

Blue Dart Express

Estimate change	↔
TP change	↑
Rating change	↔

CMP: INR6,822 TP: INR7,860 (+15%) Buy

Capacity utilization picking up; outlook bright

Performance in line with estimates

- Blue Dart Express's (BDE) revenue grew 8.7% YoY to INR13.2b in 4QFY24 (in line). BDE handled 0.29m tons of cargo volume (+8.7% YoY). The realization remained flat YoY at INR 44.5/kg. It carried 91m shipments in 4Q.
- EBITDA margin came in at 10.5% in 4Q (our est. 10.3%). The margin was flat YoY and increased by ~80bp QoQ, mainly due to price hike by BDE and improved utilization of newly added aircraft. EBITDA increased by 9% YoY to INR1.4b (in line). APAT grew 8% YoY to INR761m (our est. INR813m).
- In FY24, BDE reported revenue of INR32.7b (+2% YoY), EBITDA of INR5.2b (-18% YoY), and APAT of INR2.9b (-21% YoY). In FY24, BDE carried 1.2m tons of shipments (+4.4% YoY). Realization per kg stood at INR43.7 (-2.4% YoY).
- Volumes are improving as new aircraft are stabilizing and routes like Guwahati have been added to the network. As overall demand improves, a further pickup in volumes is anticipated in FY25 and FY26. The standalone EBITDA margin has started to expand as capacity utilization has improved and BDE has shifted some volumes from third-party cargo to its own aircraft. **We largely retain our estimates for FY25/FY26 and maintain BUY with a revised TP of INR7,860 (based on 20x FY26E EV/EBITDA). With high capacity in place, BDE is well placed to capitalize on the growth opportunity ahead.**

New aircraft see improved utilization; segments like ecommerce witnessing strong growth

- The two new aircraft have stabilized and volumes have improved in 4Q. The management remains confident that the newly added aircraft will achieve optimal utilization soon, leading to improved efficiency and higher margins.
- BDE continues to expand in the surface express segment, which forms 30% of its total revenues. The surface express segment is expected to be a key growth driver for BDE, with anticipated double-digit growth.
- BDE saw decent growth in the ecommerce vertical and expects this growth momentum to continue ahead.

Highlights from the management commentary

- BDE's strong market share remains stable. FY24 revenue share mix: 30% from ground; 30% from ecommerce; insignificant from ground ecommerce; and the rest from parcel/documents.
- The two new aircraft capacities have replaced third-party volume with in-house operations. The share of third-party cargo has declined from 20-25% to 10-11% currently. New aircraft have started operating from the new route in Guwahati.
- Depreciation may rise from existing levels, due to capex in infrastructure and also IT integration. Air fleet-related depreciation should remain steady.
- Looking to increase PBT margins by 3-5% going forward.

Bloomberg	BDE IN
Equity Shares (m)	24
M.Cap.(INRb)/(USDb)	161.9 / 1.9
52-Week Range (INR)	7650 / 5487
1, 6, 12 Rel. Per (%)	12/-13/-10
12M Avg Val (INR M)	143

Financial Snapshot (INR b)

Y/E MARCH	2024	2025E	2026E
Sales	52.7	60.8	72.0
EBITDA	5.2	7.1	9.0
Adj. PAT	2.9	4.2	5.5
EBITDA Margin (%)	9.8	11.7	12.5
Adj. EPS (INR)	121.6	176.0	233.2
EPS Gr. (%)	-21.2	44.7	32.5
BV/Sh. (INR)	606.2	722.3	895.4

Ratios

Net D:E	-0.1	-0.1	-0.1
RoE (%)	21.4	26.5	28.8
RoCE (%)	23.1	28.4	30.4
Payout (%)	20.6	34.1	25.7

Valuations

P/E (x)	56.1	38.8	29.3
P/BV (x)	11.3	9.4	7.6
EV/EBITDA(x)	30.1	21.6	16.8
Div. Yield (%)	0.4	0.9	0.9
FCF Yield (%)	2.3	1.9	2.1

Shareholding pattern (%)

As On	Mar-24	Dec-23	Mar-23
Promoter	75.0	75.0	75.0
DII	11.7	11.8	9.9
FII	5.4	5.3	4.9
Others	7.9	7.9	10.3

FII Includes depository receipts

Valuation and view

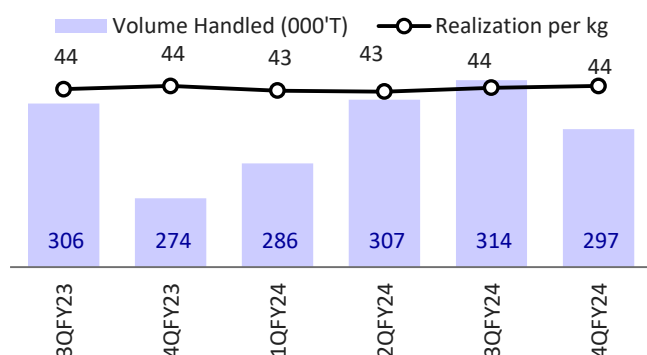
- Improved utilization of the newly added aircraft, along with network expansion, is likely to result in higher volumes for the company.
- With improved volumes, better realizations, and an increasing market share of BDE in the surface express segment, we expect the company to register a CAGR of ~17%/32%/38% in revenue/EBITDA/PAT over FY24-26. **We largely retain our estimates and maintain our BUY with a revised TP of INR7,860 (based on 20x FY26E EV/EBITDA).**

Quarterly snapshot - Standalone**(INR m)**

Y/E March (INR m)	FY23				FY24				FY23	FY24	FY24	Var. vs Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	
Net Sales	12,933	13,253	13,371	12,166	12,376	13,245	13,829	13,229	51,722	52,678	13,896	(5)
YoY Change (%)	49.6	18.0	6.6	4.3	-4.3	-0.1	3.4	8.7	17.3	1.8		
EBITDA	1,908	1,627	1,506	1,282	1,133	1,305	1,343	1,394	6,323	5,175	1,437	(3)
Margins (%)	14.7	12.3	11.3	10.5	9.2	9.9	9.7	10.5	12.2	9.8	10.3	
YoY Change (%)	128.7	-18.0	-26.1	-41.2	-40.6	-19.8	-10.8	8.7	-10.2	-18.2		
Depreciation	397	419	414	436	444	456	473	500	1,666	1,873		
Interest	47	42	42	44	45	48	47	53	174	193		
Other Income	102	121	139	143	157	151	228	183	505	718		
PBT before EO expense	1,566	1,288	1,189	945	801	952	1,050	1,024	4,987	3,828		
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0		
PBT	1,566	1,288	1,189	945	801	952	1,050	1,024	4,987	3,828	1,087	
Tax	394	368	320	241	204	240	235	263	1,323	942		
Rate (%)	25.2	28.5	26.9	25.5	25.4	25.2	22.4	25.7	26.5	24.6		
Reported PAT	1,172	920	869	703	598	713	816	761	3,664	2,886	813	
Adj PAT	1,172	920	869	703	598	713	816	761	3,664	2,886	813	(6)
YoY Change (%)	298.9	-26.6	-28.9	-48.1	-49.0	-22.5	-6.2	8.1	-11.1	-21.2		
Margins (%)	9.1	6.9	6.5	5.8	4.8	5.4	5.9	5.7	7.1	5.5		

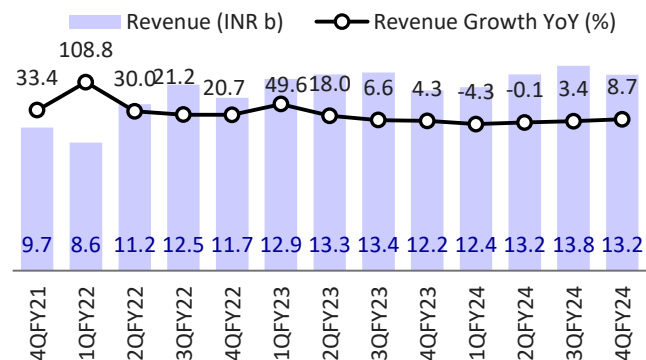
The quarter in charts

Exhibit 1: Volume and realization trends



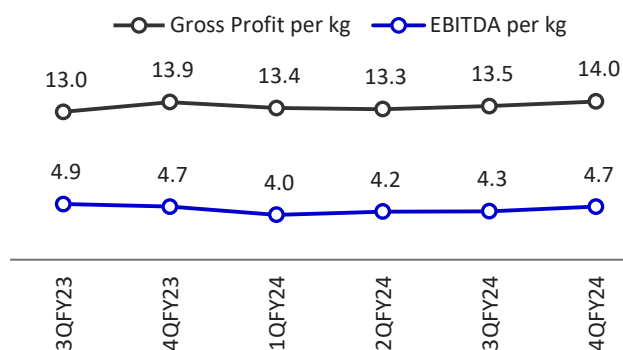
Source: Company, MOFSL

Exhibit 2: Revenue increased 9% YoY



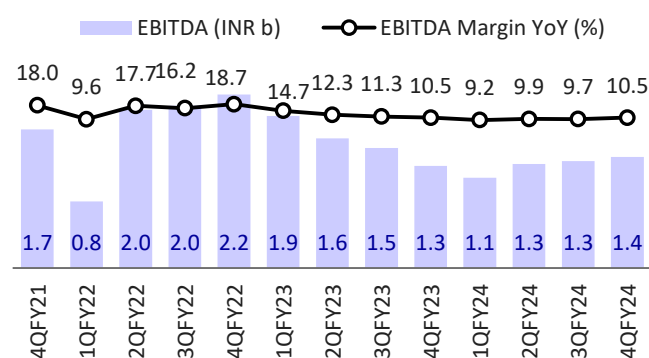
Source: Company, MOFSL

Exhibit 3: Operating profitability per kg



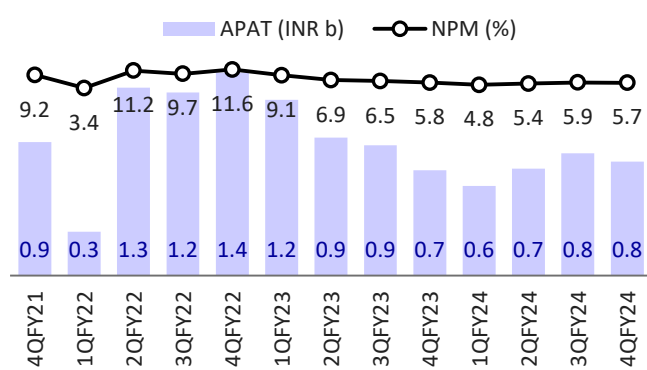
Source: Company, MOFSL

Exhibit 4: EBITDA margin expanded 80bp QoQ



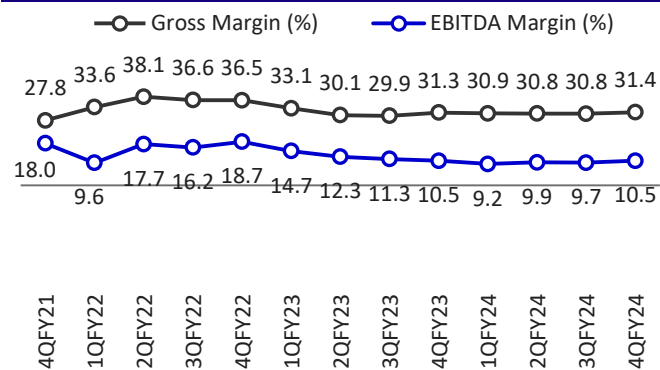
Source: Company, MOFSL

Exhibit 5: PAT grew 8% YoY



Source: Company, MOFSL

Exhibit 6: Margin trend



Source: Company, MOFSL

Highlights from management interaction

Volume:

- BDE handled tonnage of 0.27m tons and 91.7mn shipments in 4Q.
- The two newly added aircraft capacities have replaced third-party volume with in-house operations. The share of third-party cargo has declined from 20-25% to 10-11% currently. New aircraft have started operating from a new route in Guwahati.
- Effective utilization for the air fleet ranges around 75-85% and the two newly added capacity has showed decent utilization since operations started.
- The new aircraft capacity helped BDE improve utilization in the northeast region.
- There has been no significant change in BDE's market share, which remains strong.
- FY24 revenue share mix: ecommerce - 30%; Ground - 30%; insignificant ground ecommerce; and the rest Parcel/Documents.

Operations

- E-commerce has been the main driver of growth. The Air Parcel and Documents business is also doing good for the company.
- BDE has implemented a price increase across all product segments.
- Margin improvement was driven by the annual general price increase, dense cargo, and better utilization of aircraft.
- The management does not foresee any major business impact due to international issues as BDE is largely domestic focused.
- The management expects to prioritize capex for the surface segment and building infrastructure for competitive advantages.
- The pricing scenario is very competitive, but BDE is sustaining well due to good quality service.
- Air e-commerce becomes very handy for customers and the company is able to charge premium pricing to customers.
- Dart Plus did very well in the surface express segment. Low realization of the surface express impacted overall realization marginally.

Guidance:

- Looking to increase PBT margins by 3-5% going forward.
- Volume growth was strong in 4Q. Expects strong growth to continue.
- The management expects a healthy demand outlook to translate into better profitability.
- Depreciation could increase from the existing levels, due to capex in infrastructure and IT integration. Air fleet-related depreciation should remain steady.

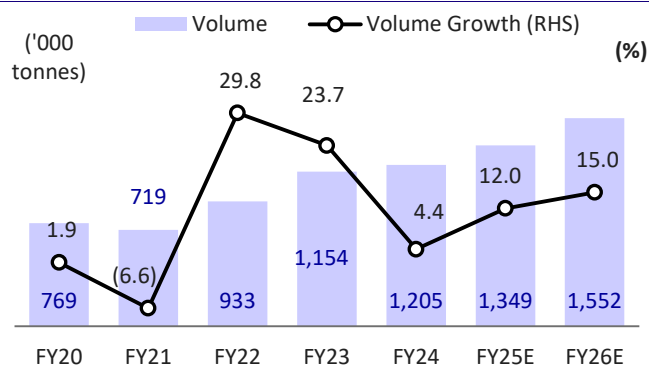
Exhibit 7: Our revised estimates

(INR m)	FY25E			FY26E		
	Rev	Old	Chg(%)	Rev	Old	Chg(%)
Net Sales	60,770	62,137	-2.2	71,982	72,886	-1.2
EBITDA	7,113	7,359	-3.4	9,010	9,134	-1.4
EBITDA Margin (%)	11.7	11.8	-14	12.5	12.5	-2
PAT	4,177	4,487	-6.9	5,533	5,765	-4.0
EPS (INR)	176.0	189.1	-6.9	233.2	242.9	-4.0

Source: Company, MOFSL

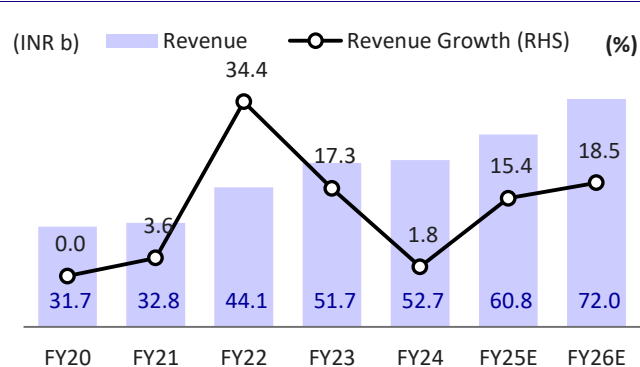
Financial story in charts

Exhibit 8: Volume growth to improve going forward



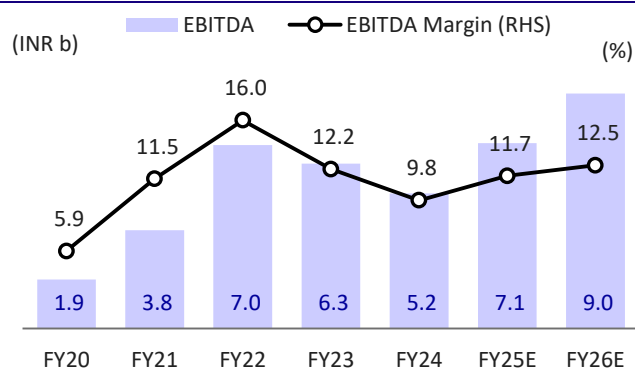
Source: Company, MOFSL

Exhibit 9: Revenue to largely mirror volume growth



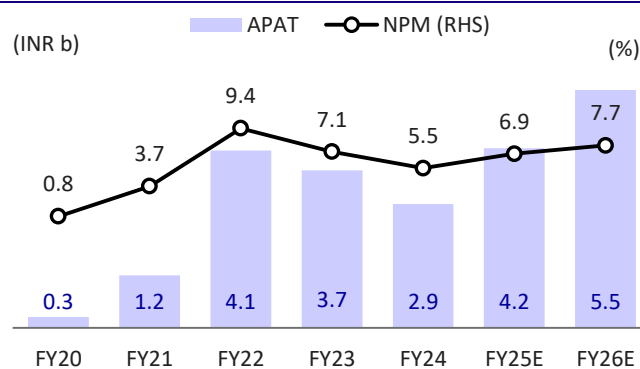
Source: Company, MOFSL

Exhibit 10: Margin to improve as costs stabilize and utilization improves



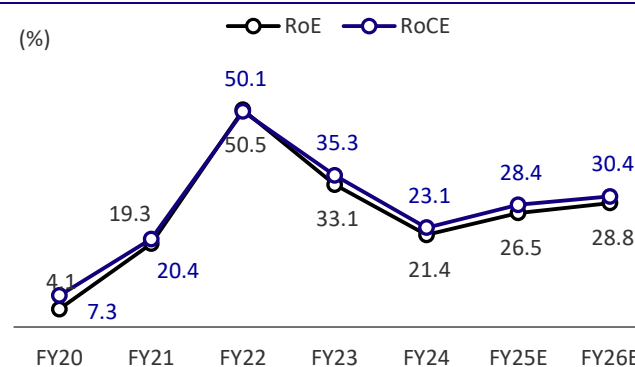
Source: Company, MOFSL

Exhibit 11: PAT to see healthy growth ahead



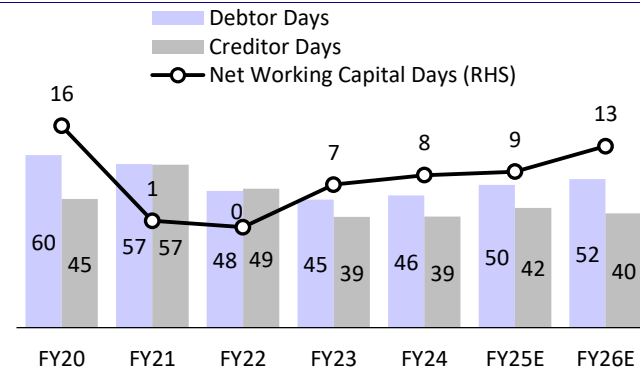
Source: Company, MOFSL

Exhibit 12: Return ratios to remain healthy



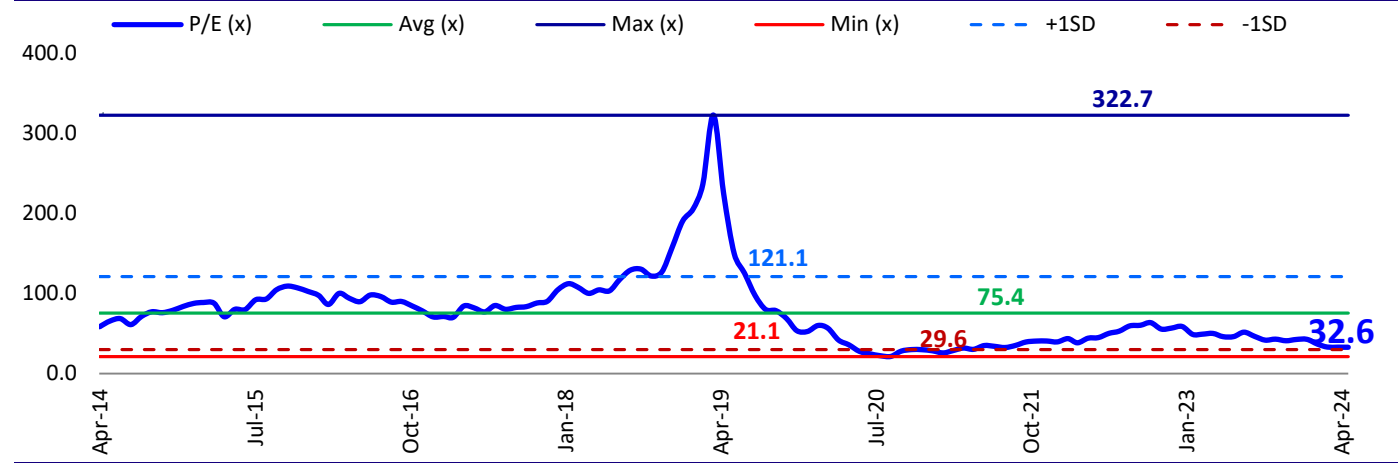
Source: Company, MOFSL

Exhibit 13: Working capital position comfortable



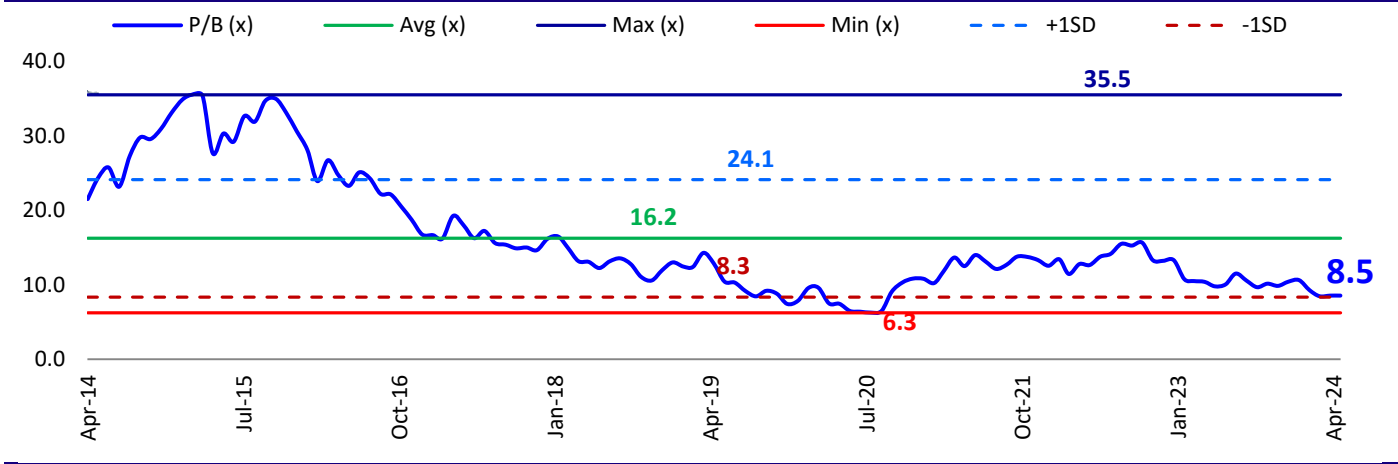
Source: Company, MOFSL

Exhibit 14: One-year forward P/E (x)



Source: Company, MOFSL

Exhibit 15: One-year forward P/B (x)



Source: Company, MOFSL

Financials and valuations

Standalone – Income Statement

Y/E March (INR m)	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Net Sales	31,664	32,797	44,090	51,722	52,678	60,770	71,982
Change (%)	0.0	3.6	34.4	17.3	1.8	15.4	18.5
Gross Margin (%)	31.8	36.2	36.4	31.1	31.0	31.4	31.2
EBITDA	1,878	3,766	7,038	6,323	5,175	7,113	9,010
Margin (%)	5.9	11.5	16.0	12.2	9.8	11.7	12.5
Depreciation	1,528	2,007	1,687	1,666	1,873	2,024	2,166
EBIT	350	1,760	5,351	4,656	3,302	5,089	6,844
Int. and Finance Charges	321	317	241	174	193	259	239
Other Income	140	127	285	505	718	754	792
PBT	169	1,569	5,395	4,987	3,828	5,584	7,397
Tax	-89	347	1,271	1,323	942	1,407	1,864
Effective Tax Rate (%)	NA	26.5	25.2	26.5	24.6	25.2	25.2
PAT before EO. Items	258	1,222	4,124	3,664	2,886	4,177	5,533
Extraordinary Items	641	259	360	0	0	0	0
Reported PAT	-383	963	3,764	3,664	2,886	4,177	5,533
Adjusted PAT	258	1,222	4,124	3,664	2,886	4,177	5,533
Change (%)	-70.5	373.1	237.6	-11.1	-21.2	44.7	32.5
Margin (%)	0.8	3.7	9.4	7.1	5.5	6.9	7.7

Standalone – Balance Sheet

Y/E March (INR m)	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Equity Share Capital	238	238	238	238	238	238	238
Total Reserves	5,597	6,554	9,311	12,366	14,149	16,902	21,011
Net Worth	5,835	6,792	9,549	12,604	14,386	17,140	21,249
Deferred Tax Liabilities	-269	-284	-310	-336	-377	-377	-377
Total Loans	750	1,425	0	0	0	0	0
Capital Employed	6,316	7,933	9,239	12,268	14,010	16,763	20,872
Gross Block	7,998	8,071	7,924	8,867	11,086	12,586	14,086
Less: Accum. Deprn.	2,362	3,100	3,419	3,799	5,672	7,695	9,861
Net Fixed Assets	5,636	4,972	4,505	5,068	5,415	4,891	4,225
Capital WIP	22	5	1	17	21	21	21
Total Investments	1,441	2,941	3,515	3,150	4,513	6,213	7,713
Curr. Assets, Loans, and Adv.	8,244	10,164	12,005	14,760	15,423	18,453	22,798
Inventory	37	58	70	78	86	100	118
Account Receivables	5,245	5,149	5,788	6,350	6,683	8,325	10,255
Cash and Bank Balances	985	3,077	1,829	948	1,658	1,957	2,865
Loans and Advances	8	0	2,501	4,504	4,277	4,934	5,845
Others	1,969	1,880	1,818	2,879	2,719	3,137	3,715
Current Liab. and Prov.	9,027	10,149	10,786	10,727	11,363	12,816	13,886
Account Payables	3,911	5,131	5,876	5,502	5,611	6,993	7,888
Other Current Liabilities	3,933	3,808	3,680	4,105	4,552	4,623	4,798
Provisions	1,183	1,211	1,230	1,120	1,200	1,200	1,200
Net Current Assets	-783	15	1,219	4,033	4,060	5,637	8,912
Application of Funds	6,316	7,933	9,239	12,268	14,010	16,763	20,872

Financials and valuations

Ratios

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Basic (INR)							
EPS	10.9	51.5	173.8	154.4	121.6	176.0	233.2
EPS growth (%)	-70.5	373.1	237.6	-11.1	-21.2	44.7	32.5
Cash EPS	75.3	136.0	244.9	224.6	200.5	261.3	324.4
BV/Share	245.9	286.2	402.4	531.1	606.2	722.3	895.4
DPS	0.0	15.0	60.0	30.0	25.0	60.0	60.0
Payout (Incl. Div. Tax, %)	-93.4	0.0	37.8	19.4	20.6	34.1	25.7
Valuation (x)							
P/E	627.0	132.5	39.3	44.2	56.1	38.8	29.3
Cash P/E	90.6	50.1	27.9	30.4	34.0	26.1	21.0
EV/EBITDA	85.3	41.8	22.2	25.0	30.1	21.6	16.8
EV/Sales	5.1	4.8	3.6	3.1	3.0	2.5	2.1
P/BV	27.7	23.8	17.0	12.8	11.3	9.4	7.6
Dividend Yield (%)	0.0	0.2	0.9	0.4	0.4	0.9	0.9
Return Ratios (%)							
RoE	4.1	19.3	50.5	33.1	21.4	26.5	28.8
RoCE	7.3	20.4	50.1	35.3	23.1	28.4	30.4
RoIC	9.2	44.8	137.9	56.8	31.2	46.5	54.3
Working Capital Ratios							
Fixed Asset Turnover (x)	5.1	4.1	5.5	6.2	5.3	5.1	5.4
Asset Turnover (x)	5.0	4.1	4.8	4.2	3.8	3.6	3.4
Inventory (Days)	0	1	1	1	1	1	1
Debtors (Days)	60	57	48	45	46	50	52
Creditors (Days)	45	57	49	39	39	42	40
Leverage Ratio (x)							
Net Debt/Equity	0.0	-0.2	-0.2	-0.1	-0.1	-0.1	-0.1

Standalone – Cash Flow Statement

Y/E March (INR m)	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
OP/(Loss) before Tax	-472	1,311	5,035	4,987	3,828	5,584	7,397
Depreciation	1,678	2,007	1,687	1,666	1,873	2,024	2,166
Direct Taxes Paid	-551	-276	-1,261	-1,388	-636	-1,407	-1,864
(Inc.)/Dec. in WC	77	1,219	360	-1,849	-224	-1,077	-2,167
Other Items	205	229	6	-225	-378	-495	-553
CF from Operations	937	4,489	5,827	3,193	4,463	4,628	4,979
(Inc.)/Dec. in FA	-558	-258	-517	-918	-767	-1,500	-1,500
Free Cash Flow	379	4,230	5,310	2,275	3,695	3,128	3,479
Change in Investments	34	-3,710	-759	-1,467	-1,209	-1,700	-1,500
Others	129	25	160	211	643	754	792
CF from Investments	-395	-3,944	-1,115	-2,173	-1,334	-2,446	-2,208
Inc./(Dec.) in Debt	-712	675	-1,425	0	-1,438	0	0
Dividends Paid	-358	0	-949	-563	-979	-1,424	-1,424
Others	-1,155	-1,373	-1,334	-1,338	0	-459	-439
CF from Fin. Activity	-2,225	-698	-3,708	-1,901	-2,417	-1,883	-1,863
Inc./(Dec.) in Cash	-1,683	-153	1,004	-881	712	299	908
Opening Balance (includes Bank Bal.)	2,670	985	3,077	1,829	946	1,658	1,957
Inc/(Dec) in Bank Bal.	-2	2,245	-2,252	0	0	0	0
Closing Balance (includes Bank Bal.)	985	3,077	1,829	948	1,658	1,957	2,865

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Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

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