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Multi-modal logistics push, CTOs key beneficiary of NLP

The National Logistics Policy envisages coordinated logistics development between various sectors, using data and infra generated via PM Gati Shakti plan. Real-time monitoring of assets between all stakeholders, providing skilled manpower to the growing sector and modernisation of regulatory standards are key positives.

Key Highlights:

- The aim is to reduce overall logistics cost from the current 13-14% to sub 10% (of which inventory wastage forms a big chunk)
- PM Gati Shakti (National Master plan for multi-modal connectivity) will get a complementary boost from the National Logistics Policy
- PM Gati Shakti has combined various states and departments together and is leading to higher data collection, which will be channelled to the end user via interface from the National Logistics Policy (NLP) and help in better planning of various logistics infrastructure projects and pan India logistics network optimisation
- Online platform named Unified Logistics Interface Platform (ULIP) to combine and provide all transport related digital services (30 logistics systems from seven different ministries/departments have been integrated with ULIP), under a single window for all stakeholders and would provide real-time monitoring of multi-modal cargo movement
- ULIP will also be utilised for inventory management, paperless document generation, track and trace, grievance redressal, risk based import clearance and ease of cargo movement in India
- Launch of a new online portal named Ease of Logistics Services (E-logs), would facilitate improved regulatory interface for interaction between different logistics sector and promote standardisation and inter-operability
- The E-logs portal would also help the industry to directly take up operational roadblocks with government agencies
- Under the aegis of Gati Shakti and NLP, the establishment of Gati Shakti Vishwavidyalaya will provide the logistics sector with skilled manpower. The Vishwavidyalaya would focus on five major aspects – transport focused courses, skill development, applied research, technology development and transport economics and infrastructure financing

Sector Top picks

Company	CMP	Target Price	Upside
Adani Ports	960	1150	20%
TCL Express	1925	2250	17%
TCL	770	890	16%
Concor	750	890	19%

Sector View: Positive

Logistics stocks have been outperforming broader markets mainly on the back of

- Continued strong E-Way bill generation
- Normalisation of container trade across globe and higher commodity volumes

Key Risks

- i) Global disruption in Exim cargo movement (container unavailability, higher port turnaround time etc)
- ii) Lower than expected GDP growth

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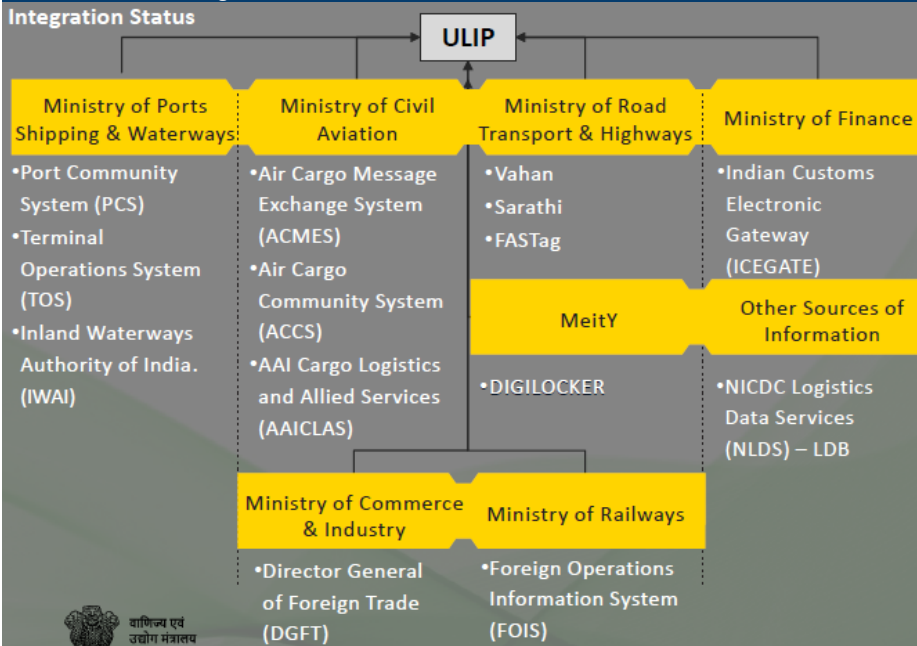
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Exhibit 1: Impact on our logistics universe

Company	Impact of policy	CMP			Target Price		P/E multiple		Upside	
		Earlier TP	Revised T	Earlier PE	Revised PE	Upside	Rating			
Adani Ports	The policy would aid in solving Exim cargo movement related issues (container availability, paperless shipping invoices and ease in getting clearances, etc). Faster approvals and removal of roadblocks for logistics infra development (ICDs, DFC, MMLPs, etc) would also be positive for the company to enhance its footprint and improve operational efficiency	960	950	1150	SOTP (EV/EBITDA)	19x (Ports) 19x (JV) 19x (Logistics)	20%	BUY		
BlueDart	Real-time monitoring of cargo, unified integration of surface, air cargo movement would help in network optimisation and faster deliveries thereby improving the operational efficiency for BlueDart	8500	6300	8000	P/E	29x	-6%	Reduce		
Concor	The policy aims at enhancing the modal freight share of railways, which is more cost efficient and less polluting than road transport. Concor being the leader in rail transportation with an unmatched infrastructure would be the key beneficiary of the expected shift of freight from road to rail	750	810	890	P/E	24x	19%	BUY		
GDL	Lower container train turnaround time, expected increase in rail share over road and focus on higher Exim volumes would ensure higher CFS volumes at major ports and be beneficial for GDL	70	85	85	P/E	19x	21%	BUY		
Gujarat Pipavav	Higher Exim movement and modernisation of cargo checks would help in better turnaround times for exporters and, therefore, enhance stickiness of cargo volumes for the company. GPPL has the highest rail quotient (~70%) among all ports while improved port connectivity through feeder rail routes would be positive for the company	90	100	110	P/E	16x	22%	BUY		
Mahindra Logistics	Standardisation of warehouses, higher fleet utilisation, focus on network optimisation would help MLL in achieving higher efficiency from existing assets. Also, freight forwarding segment is expected to benefit from healthy Exim movement	520	550	610	P/E	41x	17%	BUY		
TCI Express	Express companies like TCI Express are expected to benefit from single window logistics interface, which would ensure quicker deliveries with optimum asset utilisation (owing to advance planning and efficient execution), thereby saving fuel costs and also enhancing customer stickiness	1925	1950	2250	P/E	46x	17%	BUY		
TCI	TCI being a multi modal logistics player with presence in road, rail and shipping would be able to lower overall transportation costs for its customers through modal shift of cargo from road to rail and ship, which could lead to sustained growth in cargo volumes	770	860	890	SOTP (EV/EBITDA)	12x (Freight) 16x (SCM) 12x (Ship)	16%	BUY		

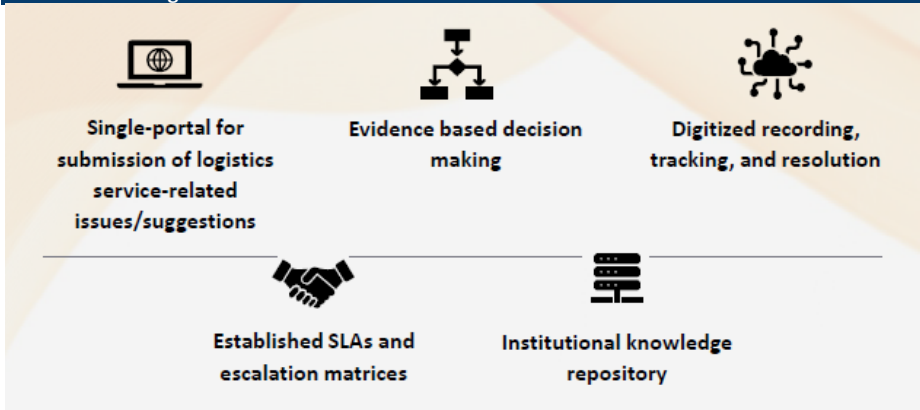
Source: Company, ICICI Direct Research

Exhibit 2: ULIP integration



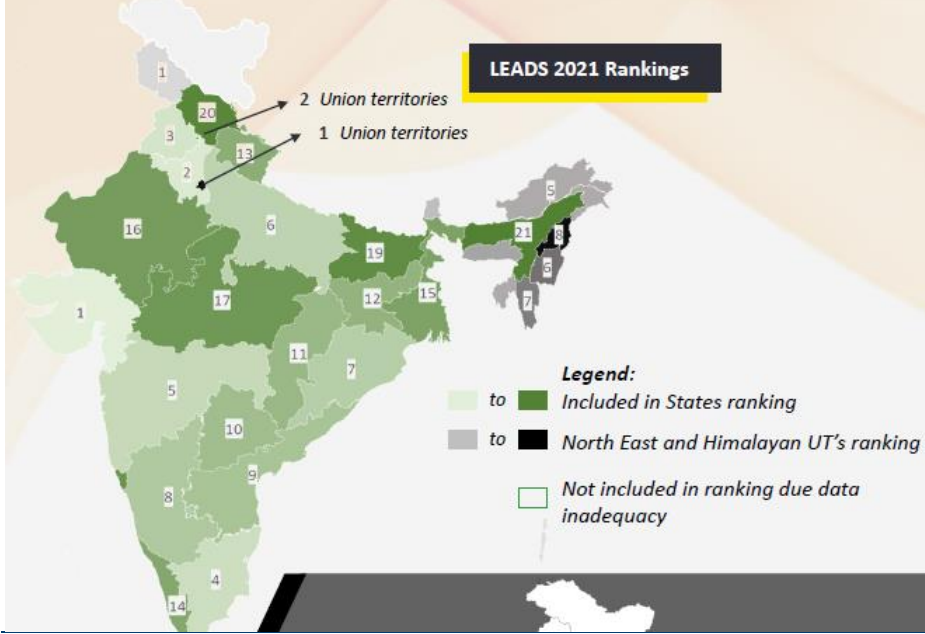
Source: Company, ICICI Direct Research

Exhibit 3: E-Logs features



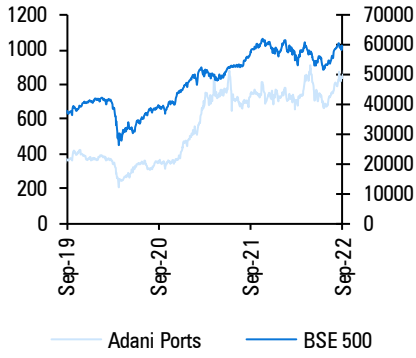
Source: Company, ICICI Direct Research

Exhibit 4: Logistics ease across different states (LEADS) ranking

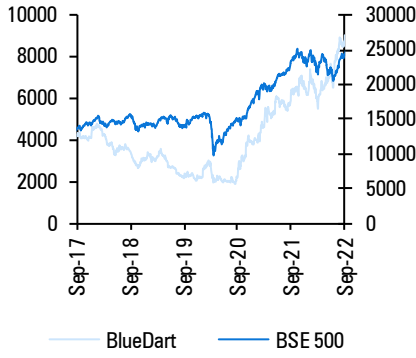


Source: Company, ICICI Direct Research

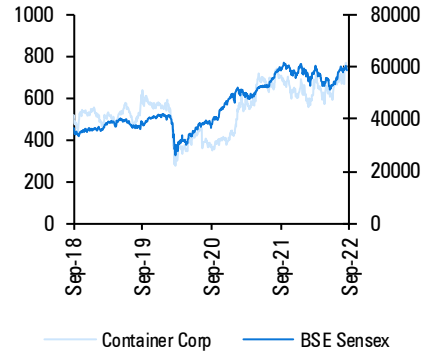
Price Chart (APSEZ)



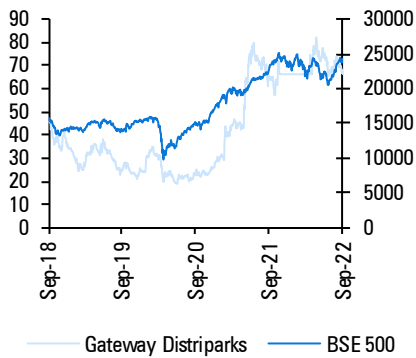
Price Chart (BlueDart)



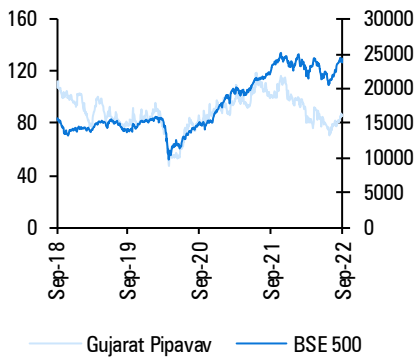
Price Chart (Concor)



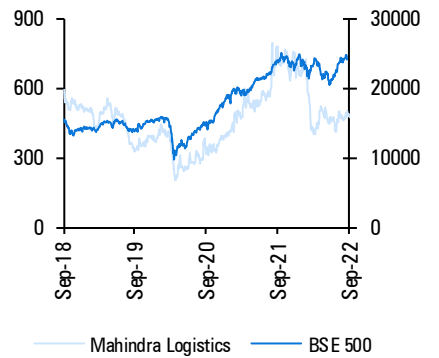
Price Chart (GDL)



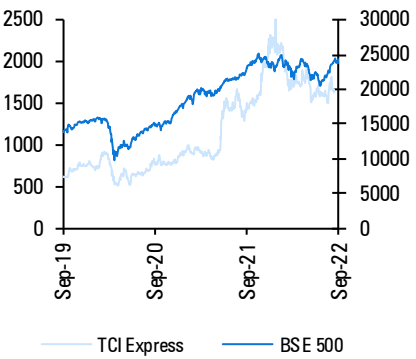
Price Chart (GPPL)



Price Chart (Mahindra Log)



Price Chart (TCI Express)



Price Chart (TCI)

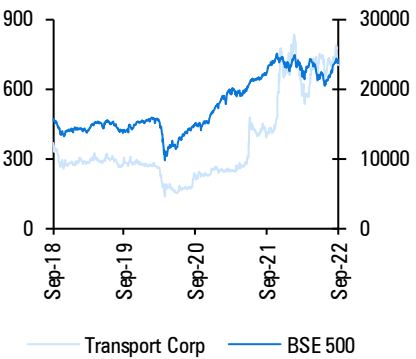


Exhibit 5: Logistics Universe

Sector / Company	CMP			M Cap (₹ Cr)	EPS (₹)			P/E (x)			EV/EBITDA (x)			RoCE (%)			RoE (%)		
	(₹)	TP(₹)	Rating		FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E
APSEZ	960	1,150	BUY	1,95,048	21.2	34.4	42.7	39.1	41.5	27.9	25.6	25.9	18.5	12.7	9.6	13.3	16.3	11.3	15.9
Container Corporation	750	890	BUY	43,382	17.3	30.6	37.2	90.5	43.3	24.5	11.6	6.7	5.2	4.5	10.2	12.3	5.4	9.6	14.9
Transport Corp. of India	770	890	BUY	5,617	37.3	42.4	50.8	40.7	20.7	18.1	22.3	13.7	12.3	13.3	20.3	20.2	12.9	20.5	19.1
Gujarat Pipavav	90	110	BUY	4,351	4.1	5.6	6.7	22.0	16.1	13.5	8.5	7.1	6.1	12.1	15.7	18.6	8.6	11.7	13.8
TCI Express	1,925	2,250	BUY	7,369	26.2	33.5	37.5	82.7	73.6	57.5	60.7	54.9	42.3	36.3	31.9	33.4	29.5	26.1	26.6
Mahindra Logistics	520	610	BUY	3,729	5.2	9.0	14.9	100.6	58.1	35.0	17.8	13.4	10.2	12.2	33.1	38.4	6.3	10.1	14.6
BlueDart Express	8,500	8,000	Reduce	20,196	135.3	211.0	275.7	191.6	62.8	40.3	28.9	20.5	15.8	50.5	69.7	68.8	13.5	38.0	38.2
Gateway Distriparks	70	85	BUY	3,498	4.5	3.5	4.4	37.1	15.6	19.9	12.6	10.3	8.9	11.7	15.4	16.2	6.4	13.7	10.2

Source: Company, ICICI Direct Research

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