

CMP: ₹ 7400

Target: ₹ 7800 (5%)

Target Period: 12 months

HOLD

November 3, 2022

## Higher ATF prices impact performance...

**About the stock:** BlueDart is South Asia's premier air and integrated transportation, distribution and logistics company. As part of the DHL group, BlueDart accesses express and logistics network, covering over 220 countries and offers the entire spectrum of logistics solutions.

- The company operates six Boeing 757-200 freighter aircraft (500 tonnes per night payload) and a flotilla of 12000+ vehicles, 2347 facilities and hubs across 35000+ locations
- In FY22, BlueDart carried over 26.3 crore domestic shipments and over 8.6 lakh international shipment, weighing 9.3 lakh tonnes

**Q2FY23 Results:** Growth continued unabated.

- Net revenues grew 18% YoY to ₹ 1325 crore (24% growth in shipments)
- However, EBITDA de-grew 12% to ₹ 243 crore with margins at 18.3% (vs. 24.5% in Q2FY22)
- Subsequently, PAT remained flat at ₹ 94 crore due to an exceptional loss of ₹ 36 crore in the base quarter

**What should investors do?** Unlike its private competitors, BlueDart is a largely debt free company, which continues to strive for higher profitability by providing services to its customers, which includes greater investment in technology, digitisation. Further, the company will take a price hike of 9.6% from January onwards to counter the high inflation.

- We maintain **HOLD** rating on the stock. Any further dip in stock price would provide opportunity to add the stock in portfolio

**Target Price & Valuation:** We value the stock at ₹ 7800 i.e. 32x P/E on FY24E EPS.

**Key triggers for future price performance:**

- Post-pandemic shift in consumer buying behaviour and consumption patterns has led to higher growth in the B2C and B2B segment
- Extensive air and ground reach, market leadership in organised air express (54%) and market leading transit times
- Debt free company with RoIC reaching ~60%+ levels

**Alternate Stock Idea:** Apart from BlueDart, we remain positive on Adani Ports

- Adani Ports and Special Economic Zone (APSEZ) is the largest commercial port operator with 25% share of India's port cargo movement. The company has evolved from a single port dealing in a single commodity to an integrated logistics platform
- We have a BUY rating on the stock, with a target price of ₹ 1000



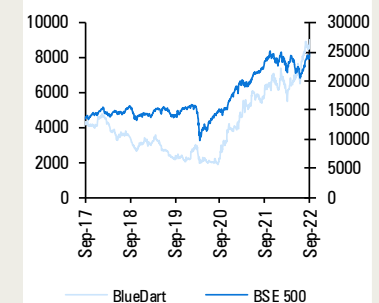
### Particulars

Particular	Amount
Market Capitalization (₹ cr)	17,582
Total Debt (FY22) (₹ cr)	200.0
Cash (FY22) (₹ cr)	184.3
EV (₹ cr)	17,598.1
52 week H/L	9640/5425
Equity Capital (₹ cr)	23.7
Face Value (₹)	10.0

### Shareholding pattern

(in %)	Dec-21	Apr-22	Jun-22	Sep-22
Promote	75.0	75.0	75.0	75.0
Others	25.0	25.0	25.0	25.0

### Price Chart



### Recent event & key risks

- Acquisition of two new aircraft
- Key Risk:** (i) Higher online sales (ii) Higher competitive intensity in B2B segment

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### Key Financial Summary

₹ crore	FY20	FY21	FY22	5 Years CAGR (%)	FY23E	FY24E	2 years CAGR (%)
Net Sales	3175.1	3288.1	4410.5	10.4	5334.9	5877.0	15.4
EBITDA	806.1	686.3	999.8	7.1	1084.7	1259.3	12.2
EBITDA margins (%)	25.4	20.9	22.7		20.3	21.4	
PAT	-41.9	101.8	382.2	22.8	481.8	586.3	23.9
P/E (x)	NA	172.7	46.0		36.5	30.0	
P/B (x)	35.8	29.7	20.2		14.9	11.0	
RoCE (%)	35.7	40.7	77.5		71.2	64.3	
RoE (%)	4.5	12.8	39.7		40.8	36.7	

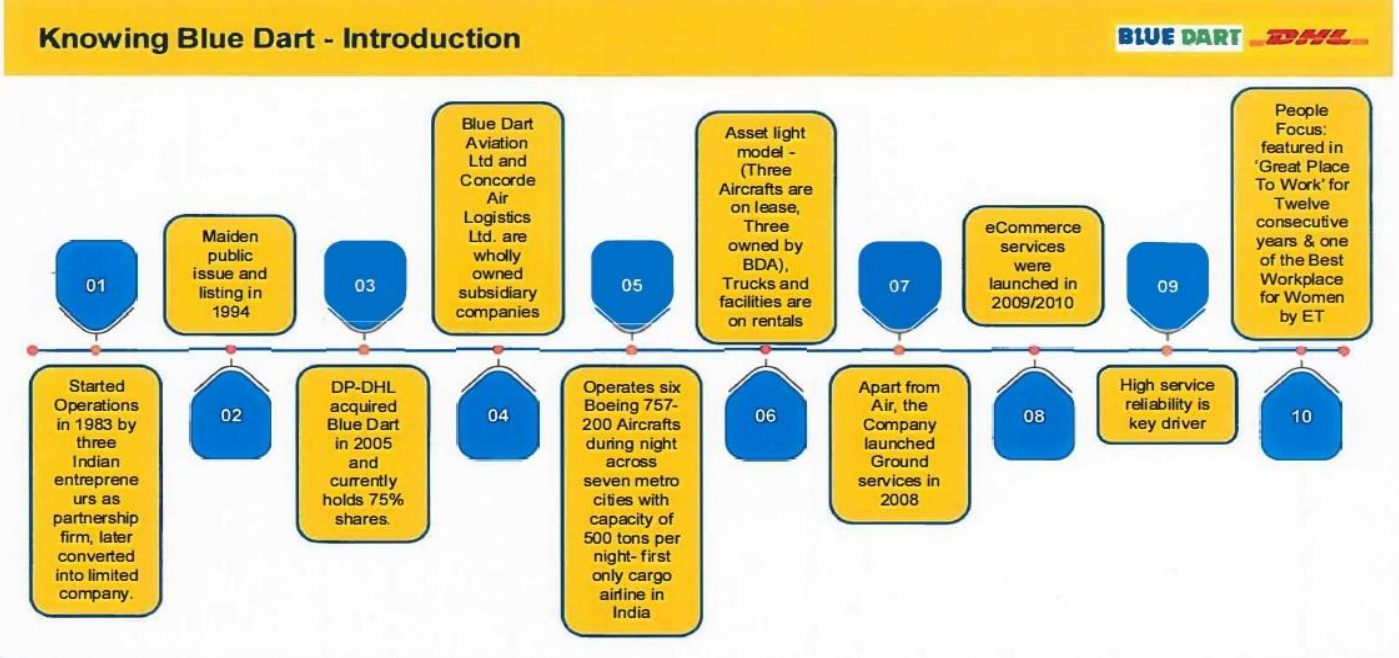
Source: Company, ICICI Direct Research

Key takeaways

Q2FY23 Results:

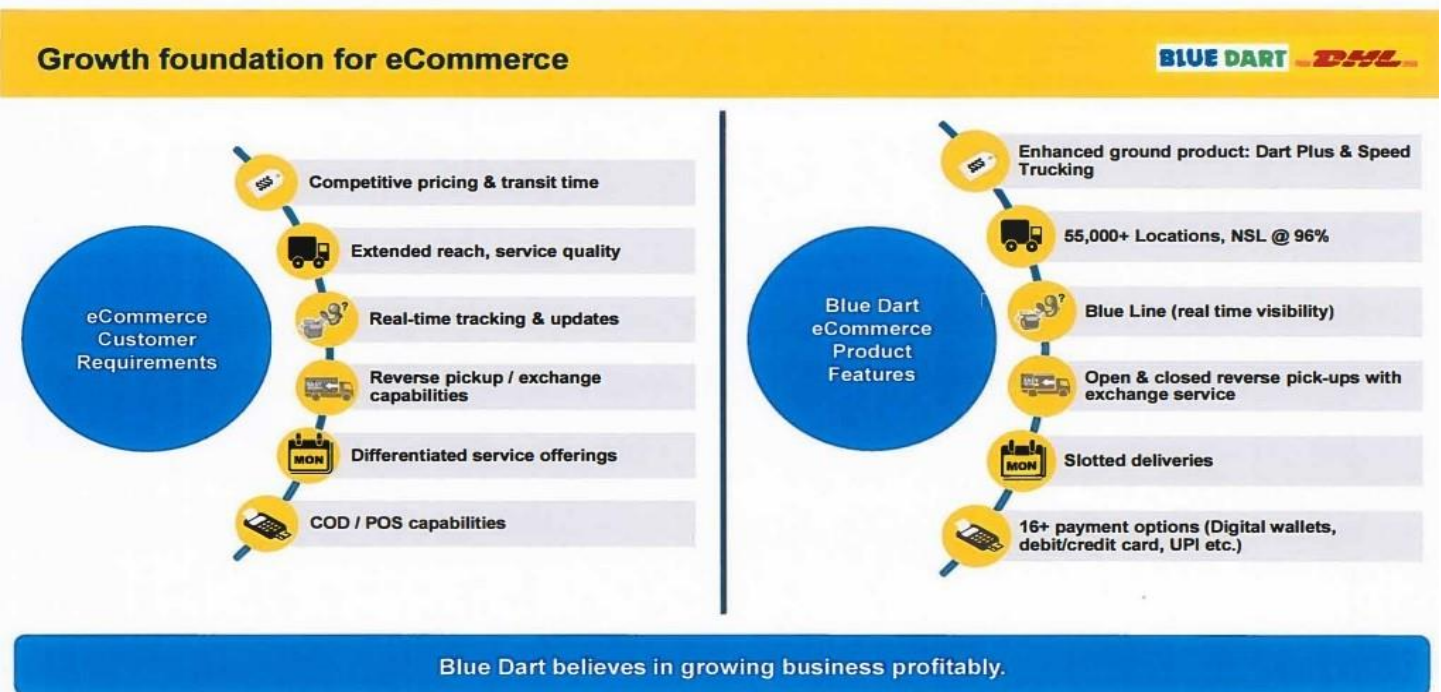
- The company will hike its shipment charges by 9.6% from January 1 onwards to adjust annual inflation, fuel price, currency, etc
- Focus remains on FMCG, automotive, consumer durables and ready made garments for accelerated surface growth
- Total 1000+ tier II & Tier III towns identified for growth opportunity
- BlueDart is looking to expand its fleet with two Boeing 737 aircraft. These aircraft will reach smaller airports and improve Tier 2 reach

Exhibit 1: History



Source: Company, ICICI Direct Research

Exhibit 2: E-Commerce capabilities



Source: Company, ICICI Direct Research

## Financial Summary

Exhibit 3: Profit and loss statement				
	₹ crore			
(Year-end March)	FY21	FY22	FY23E	FY24E
Total operating Income	3,288.1	4,410.5	5,334.9	5,877.0
Growth (%)	3.6	34.1	21.0	10.2
Operating and handling cc	1,577.7	2,281.4	3,033.9	3,348.3
Employee Cost	729.0	765.4	853.6	881.5
Other Expenses	295.2	363.9	362.8	387.9
Total Expenditure	2,601.8	3,410.7	4,250.3	4,617.7
EBITDA	686.3	999.8	1,084.7	1,259.3
Growth (%)	44.7	45.7	8.5	16.1
Depreciation	430.0	395.4	428.5	476.2
Interest	111.0	87.0	60.4	52.4
Other Income	20.3	30.8	48.0	52.9
Extraordinary Expense	25.9	36.0	0.0	0.0
PBT	165.6	548.2	643.8	783.5
Tax	38.0	130.1	162.1	197.2
PAT	101.8	382.2	481.8	586.3
Growth (%)	-343.2	275.4	26.0	21.7
EPS	42.8	160.9	202.8	246.8

Source: Company, ICICI Direct Research

Exhibit 4: Cash flow statement				
	₹ crore			
(Year-end March)	FY21	FY22	FY23E	FY24E
Profit after Tax	101.8	382.2	481.8	586.3
Add: Depreciation	430.0	395.4	428.5	476.2
Add: Interest	111.0	87.0	60.4	52.4
Increase in Current Liabilit	-19.3	109.9	83.7	72.8
Increase in Current Assets	-148.6	-122.1	-165.2	-84.4
Others	275.2	7.5	0.0	0.0
CF from operating activitie	750.2	859.8	889.1	1,103.4
(Inc)/dec in Investments	-4.1	-3.3	-300.0	-300.0
(Inc)/dec in Fixed Assets	-160.6	-174.6	-210.0	-310.0
Others	-323.1	-10.9	62.3	71.2
CF from investing activitie	-487.8	-188.7	-447.7	-538.8
Issue/(Buy back) of Equity	0.0	0.0	0.0	0.0
Inc/(dec) in loan funds	185.0	-395.0	-100.0	-50.0
Less: Interest	-36.5	-20.2	-11.0	-5.5
Others	-200.4	-382.1	-392.6	-403.7
CF from financing activitie	-51.9	-797.2	-503.6	-459.2
Net Cash flow	210.5	-126.2	-62.2	105.4
Opening Cash	100.0	310.5	184.3	122.2
Closing Cash	310.5	184.3	122.2	227.6

Source: Company, ICICI Direct Research

Exhibit 5: Balance Sheet				
	₹ crore			
(Year-end March)	FY21	FY22	FY23E	FY24E
<b>Liabilities</b>				
Equity Capital	23.8	23.8	23.8	23.8
Reserve and Surplus	568.2	848.2	1,158.4	1,573.0
Total Shareholders funds	592.0	872.0	1,182.1	1,596.8
Total Debt	595.0	200.0	100.0	50.0
Long term Provisions	2.3	2.5	2.5	2.5
Other Long term liabilities	946.3	882.5	839.2	798.1
Deferred Tax Liability	0.0	0.0	0.0	0.0
Total Liabilities	2,135.5	1,957.0	2,123.8	2,447.3
<b>Assets</b>				
Gross Block	2,598.4	2,691.1	2,991.1	3,391.1
Less: Acc Depreciation	1,015.2	1,254.2	1,682.7	2,158.9
Net Block	1,583.2	1,436.9	1,308.4	1,232.1
Capital WIP	6.7	69.1	79.1	89.1
Total Fixed Assets	1,589.9	1,506.0	1,387.5	1,321.3
Non-current Investments	63.8	67.1	367.1	667.1
Other Non-current assets	155.8	170.1	136.1	108.9
Deferred Tax Asset	7.7	9.3	9.3	9.3
Inventory	31.8	35.0	43.8	48.3
Debtors	517.9	580.0	730.8	805.1
Loans and Advances	150.1	207.4	211.6	215.8
Other Current Assets	70.1	69.6	70.9	72.4
Cash	310.5	184.3	122.2	227.6
Current investments	0.0	0.0	0.0	0.0
Total Current Assets	1,080.4	1,076.3	1,179.4	1,369.1
Creditors	509.4	579.9	657.7	724.6
Other liab & Provisions	252.5	291.9	297.8	303.7
Total Current Liabilities	761.9	871.8	955.5	1,028.3
Net Current Assets	318.5	204.5	223.9	340.8
Application of Funds	2,135.5	1,957.0	2,123.8	2,447.3

Source: Company, ICICI Direct Research

Exhibit 6: Key ratios				
(Year-end March)	FY21	FY22	FY23E	FY24E
<b>Per share data (₹)</b>				
EPS	42.8	160.9	202.8	246.8
Cash EPS	130.0	233.2	284.4	343.5
BV	321.9	375.7	447.9	532.3
DPS	0.0	59.9	59.9	59.9
Cash Per Share	130.7	77.6	51.4	95.8
<b>Operating Ratios (%)</b>				
EBITDA Margin (%)	20.9	22.7	20.3	21.4
PBT / Total Operating inco	4.3	11.6	12.1	13.3
PAT Margin	3.1	8.7	9.0	10.0
Inventory days	3.5	2.9	3.0	3.0
Debtor days	57.5	48.0	50.0	50.0
Creditor days	56.5	48.0	45.0	45.0
<b>Return Ratios (%)</b>				
RoE	12.8	39.7	40.8	36.7
RoCE	40.7	77.5	71.2	64.3
RoIC	60.5	111.9	79.0	68.2
<b>Valuation Ratios (x)</b>				
P/E	172.7	46.0	36.5	30.0
EV/EBITDA	25.0	16.7	14.9	12.3
EV/Sales	5.2	3.8	3.0	2.6
Market Cap / Sales	5.3	4.0	3.3	3.0
Price to Book Value	29.7	20.2	14.9	11.0
<b>Solvency Ratios</b>				
Debt/EBITDA	0.9	0.2	0.1	0.0
Debt / Equity	1.0	0.2	0.1	0.0
Current Ratio	1.4	1.2	1.2	1.3
Quick Ratio	2.3	2.7	3.2	3.8

Source: Company, ICICI Direct Research

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Buy: >15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%



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