Transport Infra - Overall

2QFY25 results preview

- In 2QFY25F, we expect a 20% yoy EBITDA growth for Container Corporation of India (Concor) and a 14% yoy EBITDA growth for Adani Ports (ADSEZ).
- We expect IndiGo's adjusted PAT loss at Rs6.4bn due to a 15% yoy rise in CASK ex-fuel and flat RASK yoy.

Strong railway-originating container growth likely in 2QFY25F

In 2QFY25F, we expect Concor's originating cargo to rise by 16% yoy. We expect a 20% yoy growth in Concor's EBITDA due to originating volume growth and tariff hike. We expect a 4% yoy rise in BlueDart's EBITDA, despite an 8% yoy sales growth, due to weak margin. We expect a 33% yoy rise in EBITDA of VRL Logistics, driven by tariff hike during the quarter.

Ports: Sector growth of 7% yoy in Jul-Aug 2024 (vs. 16% in 3QFY24)

In Jul-Aug 2024, major ports (MPs) + APSEZ grew 7% yoy (MPs/ APSEZ cargo grew 6%/ 9% yoy, respectively). At MPs, coal cargo grew 10% yoy as thermal coal rose 22% yoy while coking coal declined 10% yoy, container cargo rose by 5% yoy and petroleum, oil and lubricants cargo rose by 1% yoy. Among ports, JNPT rose by 8% yoy. APSEZ reported 111mt of cargo volume in 2QFY25 (up 10% yoy). We expect ADSEZ's EBITDA (ex-SEZ) to rise by 14% yoy, a tad over the volume growth of 10% yoy. We expect GPPV's EBITDA to decline by 5% yoy while its volume fell 20% yoy. This is mainly due to a higher tariff and better cargo mix yoy. We expect JSW Infrastructure's EBITDA to rise by 13% yoy, like its 14% volume growth. The volume growth is mainly due to acquisitions in 4QFY24. We expect just a 4% yoy organic volume growth vs. a 2% yoy decline in 1QFY25.

Aviation: IndiGo's domestic traffic crawls up 3.8% yoy in Aug 2024

Domestic industry traffic in Aug 2024 rose by 5.5% yoy, that of IndiGo grew 3.8% yoy & for Tata group it grew 16.7% yoy. The yoy growth rate has reduced sharply for IndiGo since 4QFY24 – partly due to GoAir stopping operations in May 2023, which led to market share gain for IndiGo. IndiGo's market share (62.4%) was like that in 2QFY24 (63.5%). Tata group's share rose from 26.2% in 2QFY24 to 29.4%. Domestic PLF of the industry was 156bp lower than average in Aug 2018, 2019, and 2023 (historical level) while IndiGo's PLF was 129bp below the historic level. We expect IndiGo's adjusted PAT loss at Rs6.4bn due to a 15% yoy rise in CASK ex-fuel and flat RASK yoy.

Key stock calls: ADD Concor; REDUCE IndiGo & JSW Infrastructure

We have an ADD rating on Concor because of the likely boost to its volume after the commissioning of the Dedicated Freight Corridor or DFC. We have a REDUCE rating on IndiGo or InterGlobe Aviation, valuing the stock at 8.5x FY26F EV/EBITDAR, and a similar rating on JSW Infrastructure as we believe the likely muted volume growth over FY24-26F is at odds with rich valuations.

India

Neutral *(no change)*

Highlighted Companies

Container Corp of India

ADD, TP Rs1083, Rs892 close

We have factored in sales/ originating cargo/ EBITDA growth of 51%/ 47%/ 61%, respectively, over FY24-26F, driven by the shift in cargo from road to rail after the commissioning of the Dedicated Freight Corridor.

InterGlobe Aviation

REDUCE, TP Rs2400, Rs4603 close

We expect InterGlobe Aviation or IndiGo's ASK to grow by 9% p.a. yoy in FY24-26F. We believe IndiGo's incremental groundings in 4QFY24 (5% of industry's fleet) would not impact industry tariff as (a) IndiGo would take planes on lease to meet its capacity target, (b) rivals are unscathed by this issue, and (c) rivals' operating fleet remains underutilized. We factor in Re0.17 RASK - CASK in FY26F (vs. Re0.2 average in FY16-20).

Summary Valuation Metrics

P/E (x)	Mar24-A	Mar25-F	Mar26-F
Container Corp of India	40.45	32	22.86
InterGlobe Aviation	21.73	91.93	61.11

P/BV (x)	Mar24-A	Mar25-F	Mar26-F
Container Corp of India	4.46	3.91	3.5
InterGlobe Aviation	95.21	46.77	26.49

Dividend Yield	Mar24-A	Mar25-F	Mar26-F
Container Corp of India	0.74%	0%	1.31%
InterGlobe Aviation	0%	0%	0%

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Figure 1: 2QFY25F earnings of companies in our coverage universe

(Rs m)	Revenue	yoy %	qoq %	EBITDA	yoy %	qoq %	Adj. PAT	yoy %	qoq %
Adani Ports	72,431	9	4	44,290	14	4	27,757	31	7
Concor	25,963	19	24	6,642	20	54	4,360	18	71
Gujarat Pipavav	2,423	(4)	3	1,432	(5)	3	1,005	(4)	3
JSW Infrastructure	9,712	14	(4)	5,101	13	(1)	3,027	21	1
VRL Logistics	7,872	11	8	1,222	33	41	303	55	537
BlueDart Express	14,304	8	7	2,307	4	14	744	2	39
IndiGo	1,59,363	7	(13)	17,073	(28)	(57)	(6,371)	(284)	(140)
SpiceJet	10,966	(23)	(36)	(1,737)	24	(502)	(254)	(94)	(116)

SOURCE: INCRED RESEARCH, COMPANY REPORTS

2QFY25 results preview

Figure 2: Detailed 2QFY25F earnings of companies in our coverage universe

Company	2QFY25F	2QFY24	yoy %	1QFY25	qoq %	Comments
Adani Ports (Consolidated)						We expect EBITDA (excluding SEZ) to rise 14% yoy, driven by cargo growth (up 10% yoy).
Sales (Rs m)	72,431	66,464	9.0	69,563	4.1	
SEZ EBITDA (Rs m)	450	310		237		
EBITDA (Rs m)	44,290	38,805	14.1	42,445	4.3	
EBITDA excluding SEZ (Rs m)	43,840	38,495	13.9	42,208	3.9	
EBITDA margin %	61.1	58.4		61.0		
Adj. PAT (Rs m)	27,757	21,151	31.2	25,920	7.1	
Concor (Standalone)						We expect 20% yoy EBITDA growth due to 16% yoy originating volume growth.
Sales (Rs m)	25,963	21,904	18.5	20,971	23.8	
EBITDA (Rs m)	6,642	5,543	19.8	4,319	53.8	
EBITDA margin %	25.6	25.3		20.6		
Volume originating (kTEU)	754	648	16.4	607	24.3	
Adj. PAT (Rs m)	4,360	3,705	17.7	2,554	70.7	
Gujarat Pipavav (Standalone)						We expect EBITDA to decline 5% yoy while volume declined 20% yoy. This is mainly due to higher tariff and better cargo mix yoy.
Sales (Rs m)	2,423	2,526	(4.1)	2,360	2.7	
EBITDA (Rs m)	1,432	1,506	(4.9)	1,395	2.6	
EBITDA margin %	59.1	59.6		59.1		
Cargo volume (mt)	3.4	4.3	(19.5)	3.3	2.7	
Adj. PAT (Rs m)	1,005	1,050	(4.3)	972	3.4	
JSW Infrastructure (Consolidated)						We expect EBITDA to rise 13% yoy, similar to 14% volume growth. The volume growth is mainly due to acquisitions in 4QFY24. We expect just 4% yoy organic volume growth, vs. 2% yoy decline in 1QFY25.
Sales (Rs m)	9,712	8,483	14.5	10,098	(3.8)	
EBITDA (Rs m)	5,101	4,522	12.8	5,146	(0.9)	
EBITDA margin %	52.5	53.3		51.0		
Cargo volume (mt)	27.0	23.7	13.8	27.8	(3.0)	
Adj. PAT (Rs m)	3,027	2,499	21.1	3,007	0.7	
VRL Logistics (Standalone)						We expect 33% yoy rise in EBITDA due to tariff hike in 2QFY25.
Sales (Rs m)	7,872	7,093	11.0	7,272	8.2	
EBITDA (Rs m)	1,222	918	33.0	869	40.6	
EBITDA margin %	15.5	12.9		11.9		
Adj. PAT (Rs m)	303	195	55.2	48	536.9	
BlueDart Express (Consolidated)						We expect 4% yoy rise in EBITDA despite 8% yoy sales rise due to margin dip yoy.
Sales (Rs m)	14,304	13,245	8.0	13,427	6.5	
EBITDA (Rs m)	2,307	2,227	3.6	2,022	14.1	
EBITDA margin %	16.1	16.8		15.1		
Adj. PAT (Rs m)	744	731	1.8	534	39.2	
IndiGo (Standalone)						We expect Adj. PAT loss of Rs6.4bn due to 15% yoy rise in CASK ex-fuel and flat RASK yoy.
Sales (Rs m)	1,59,363	1,49,439	6.6	1,83,767	(13.3)	
EBITDAR (Rs m)	51,876	49,761	4.2	72,370	(28.3)	
EBITDA (Rs m)	17,073	23,555	(27.5)	40,096	(57.4)	
EBITDA margin %	10.7	15.8		21.8		
Adj. PAT (Rs m)	(6,371)	3,470	(283.6)	15,971	(139.9)	
SpiceJet (Standalone)						We expect 23% yoy decline in sales due to loss of market share yoy.
Sales (Rs m)	10,966	14,288	(23.3)	17,082	(35.8)	
EBITDAR (Rs m)	453	(754)	(160.0)	2,917	(84.5)	
EBITDA (Rs m)	(1,737)	(1,406)	23.6	432	(502.3)	
EBITDA margin %	(15.8)	(9.8)		2.5		
Adj. PAT (Rs m)	(254)	(4,494)	(94.4)	1,586	(116.0)	

SOURCE: INCRED RESEARCH, COMPANY REPORTS

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