

India

Neutral (no change)

Highlighted Companies

Container Corp of India

ADD, TP Rs940, Rs886 close

We expect a sharp volume growth for Container Corporation of India over FY23-25F, driven by the shift in cargo from road to rail after the commissioning of the Dedicated Freight Corridor.

InterGlobe Aviation

REDUCE, TP Rs2000, Rs3013 close

We expect InterGlobe Aviation or IndiGo's ASK to grow 19% yoy in FY24F but grow 10% p.a. yoy in FY25F-26F. We factor in FY26F gross margin at Rs2.7 (vs. Rs2.77 in 2HFY24F-25F) and Re0.11 RASK - CASK in FY26F (same as the average in FY17-20).

Summary Valuation Metrics

P/E (x)	Mar24-F	Mar25-F	Mar26-F
Container Corp of India	34.23	21.05	
InterGlobe Aviation	31.22	77.35	55.16

P/BV (x)	Mar24-F	Mar25-F	Mar26-F
Container Corp of India	4.24	3.78	
InterGlobe Aviation	-44.98	-107.48	113.33

Dividend Yield	Mar24-F	Mar25-F	Mar26-F
Container Corp of India	0.88%	1.9%	
InterGlobe Aviation	0%	0%	0%

Transport Infra - Overall

3QFY24 results preview

- In 3QFY24F, we expect a 39% yoy EBITDA growth for Container Corporation of India (Concor) and a 45% yoy EBITDA growth for Adani Ports (ADSEZ).
- We expect IndiGo's EBITDA to rise by just 8% yoy, lower than the 26% yoy rise in ASK and a 10% yoy increase in VRL Logistics' EBITDA (in line with volume).

Strong railway EXIM container growth likely in 3QFY24F

In Oct 2023, rail cargo (tkm) rose just 4.6% yoy but container cargo increased by 16.1% yoy, driven by a 21.1% yoy rise in export-import (EXIM) container cargo. The growth in EXIM container cargo was significantly higher than the average growth over 1QFY23-1QFY24 (5%). We believe this was due to a sharp pick-up in rail cargo from Mundra and Pipavav ports after the completion of the Rewari to Dadri stretch (127km) in North India on the western Dedicated Freight Corridor or DCF. We expect a 39% yoy growth in Concor's EBITDA due to (a) a 21% yoy rise in volume, and (b) the low base effect. We expect BlueDart's EBITDA to rise by 6% yoy, in line with the historic growth in air cargo volume. We expect a 10% yoy rise in VRL Logistics' EBITDA, driven by a similar volume growth.

Ports: Adani Ports grew much higher than MPs in 3QFY24

In 3QFY24, major ports (MPs) + APSEZ grew 18% yoy (MPs/ APSEZ cargo grew 10%/41% yoy, respectively). At MPs, coal cargo rose 12% yoy as coking coal rose 26% yoy, container cargo rose 9% yoy and petroleum, oil and lubricants cargo rose 7% yoy. Among ports, JNPT grew 4% yoy. APSEZ reported 109mt of cargo volume in 3QFY24. Ex-Haifa port volume, we estimate 105mt of cargo. Over 9MFY24F, we estimate APSEZ cargo (ex-Haifa) at 302mt, a tad higher than its FY24F guidance of 370-390mt. We expect ADSEZ's EBITDA (excluding SEZ) to rise 45% yoy, driven by similar cargo growth. We expect GPPV's EBITDA to rise 9% yoy, driven by an improvement in the volume mix.

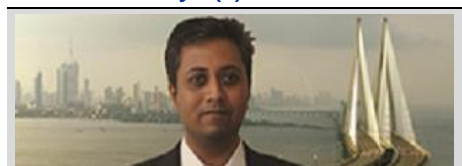
Aviation: Volume growth yoy tapers down in Oct-Nov 2023

Domestic industry traffic rose by just 9.5% yoy in Oct-Nov 2023, significantly lower than the yoy growth in Jun-Sep 2023 (average 20.9%), where growth was boosted due to the low base effect. IndiGo's domestic market share dipped from 63.4% in 2Q to 61.8% in Nov 2023. The gainer was SpiceJet (4.3% in 2Q to 6.2% in Nov 2023). Domestic industry and IndiGo's PLF dipped sharply in Nov 2023 vs. Jun 2023. We believe this indicates a rise in competition and an end to supernormal profits after the closure of GoFirst. We expect IndiGo's EBITDA to rise by just 8% yoy, lower than the 26% yoy growth in ASK.

ADD Concor; REDUCE IndiGo & VRL Logistics

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, valuing the stock at 8.5x FY26F EV/EBITDAR and a similar rating on VRL Logistics as we expect disappointment in its volume and margins in FY25F. Any sharp economic downturn is the key downside risk because it could negatively impact the volume for ports and logistics operators.

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Figure 1: 3QFY24F earnings for companies in our coverage universe

(Rs m)	Revenue	yoy %	qoq %	EBITDA	yoy %	qoq %	Adj. PAT	yoy %	qoq %
Adani Ports	73,136	53	10	42,534	41	10	23,290	49	7
Concor	24,821	25	13	5,926	39	7	4,019	36	8
Gujarat Pipavav	2,458	(0)	(3)	1,503	9	(0)	1,043	20	(1)
VRL Logistics	7,532	11	6	1,136	10	24	366	(9)	88
BlueDart Express	14,307	7	8	2,424	6	9	906	2	24
IndiGo	1,73,889	18	16	37,175	8	58	17,090	(3)	393
SpiceJet	20,178	(13)	41	156	(71)	na	96	na	na

SOURCE: INCRED RESEARCH, COMPANY REPORTS

3QFY24 results preview

Figure 2: Detailed 3QFY24F earnings of companies under our coverage universe

Company	3QFY24F	3QFY23	yoy %	2QFY24	qoq %	Comments
Adani Ports (Consolidated)						
Sales (Rs m)	73,136	47,862	52.8	66,464	10.0	We expect 45% yoy rise in EBITDA (excluding SEZ income), similar to volume growth.
SEZ EBITDA (Rs m)	450	1,080		310		
EBITDA excluding SEZ (Rs m)	42,084	29,034	44.9	38,495	9.3	
EBITDA margin %	58.2	62.9		58.4		
Adj. PAT (Rs m)	23,290	15,582	49.5	21,785	6.9	
Concor (Standalone)						
Sales (Rs m)	24,821	19,884	24.8	21,904	13.3	We expect 39% yoy rise in EBITDA, driven by 21% yoy growth in cargo. Note: the yoy growth numbers are higher due to low base effect.
EBITDA (Rs m)	5,926	4,264	39.0	5,543	6.9	
EBITDA margin %	23.9	21.4		25.3		
Volume handled (kTEU)	1,308	1,085	20.5	1,231	6.3	
Adj. PAT (Rs m)	4,019	2,965	35.6	3,705	8.5	
Gujarat Pipavav (Standalone)						
Sales (Rs m)	2,458	2,464	(0.2)	2,526	(2.7)	We expect 9% yoy rise in EBITDA due to improvement in volume mix.
EBITDA (Rs m)	1,503	1,375	9.3	1,506	(0.2)	
EBITDA margin %	61.2	55.8		59.6		
Cargo volume (mt)	4.1	4.1	(1.7)	4.3	(4.8)	
Adj. PAT (Rs m)	1,043	869	20.1	1,050	(0.6)	
VRL Logistics (Standalone)						
Sales (Rs m)	7,532	6,815	10.5	7,093	6.2	We estimate 10% yoy rise in EBITDA, similar to volume growth.
EBITDA (Rs m)	1,136	1,033	10.0	918	23.7	
EBITDA margin %	15.1	15.2		12.9		
Adj. PAT (Rs m)	366	402	(9.0)	195	87.7	
BlueDart Express (Consolidated)						
Sales (Rs m)	14,307	13,371	7.0	13,245	8.0	We estimate 6% yoy rise in EBITDA, similar to air cargo volume growth.
EBITDA (Rs m)	2,424	2,281	6.3	2,227	8.8	
EBITDA margin %	16.9	17.1		16.8		
Adj. PAT (Rs m)	906	887	2.1	731	23.9	
IndiGo (Standalone)						
Sales (Rs m)	1,73,889	1,46,830	18.4	1,49,439	16.4	We expect EBITDA to rise 8% yoy, lower than the 26% yoy rise in ASK.
EBITDAR (Rs m)	64,938	55,055	18.0	49,761	30.5	
EBITDA (Rs m)	37,175	34,501	7.8	23,555	57.8	
EBITDA margin %	21.4	23.5		15.8		
Adj. PAT (Rs m)	17,090	17,547	(2.6)	3,470	392.5	
SpiceJet (Standalone)						
Sales (Rs m)	20,178	23,146	(12.8)	14,288	41.2	We expect SpiceJet's EBITDAR to rise sharply driven by 27% qoq rise in ASK.
EBITDAR (Rs m)	808	1,903	(57.5)	(754)	na	
EBITDA (Rs m)	156	546	(71.3)	(1,406)	na	
EBITDA margin %	0.8	2.4		(9.8)		
Adj. PAT (Rs m)	96	(871)	na	(1,466)	na	

SOURCE: INCRED RESEARCH, COMPANY REPORTS

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