Q/3QFY23, respectively) and container cargo (tkm) rose by 3.1% yoy (vs. 7%/ 8% yoy growth in 4Q/ 3QFY23, respectively). The 0.6% yoy dip in rail cargo was on a high base as Apr 2022 cargo rose by 18% yoy.

EXIM container cargo grew 13.4% yoy (vs. 9%/ 6% yoy growth in 4Q/ 3QFY23, respectively). This was significantly higher than the average yoy growth over the last four quarters (5.7%).

Concor's 4QFY23 originating EXIM/domestic cargo (TEU km) dipped by 11%/ rose by 10% yoy. The Indian Railways' (IR) performance was better – container EXIM/ domestic cargo grew 9 yoy/ 5% yoy. In 3QFY23, Concor's EXIM cargo (TEU km) declined by 17% yoy while IR's EXIM cargo rose by 6% yoy – a divergence of 23% yoy. The divergence narrowed to 20% in 4QFY23. For FY24F, Concor gave guidance of ~10% yoy growth in EXIM cargo.

Figure 4: Railway cargo volume – Apr 2023

	4QFY23	qoq growth %	Apr 23	Apr 23 mom growth %
Total Rail Cargo (mt)	403	8.0	126	(12.5)
yoy growth %	3.8		3.5	
Total Rail Cargo (mtkm)	2,35,955	6.6	73,325	(11.8)
yoy growth %	4.7		(0.6)	
Rail Container (mt)	21	8.0	6.7	(11.0)
yoy growth %	6.1		7.8	
Rail Container - EXIM (mt)	16	8.1	5.2	(7.4)
yoy growth %	7.4		12.7	
Rail Container (mtkm)	18,407	8.4	5,635	(14.5)
yoy growth %	7.3		3.1	
Rail Container - EXIM (mtkm)	11,674	8.7	3,817	(8.2)
yoy growth %	8.9		13.4	
Concor (m TEU) originating	0.61	5.9		
YoY growth %	(6.1)			
Concor EXIM (m TEU) originating	0.5	4.2		
YoY growth %	(9.3)			

SOURCE: MINISTRY OF RAILWAYS, INCRED RESEARCH, COMPANY REPORTS

Concor: Despite a 5% yoy dip in originating cargo, EBITDA rose by 13% yoy: Sales grew 6% yoy, despite a 5% yoy dip in originating volume due to (a) strong handled cargo (up 5% yoy), and (b) the rail ministry scrapping 5% discount for loaded containers from May 2022, and also reducing the 25% discount on empty containers to 15% from Aug 2022 - Concor passed on the increase in cost to its clients. Despite a 16% yoy rise in rail freight (ex-empty loss)/TEU km, EBITDA margin rose yoy.

VRL Logistics: Strong volume but weak margins: The EBITDA margin (16.3%) dipped 172bp yoy due to a 348 bp yoy fall in GT EBITDA margin. This was due to (a) a 3% yoy rise in fuel cost (vs. just 1% yoy rise in tariff), and (b) higher lorry hire charges (up 49% yoy) because of strong volume growth (16% yoy) being met by more hired lorries. VRL expects a capex of Rs4.8bn in FY24F for 30kt capacity. After adjusting for scrappage, this would lead to a net 20% addition of capacity. While VRL Logistics is optimistic of a 15-20% GT volume CAGR over two-to-three years, the average quarterly volume CAGR over 1QFY23-4QFY23 (vs. FY20 – pre-Covid) was 8%. The company stated that a tariff hike in FY24F is unlikely.

BDE: Weak volume growth and margin leads to a 13% qoq EBITDA decline: Consolidated sales grew 4% yoy and declined by 9% qoq (vs. 10% yoy growth and 9% qoq fall in volume). It is encouraging to note that tariffs have plateaued in the last two quarters. EBITDA fell by 29% yoy/13% qoq. The EBITDA margin fell by 780bp yoy and 68bp qoq to 16.4%, in line with our margin estimate for FY25F. This was the fourth consecutive quarter of margin decline, but the silver lining is that the pace of qoq decline abated from 351bp in 1Q to 68bp in 4Q.

Delhivery: Dwindling growth for the second consecutive quarter; losses keep mounting: Adj. PAT loss was at Rs1.6bn, while a marginal improvement

qoq (Rs1.9bn loss) was higher than the loss/quarter in 2HFY22 (Rs1.2bn). Adj. EBITDA margin (post bonus share issue) of -2.7% dipped by 220bp yoy. The EBT margin (-13.3%) declined by 452bp yoy vs. a lower decline in adj. EBITDA margin (post bonus share issue). Sales declined by 10% yoy. Express tariff dipped by 7% yoy and qoq and PTL tariff fell by 2%/4% yoy/qoq. It is disconcerting that despite weak tariffs, express volume rose by just 2% yoy (for a sector accustomed to 25%+ volume growth p.a.) and PTL volume dipped by 30% yoy.

Aviation (Apr 2023): Daily traffic 4% below Feb 2023 level; PLF similar MoM (down 240 bp vs. Feb 2023 level) ➤

3QFY23 vs. 3QFY20 (pre-Covid): Domestic traffic was 6% below 3QFY20 level – a far cry for a sector accustomed to ~15% p.a. growth pre-Covid. Metro-to-metro traffic (Delhi, Mumbai, Bengaluru, Hyderabad, Kolkata and Chennai) was 16% down. International traffic of Indian carriers was 2% down. Total RPK (domestic + international for Indian carriers ex-Alliance Air) was 2% down.

Apr 2023 – we did not compare with Apr 2020 as the Covid-19 pandemic started in Mar 2020, but we compared with daily Feb 2023 numbers: Daily domestic traffic was 0.4% lower than in Feb 2023 (Feb 2023 level was 2% below Feb 2020 level). Daily international traffic of Indian carriers was 5% lower (Feb 2023 level was 10% higher than in Feb 2020 due to the start of the pandemic in Feb 2020 – down 16% MoM). Daily total RPK (domestic + international for Indian carriers ex-Alliance Air) was 3.7% down (Feb 2023 level was 5% above Feb 2020 level).

Note: As per the Directorate General of Civil Aviation or DGCA’s reported Jan 2023 numbers, domestic pax traffic dipped by 2% MoM but domestic RPK rose by 9% MoM, driven by an inexplicable 2035% MoM rise in Alliance Air’s RPK despite a 16% MoM dip in its passenger traffic. Ex-Alliance Air, domestic RPK dipped by 2% MoM, like a 1% MoM dip in passenger traffic. Thus, we have excluded Alliance Air in our RPK calculations.

Figure 5: Air traffic (passengers) and RPK (ex-Alliance Air)

(m)	1QFY23	2QFY23	3QFY23	Jan 23	Feb 23	Mar 23	Apr 23	Growth in daily traffic (Apr 23 vs. Feb 23) %	Apr 23 growth yoy %
Domestic passengers	32.6	30.3	36.0	12.6	12.1	13.0	12.9	(0.4)	22.4
Growth from FY20 level %	(7)	(14)	(6)	(1.5)	(2.0)				
Domestic pax - Metro to Metro	7.9	7.7	9.0	3.2	3.0	3.2	3.2	(0.4)	23.1
Growth from FY20 level %	(17)	(23)	(16)	(9)	(10)				
Domestic passengers- Others	24.7	22.6	27.0	9.4	9.1	9.7	9.7	(0.4)	22.1
Growth from FY20 level %	(4)	(10)	(2)	1	1				
International pax - Indian carriers	5.0	5.8	6.3	2.3	2.1	2.3	2.2	(4.5)	49.1
Growth from FY20 level %	(7)	2	(2)	0	10				
Domestic RPK (bn)	31.9	29.2	34.7	12.1	11.6	12.4	12.4	(0.3)	19.9
Growth from CY19 level %	(6)	(13)	(6)	(2)	(2)				
Domestic PLF %	81	80	87	85.0	88.5	85.8	88.4		
International RPK (bn)	17.7	20.3	21.7	8.1	7.4	8.0	7.2	(9.1)	36.6
Growth from CY19 level %	(3)	9	5	7	17				
International PLF %	78	80	82	85	85	82	79		
Total RPK (bn)	49.6	49.5	56.5	20.1	19.0	20.4	19.6	(3.7)	25.6
Growth from CY19 level %	(5)	(5)	(2)	1	5				
Total PLF %	80	80	85	85	87.2	84.3	84.8		

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Daily ASK, RPK and PLF were flat MoM – PLF dipped by 240 bp vs. Feb 2023 level: Industry PLF (84.8%) is like the average of Apr 2018 and Apr 2019 (85.8%), but for IndiGo (86%) it is lower (89.1% average for Apr 2018 and Mar 2019). Despite its aircraft on ground from Oct 2022, industry’s daily ASK rose by 13% over Sep 2022 to Apr 2023. IndiGo’s daily ASK rose ahead of the industry (up 17%). Please note that 10% of aircraft (10% of IndiGo, 30% of GoAir) were grounded from Oct 2022 due to unavailability of spare parts. IndiGo expects the problem to persist for some time. In the interim, the company has delayed the planned return of older aircraft to boost the capacity.

Figure 6: Daily ASK, RPK and PLF for airlines

	Apr 22	May 22	Jun 22	Jul 22	Aug 22	Sep 22	Oct 22	Nov 22	Dec 22	Jan 23	Feb 23	Mar 23	Apr 23
Daily ASK (m)													
Total	658	691	698	666	674	680	703	720	747	765	780	782	772
IndiGo	288	305	314	303	300	300	311	309	318	328	340	346	350
Others	370	387	384	364	374	380	392	411	429	437	440	436	422
Daily RPK (m)													
Total	521	558	557	528	535	552	579	612	650	649	680	659	655
MoM growth %		7	(0)	(5)	1	3	5	6	6	(0)	5	(3)	(1)
IndiGo	227	247	248	236	235	243	255	265	278	272	294	289	301
MoM growth %		9	1	(5)	(0)	3	5	4	5	(2)	8	(2)	4
Others	295	311	308	291	300	309	324	346	372	377	386	369	353
MoM growth %		6	(1)	(6)	3	3	5	7	7	1	2	(4)	(4)
PLF %													
Total	79.2	80.7	79.8	79.2	79.4	81.1	82.4	85.0	86.9	84.9	87.2	84.3	84.8
IndiGo	78.7	80.9	79.2	78.0	78.4	81.1	82.0	86.0	87.2	82.8	86.5	83.6	86.0
Others	79.7	80.5	80.3	80.2	80.2	81.1	82.7	84.2	86.7	86.4	87.8	84.8	83.8

SOURCE: INCRED RESEARCH, COMPANY REPORTS

IndiGo's domestic market share (56.7% in Apr 2023) has plateaued since 2QFY22 (56.8%): SpiceJet and GoAir market shares dipped from 9.1%/ 7.1% (2QFY22) to 6.3%/ 6.5% (Apr 2023), respectively. The market share for the Tata group, including Air India, was flat – 26.6% in 2QFY22 to 26.9% in Apr 2023. The new entrant (Akasa) witnessed a market share of 3.5% in Apr 2023 vs. zero in 2QFY22 and has effectively captured the loss in market share of SpiceJet and GoAir.

Figure 7: Market share (ex-Alliance Air) in domestic aviation (RPK) over FY20 to Apr 2023

(%)	FY20	FY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	Jan 23	Feb 23	Mar 23	Apr 23
IndiGo	47.7	53.3	54.4	56.8	53.1	52.0	54.7	56.3	54.5	53.4	54.9	55.8	56.7
SpiceJet	15.8	14.0	11.9	9.1	10.4	10.4	10.1	8.1	8.1	7.9	7.8	7.1	6.3
Air India	11.1	9.9	12.6	10.8	10.0	11.0	8.2	9.6	9.8	9.9	9.6	9.6	9.4
Air Asia	7.3	7.4	5.5	5.8	7.0	6.5	6.3	5.8	8.0	7.8	7.2	7.8	7.7
Go Air	10.6	7.7	8.4	7.1	10.4	9.7	10.3	8.4	7.5	8.6	8.1	7.0	6.5
Vistara	6.4	7.2	6.7	10.0	8.8	10.1	10.1	11.4	10.4	9.9	9.7	9.9	9.7
Akasa	-	-	-	-	-	-	-	0.3	1.5	2.3	2.4	2.7	3.5
Others	1.0	0.5	0.4	0.4	0.3	0.3	0.3	0.2	0.2	0.2	0.2	0.2	0.2

SOURCE: INCRED RESEARCH, COMPANY REPORTS

IndiGo: Super-normal profit in 3QFY23 peters out: IndiGo's adj. PAT (before forex gain) declined by 62% qoq. The strong 3Q performance was driven by a sudden dip in industry capacity in Oct 2022, as 10% of the industry's aircraft were grounded due to spare parts availability problems. While the problems persist, the industry is not facing a capacity issue. PLF for the industry was 84% in Mar 2023 (like the pre-Covid level). We believe that attributing the weak 4QFY23 performance to the fact that 4Q is seasonally a weak quarter is incorrect. IndiGo's ASK rose by 6% QoQ and the PLF was similar qoq. On a qoq basis, despite a 17 paise (8%) dip in fuel cost/ASK, GM/ASK dipped by 28 paise (9%) due to a 45 paise (9%) decline in RASK. CASK, ex-fuel, rose by 9 paise (3%) due to a 9 paise rise (6%) in ownership and maintenance/ASK. Thus, operating PBT/ASK dipped by 37 paise (83%).

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