

# Blue Dart Express

BSE SENSEX

54,892

S&amp;P CNX

16,356

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## Stock Info

Bloomberg	BDE IN
Equity Shares (m)	24
M.Cap.(INRb)/(USDb)	174.7 / 2.2
52-Week Range (INR)	7865 / 5308
1, 6, 12 Rel. Per (%)	8/19/18
12M Avg Val (INR M)	159
Free float (%)	25.0

## Financials Snapshot (INR b)

Y/E March	2022	2023E	2024E
Net Sales	44.1	50.9	56.1
EBITDA	7.0	7.7	8.2
Adj. PAT	4.1	4.4	4.7
Adj. EPS (INR)	173.8	185.8	196.7
EPS Gr. (%)	237.6	6.9	5.9
BV/Sh. (INR)	402.4	538.2	684.8

## Ratios

Net D/E (x)	-0.2	-0.3	-0.3
RoE (%)	50.5	39.5	32.2
RoCE (%)	50.1	42.1	34.0
Payout (%)	31.5	26.9	25.4

## Valuations

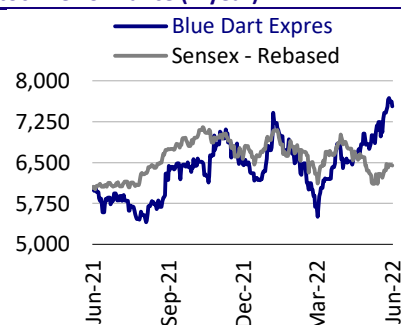
P/E (x)	42.4	39.6	37.4
P/BV (x)	18.3	13.7	10.7
EV/EBITDA (x)	24.1	21.7	20.0
Div. Yield (%)	0.8	0.7	0.7
FCF Yield (%)	3.0	2.4	2.0

## Shareholding pattern (%)

As On	Mar-22	Dec-21	Mar-21
Promoter	75.0	75.0	75.0
DII	9.5	9.4	11.3
FII	3.3	3.2	2.0
Others	12.2	12.4	11.7

FII Includes depository receipts

## Stock Performance (1-year)


**CMP: INR7,361**
**TP: INR7,715 (+5%)**
**Neutral**

## Outlook robust; capacity expansion on the cards

- BDE has delivered a robust performance over the last several quarters, despite a steep rise in fuel prices. It has been able to take adequate price increases, which helped maintain its robust margin. The cost control measures are playing out well, with BDE clocking a record high EBITDA margin.
- Going forward, the unparalleled network of BDE and its strong growth in Express Cargo will drive consistent volume growth. With an improved outlook and capacity utilization currently near its peak, BDE is actively looking to add one aircraft to its fleet.
- BDE is looking to raise its contribution from the Ground Express segment from current levels of 30-35%. Growth in Ground Express is expected to be 2x that in Air Express due to the cost differential between these services. With decent volume growth and margin, we expect BDE to clock a revenue/EBITDA/PAT CAGR of ~13%/8%/6% over FY22-24. We maintain our Neutral rating, with a TP of INR7,715/share (21x FY24E EV/EBITDA).

## Capacity addition on the cards, to add a new aircraft soon

- BDE ended FY22 with a volume growth of ~30% YoY at 932.7kt, led by strong growth in the e-commerce vertical, which now constitutes ~25% of the business. Other segments like document shipment have been performing well for BDE. With the Education and BFSI sectors opening up, volumes are improving and have almost reached pre-COVID levels.
- With improved outlook and capacity utilization currently near its peak, BDE is actively looking to add one aircraft to its fleet.

## Price hike and cost control to aid margin; focus on boosting Surface Express share

- A general price hike of ~9% was undertaken in Jan'22, based on customers and volumes handled. Average realization stood at 4-5%.
- Ground Express will benefit from the recent cut (~7%) in diesel prices from the tax cuts announced in May'22. Cost efficiency measures (reduction of some low-profit pin codes from its network) are helping BDE generate a strong margin.
- BDE is looking to increase its contribution from the Ground Express segment from current levels of 30-35%. The growth in Ground Express is expected to be 2x that in Air Express due to the cost differential between these services.

## Valuation and view

- BDE is seeing strong volume growth and the outlook remains robust. With utilization levels peaking, it is crucial for BDE to add an aircraft to its fleet. Margin is likely to stabilize at 14.5-15% levels.
- With decent volume growth and margin, we expect BDE to clock a revenue/EBITDA/PAT CAGR of ~13%/8%/6% over FY22-24. We maintain our Neutral rating, with a revised TP of INR7,715/share (21x FY24E EV/EBITDA).

Alok Deora - Research analyst (Alok.Deora@motilaloswal.com)

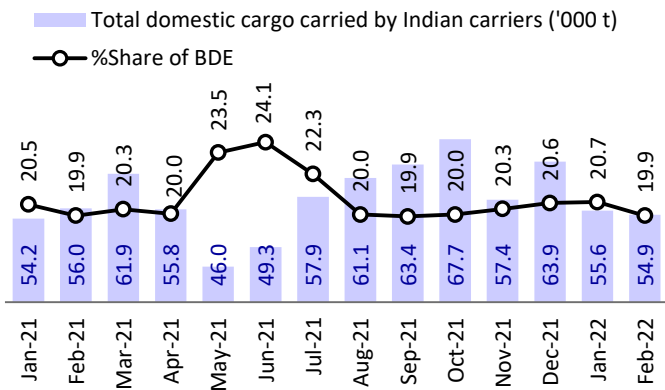
Dhirendra Patro - Research analyst (Dhirendra.Patro@motilaloswal.com)

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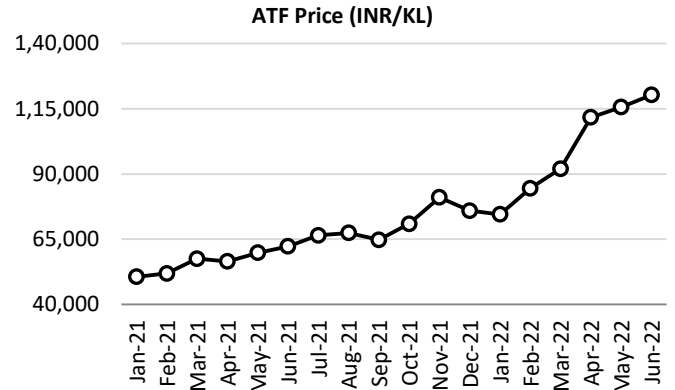
## Story in charts

**Exhibit 1: BDE's cargo share steady ~20%**



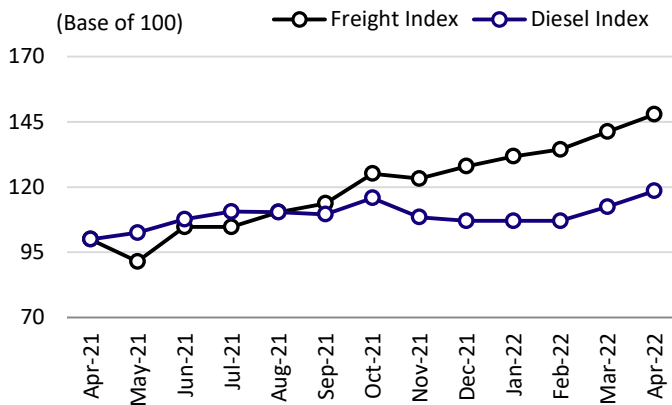
Source: DGCA, MOFSL

**Exhibit 2: ATF prices double in the last one-year**



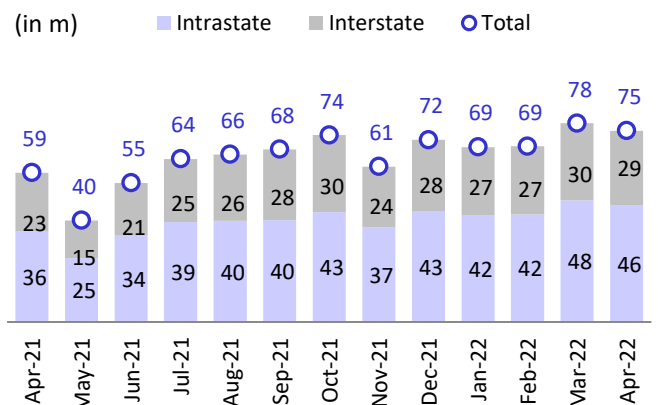
Source: IOCL, Media reports, MOFSL

**Exhibit 3: Surface freight rates rise on higher diesel prices**



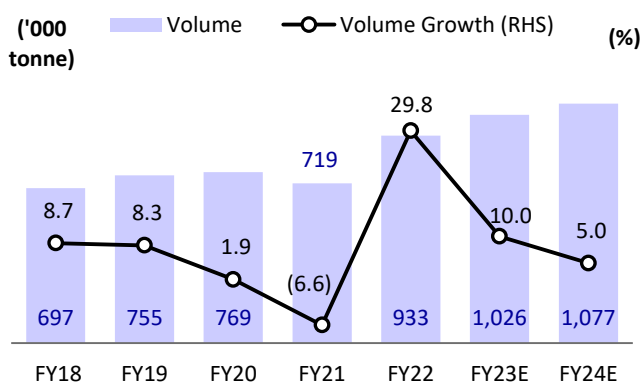
Source: IFTRT, MOFSL

**Exhibit 4: Daily average e-way bill generation rises YoY**



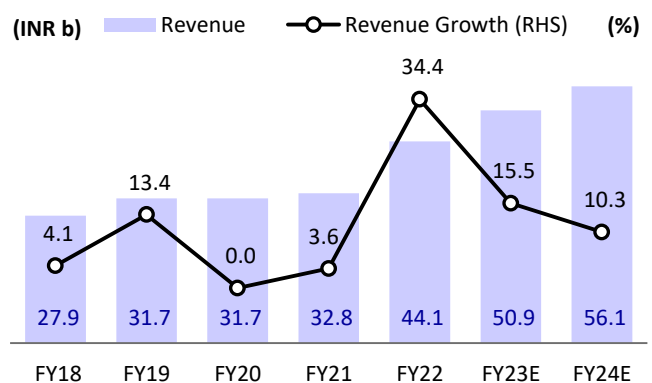
Source: GSTN, MOFSL

**Exhibit 5: Volume growth to stay steady**

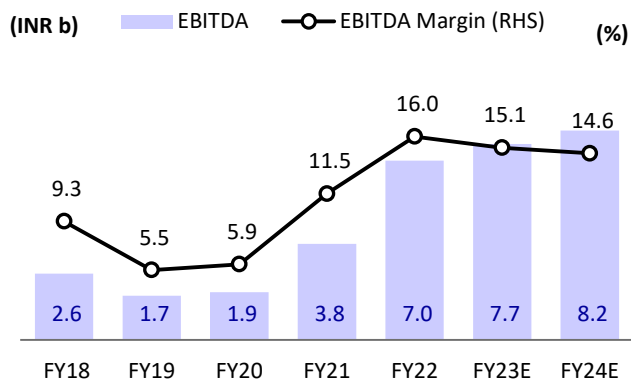


Source: Company, MOFSL

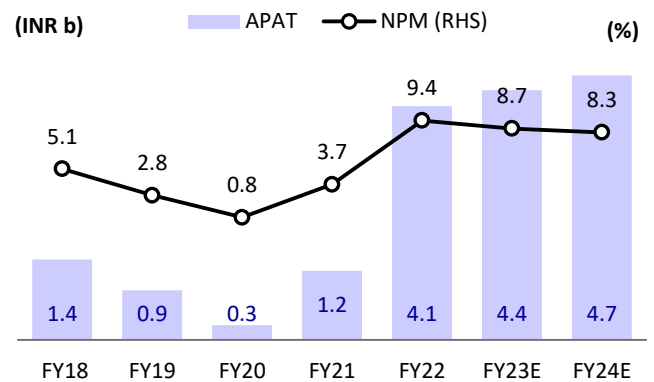
**Exhibit 6: Revenue to gain traction**



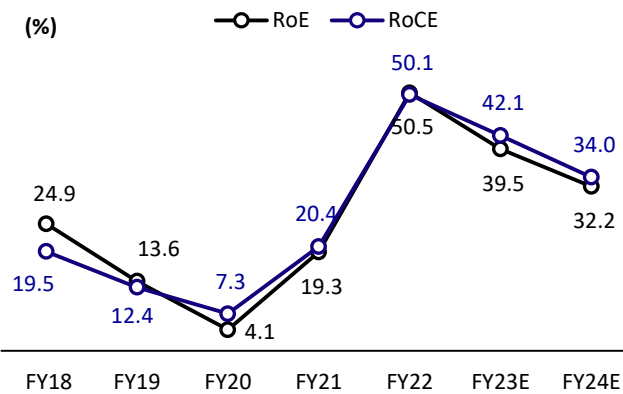
Source: Company, MOFSL

**Exhibit 7: Margin to remain ~15%**

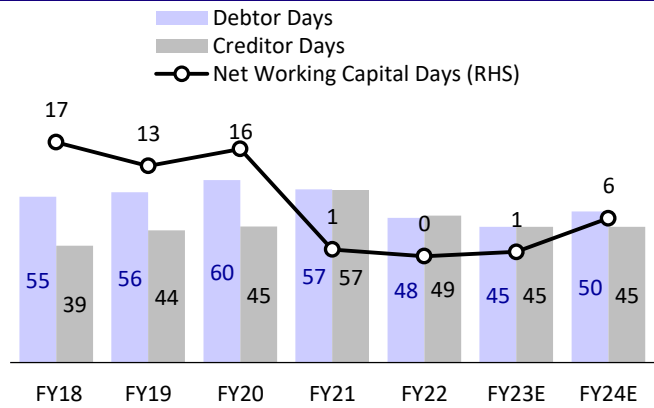
Source: Company, MOFSL

**Exhibit 8: PAT to see a healthy growth ahead**

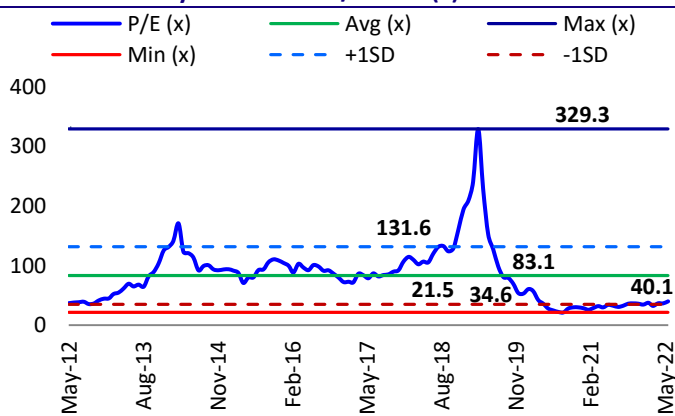
Source: Company, MOFSL

**Exhibit 9: Return ratios remain healthy**

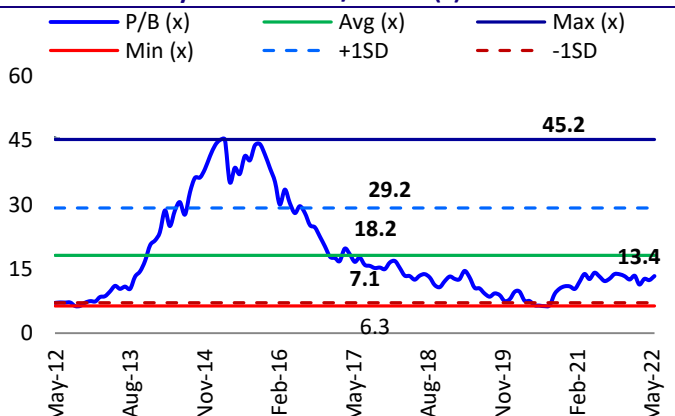
Source: Company, MOFSL

**Exhibit 10: Comfortable working capital position**

Source: Company, MOFSL

**Exhibit 11: One-year forward P/E ratio (x)**

Source: Company, MOFSL

**Exhibit 12: One-year forward P/B ratio (x)**

Source: Company, MOFSL

## Financials and valuations

### Standalone Income Statement

Y/E March (INR m)	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
<b>Net Sales</b>	<b>27,909</b>	<b>31,655</b>	<b>31,664</b>	<b>32,797</b>	<b>44,090</b>	<b>50,924</b>	<b>56,144</b>
Change (%)	4.1	13.4	0.0	3.6	34.4	15.5	10.3
Gross Margin (%)	36.2	33.4	31.8	36.2	36.4	35.8	36.0
<b>EBITDA</b>	<b>2,598</b>	<b>1,735</b>	<b>1,878</b>	<b>3,766</b>	<b>7,038</b>	<b>7,684</b>	<b>8,223</b>
Margin (%)	9.3	5.5	5.9	11.5	16.0	15.1	14.6
Depreciation	450	480	1,528	2,007	1,687	1,873	2,089
<b>EBIT</b>	<b>2,148</b>	<b>1,255</b>	<b>350</b>	<b>1,760</b>	<b>5,351</b>	<b>5,812</b>	<b>6,134</b>
Int. and Finance Charges	256	154	321	317	241	217	208
Other Income	225	182	140	127	285	299	314
<b>PBT</b>	<b>2,118</b>	<b>1,284</b>	<b>169</b>	<b>1,569</b>	<b>5,395</b>	<b>5,894</b>	<b>6,240</b>
Tax	697	408	-89	347	1,271	1,485	1,572
Effective Tax Rate (%)	32.9	31.7	NA	26.5	25.2	25.2	25.2
<b>PAT before EO. Items</b>	<b>1,421</b>	<b>876</b>	<b>258</b>	<b>1,222</b>	<b>4,124</b>	<b>4,408</b>	<b>4,667</b>
Extraordinary Items	0	0	641	259	360	0	0
<b>Reported PAT</b>	<b>1,421</b>	<b>876</b>	<b>-383</b>	<b>963</b>	<b>3,764</b>	<b>4,408</b>	<b>4,667</b>
<b>Adjusted PAT</b>	<b>1,421</b>	<b>876</b>	<b>258</b>	<b>1,222</b>	<b>4,124</b>	<b>4,408</b>	<b>4,667</b>
Change (%)	1.8	-38.4	-70.5	373.1	237.6	6.9	5.9
Margin (%)	5.1	2.8	0.8	3.7	9.4	8.7	8.3

### Standalone Balance Sheet

Y/E March (INR m)	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
Equity Share Capital	238	238	238	238	238	238	238
Total Reserves	5,975	6,410	5,597	6,554	9,311	12,533	16,014
<b>Net Worth</b>	<b>6,213</b>	<b>6,648</b>	<b>5,835</b>	<b>6,792</b>	<b>9,549</b>	<b>12,771</b>	<b>16,251</b>
Deferred Tax Liabilities	-51	-156	-269	-284	-310	-310	-310
Total Loans	1,661	1,462	750	1,425	0	0	0
<b>Capital Employed</b>	<b>7,822</b>	<b>7,954</b>	<b>6,316</b>	<b>7,933</b>	<b>9,239</b>	<b>12,461</b>	<b>15,942</b>
Gross Block	3,858	4,538	7,998	8,071	9,291	10,791	12,791
Less: Accum. Deprn.	1,264	1,685	2,362	3,100	4,786	6,659	8,748
<b>Net Fixed Assets</b>	<b>2,594</b>	<b>2,853</b>	<b>5,636</b>	<b>4,972</b>	<b>4,505</b>	<b>4,132</b>	<b>4,043</b>
Capital WIP	68	76	22	5	1	1	1
<b>Total Investments</b>	<b>1,441</b>	<b>1,441</b>	<b>1,441</b>	<b>2,941</b>	<b>3,515</b>	<b>4,315</b>	<b>5,115</b>
<b>Curr. Assets, Loans, and Adv.</b>	<b>8,111</b>	<b>9,179</b>	<b>8,244</b>	<b>10,164</b>	<b>12,005</b>	<b>15,187</b>	<b>18,542</b>
Inventory	45	59	37	58	70	70	77
Account Receivables	4,200	4,890	5,245	5,149	5,788	6,278	7,691
Cash and Bank Balances	2,273	2,670	985	3,077	1,829	3,852	5,275
Loans and Advances	310	119	8	0	2,501	2,888	3,184
Others	1,283	1,442	1,969	1,880	1,818	2,100	2,315
<b>Current Liab. and Prov.</b>	<b>4,391</b>	<b>5,595</b>	<b>9,027</b>	<b>10,149</b>	<b>10,786</b>	<b>11,174</b>	<b>11,759</b>
Account Payables	2,959	3,795	3,911	5,131	5,876	6,278	6,922
Other Current Liabilities	755	924	3,933	3,808	3,680	3,666	3,607
Provisions	677	877	1,183	1,211	1,230	1,230	1,230
<b>Net Current Assets</b>	<b>3,720</b>	<b>3,584</b>	<b>-783</b>	<b>15</b>	<b>1,219</b>	<b>4,013</b>	<b>6,783</b>
<b>Application of Funds</b>	<b>7,822</b>	<b>7,954</b>	<b>6,316</b>	<b>7,933</b>	<b>9,239</b>	<b>12,461</b>	<b>15,942</b>

## Financials and valuations

### Ratios

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
<b>Basic (INR)</b>							
EPS	59.9	36.9	10.9	51.5	173.8	185.8	196.7
EPS growth (%)	1.8	-38.4	-70.5	373.1	237.6	6.9	5.9
Cash EPS	78.8	57.1	75.3	136.0	244.9	264.7	284.7
BV/Share	261.8	280.1	245.9	286.2	402.4	538.2	684.8
DPS	12.5	12.5	0.0	15.0	60.0	50.0	50.0
Payout (Incl. Div. Tax, %)	25.2	40.8	0.0	37.0	31.5	26.9	25.4
<b>Valuation (x)</b>							
P/E	122.9	199.4	676.5	143.0	42.4	39.6	37.4
Cash P/E	93.4	128.9	97.8	54.1	30.1	27.8	25.9
EV/EBITDA	66.4	99.2	92.1	45.2	24.1	21.7	20.0
EV/Sales	6.2	5.4	5.5	5.2	3.8	3.3	2.9
P/BV	28.1	26.3	29.9	25.7	18.3	13.7	10.7
Dividend Yield (%)	0.2	0.2	0.0	0.2	0.8	0.7	0.7
<b>Return Ratios (%)</b>							
RoE	24.9	13.6	4.1	19.3	50.5	39.5	32.2
RoCE	19.5	12.4	10.5	20.6	50.1	42.1	34.0
RoIC	33.6	21.9	9.2	47.4	137.9	106.2	93.2
<b>Working Capital Ratios</b>							
Fixed Asset Turnover (x)	7.6	7.5	5.1	4.1	5.1	5.1	4.8
Asset Turnover (x)	3.6	4.0	5.0	4.1	4.8	4.1	3.5
Inventory (Days)	1	1	0	1	1	1	1
Debtors (Days)	55	56	60	57	48	45	50
Creditors (Days)	39	44	45	57	49	45	45
<b>Leverage Ratio (x)</b>							
Net Debt/Equity ratio	-0.1	-0.2	0.0	-0.2	-0.2	-0.3	-0.3

### Standalone Cash Flow Statement

Y/E March (INR m)	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
OP/(Loss) before Tax	2,118	1,284	-472	1,311	5,035	5,894	6,240
Depreciation	450	480	1,678	2,007	1,687	1,873	2,089
Direct Taxes Paid	-719	-655	-551	-276	-1,261	-1,485	-1,572
(Inc.)/Dec. in WC	196	472	77	1,219	360	-572	-1,146
Other Items	54	-11	205	229	6	-82	-105
<b>CF from Operations</b>	<b>2,099</b>	<b>1,570</b>	<b>937</b>	<b>4,489</b>	<b>5,827</b>	<b>5,627</b>	<b>5,505</b>
(Inc.)/Dec. in FA	-424	-756	-558	-258	-517	-1,500	-2,000
<b>Free Cash Flow</b>	<b>1,674</b>	<b>814</b>	<b>379</b>	<b>4,230</b>	<b>5,310</b>	<b>4,127</b>	<b>3,505</b>
Change in Investments	3	4	34	-3,710	-759	-800	-800
Others	373	288	129	25	160	299	314
<b>CF from Investments</b>	<b>-49</b>	<b>-464</b>	<b>-395</b>	<b>-3,944</b>	<b>-1,115</b>	<b>-2,001</b>	<b>-2,486</b>
Inc./(Dec.) in Debt	-1,661	-199	-712	675	-1,425	0	0
Dividends Paid	-428	-358	-358	0	-949	-1,187	-1,187
Others	-256	-154	-1,155	-1,373	-1,334	-417	-408
<b>CF from Fin. Activity</b>	<b>-2,345</b>	<b>-710</b>	<b>-2,225</b>	<b>-698</b>	<b>-3,708</b>	<b>-1,604</b>	<b>-1,595</b>
<b>Inc./(Dec.) in Cash</b>	<b>-296</b>	<b>395</b>	<b>-1,683</b>	<b>-153</b>	<b>1,004</b>	<b>2,023</b>	<b>1,424</b>
Opening Balance (includes bank bal.)	2,554	2,273	2,670	985	3,077	1,829	3,852
Inc./(Dec.) in bank bal.	14	1	-2	2,245	-2,252	0	0
<b>Closing Balance (includes bank bal.)</b>	<b>2,273</b>	<b>2,670</b>	<b>985</b>	<b>3,077</b>	<b>1,829</b>	<b>3,852</b>	<b>5,275</b>

## NOTES

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 within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

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