

India

Neutral (no change)**Highlighted Companies****Container Corp of India****ADD, TP Rs1083, Rs1043 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, Rs4238 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 remain 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	47.32	37.43	26.74
InterGlobe Aviation	20.01	84.64	56.27
P/BV (x)	Mar24-A	Mar25-F	Mar26-F
Container Corp of India	5.22	4.58	4.09
InterGlobe Aviation	87.66	43.06	24.39
Dividend Yield	Mar24-A	Mar25-F	Mar26-F
Container Corp of India	0.63%	0%	1.12%
InterGlobe Aviation	0%	0%	0%

Transport Infra - Overall

1QFY25 results preview

- In 1QFY25F, we expect a 25% yoy EBITDA growth for Container Corporation of India (Concor) and a 9% yoy EBITDA growth for Adani Ports (ADSEZ).
- We expect IndiGo's adjusted PAT to dip 41% yoy due to a rise in cost/ ASK.

Strong railway originating container growth likely in 1QFY25F

In 1QFY25, Concor's cargo (handled) rose 6% yoy. However, we expect originating cargo to report a higher growth of 12% yoy aided by the weak volume in 1QFY24 when the Rewari-to-Dadri stretch on the western Dedicated Freight Corridor or DFC was not complete. We expect a 25% yoy growth in Concor's EBITDA due to originating volume growth and tariff hike. We expect a 22% yoy rise in BlueDart's EBITDA driven by margin growth yoy as 1QFY24 EBITDA margin was the lowest in the last 15 quarters. We expect flat EBITDA yoy for VRL Logistics, as we expect the 8% yoy volume growth to be offset by a dip in margin (similar qoq).

Ports: Sector growth tapers down to 7% yoy (vs. 16% yoy in 3QFY24)

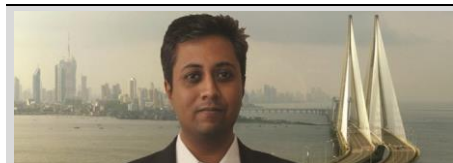
In 1QFY25, major ports (MPs) + APSEZ grew 7% yoy (MPs/ APSEZ cargo grew 4%/8% yoy, respectively). At MPs, coal cargo was flat yoy as thermal coal declined 2% yoy while coking coal rose 7% yoy, container cargo rose 5% yoy and petroleum, oil and lubricants cargo rose 2% yoy. Among ports, JNPT rose 5% yoy. APSEZ reported 109mt of cargo volume in 1QFY25 (up 7% yoy). We expect ADSEZ's EBITDA (ex-SEZ) to rise 8% yoy. The relatively tepid volume growth of 7% yoy (vs. 20% yoy organic growth in 4QFY24) was due to the shutdown of Gangavaram port for around two months. We expect GPPV's EBITDA to rise 27% yoy but decline 9% qoq (in line with volume). We expect JSW Infrastructure's EBITDA to rise 20% yoy, ahead of 12% volume growth (due to acquisitions in 4QFY24). We expect just 3% organic volume growth vs. a 2% yoy decline in 4QFY24.

Aviation: Domestic traffic crawls up 4% yoy in May 2024

Domestic industry traffic in May 2024 rose 4% yoy, that of IndiGo grew 4.5% yoy & for Tata group it grew 11% yoy. The yoy growth rate declined sharply for both IndiGo and Tata group since Apr 2024. This was due to GoAir stopping operations in May 2023, which led to market share gains for the existing players. IndiGo's market share fell from 63.5% in 2Q to 60.1% in Feb 2024 but rose to 61.6%. Tata group's share rose from 26.2% in 2Q to 28%. Domestic PLF for the industry was 86bp lower than the average in May 2018, 2019, 2023 (historical levels) while IndiGo's PLF was 272bp below the historical level. We expect IndiGo's adjusted PAT to dip 41% yoy due to a similar RASK yoy & the rise in CASK yoy (similar to 4QFY24).

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 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.

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

(Rs m)	Revenue	yoy %	qoq %	EBITDA	yoy %	qoq %	Adj. PAT	yoy %	qoq %
Adani Ports	69,483	11	1	40,821	9	1	22,561	7	(6)
Concor	22,020	15	(5)	5,003	25	2	3,247	29	8
Gujarat Pipavav	2,286	6	(9)	1,431	27	(9)	983	32	(10)
JSW Infrastructure	10,636	21	(3)	5,410	20	(7)	3,233	38	(17)
VRL Logistics	7,345	9	(4)	1,007	(1)	(4)	178	(47)	(17)
BlueDart Express	13,613	10	3	2,326	22	3	826	35	6
IndiGo	1,84,140	10	5	41,062	(15)	8	17,470	(41)	2
SpiceJet	15,782	(21)	na	(611)	na	na	(672)	na	na

SOURCE: INCRED RESEARCH, COMPANY REPORTS

1QFY25 results preview

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

Company	1QFY25F	1QFY24	yoy %	4QFY24	qoq %	Comments
Adani Ports (Consolidated)						
Sales (Rs m)	69,483	62,476	11.2	68,965	0.8	We expect EBITDA (excluding SEZ) to rise 8% yoy, driven by cargo growth. The relatively tepid volume growth of 7.5% yoy (vs. 20% yoy organic growth in 4QFY24) was due to shutdown at Gangavaram port for ~2 months.
SEZ EBITDA (Rs m)	450	50		380		
EBITDA (Rs m)	40,821	37,537	8.7	40,439	0.9	
EBITDA excluding SEZ (Rs m)	40,371	37,487	7.7	40,059	0.8	
EBITDA margin %	58.7	60.1		58.6		
Cargo volume (mt)	109	101	7.5	109	0.3	
Adj. PAT (Rs m)	22,561	21,070	7.1	23,903	(5.6)	
Concor (Standalone)						
Sales (Rs m)	22,020	19,193	14.7	23,176	(5.0)	We expect 25% yoy EBITDA growth due to 12% yoy originating volume growth (vs. handled volume growth of 6% yoy), 3% yoy rise in lead distance and 3% yoy tariff hike. We expect growth to be aided by low base (1QFY24 originating cargo fell 6% yoy).
EBITDA (Rs m)	5,003	4,016	24.6	4,890	2.3	
EBITDA margin %	22.7	20.9		21.1		
Volume handled (kTEU)	1,159	1,094	6.0	1,245	(6.9)	
Adj. PAT (Rs m)	3,247	2,517	29.0	2,998	8.3	
Gujarat Pipavav (Standalone)						
Sales (Rs m)	2,286	2,149	6.4	2,513	(9.0)	We expect EBITDA to rise 27% yoy but decline 9% qoq. We expect the qoq decline in EBITDA to be in-line with volume performance.
EBITDA (Rs m)	1,431	1,128	26.9	1,573	(9.0)	
EBITDA margin %	62.6	52.5		62.6		
Cargo volume (mt)	3.3	3.9	(13.2)	3.7	(9.0)	
Adj. PAT (Rs m)	983	746	31.8	1,088	(9.7)	
JSW Infrastructure (Consolidated)						
Sales (Rs m)	10,636	8,781	21.1	10,964	(3.0)	We expect EBITDA to rise 20% yoy, ahead of 12% volume growth. The volume growth is mainly due to acquisitions in 4QFY24. We expect just 3% organic volume growth, vs. 2% yoy decline in 4QFY24.
EBITDA (Rs m)	5,410	4,513	19.9	5,812	(6.9)	
EBITDA margin %	50.9	51.4		53.0		
Cargo volume (mt)	28.5	25.4	12.4	29.3	(2.6)	
Adj. PAT (Rs m)	3,233	2,337	38.3	3,891	(16.9)	
VRL Logistics (Standalone)						
Sales (Rs m)	7,345	6,742	8.9	7,684	(4.4)	We expect flat EBITDA yoy, as we expect 8% volume growth to be offset by a dip in EBITDA margin (similar to 4QFY24).
EBITDA (Rs m)	1,007	1,019	(1.2)	1,053	(4.4)	
EBITDA margin %	13.7	15.1		13.7		
Adj. PAT (Rs m)	178	339	(47.5)	215	(17.2)	
BlueDart Express (Consolidated)						
Sales (Rs m)	13,613	12,376	10.0	13,229	2.9	We expect 22% yoy rise in EBITDA driven mainly by margin rise yoy. We expect growth to be aided by low base (1QFY24 EBITDA margin was the lowest in the last 15 quarters).
EBITDA (Rs m)	2,326	1,907	22.0	2,260	2.9	
EBITDA margin %	17.1	15.4		17.1		
Adj. PAT (Rs m)	826	613	34.7	778	6.2	
IndiGo (Standalone)						
Sales (Rs m)	1,84,140	1,66,831	10.4	1,74,753	5.4	We expect Adj PAT to decline 41% yoy due to muted ASK growth (12% yoy), similar RASK yoy and rise in CASK (high ownership cost/ASK and salary/ ASK: similar to 4QFY24).
EBITDAR (Rs m)	74,160	74,715	(0.7)	69,443	6.8	
EBITDA (Rs m)	41,062	48,518	(15.4)	37,996	8.1	
EBITDA margin %	22.3	29.1		21.7		
Adj. PAT (Rs m)	17,470	29,712	(41.2)	17,093	2.2	
SpiceJet (Standalone)						
Sales (Rs m)	15,782	20,036	(21.2)	na	na	We expect 21% decline in sales due to loss of market share yoy
EBITDAR (Rs m)	216	3,894	(94.5)	na	na	
EBITDA (Rs m)	(611)	2,690	na	na	na	
EBITDA margin %	(3.9)	13.4		na	na	
Adj. PAT (Rs m)	(672)	1,976	na	na	na	

SOURCE: INCRED RESEARCH, COMPANY REPORTS

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