

## Volume growth to continue in the slow lane

11 April 2025

We expect overall volume growth across the sector to slow, led by disruption in global trade, demand weakness across auto, FMCG, apparels, footwear, & sugar industries and downward reset in growth rates in the eCommerce sector (platforms as well as direct to consumer [(D2C)]). With Skymet predictions of a normal Monsoon and expected pickup in consumption, we remain hopeful of better volume pickup in FY26. At ports, clarity on tariffs and global supply chain would drive volume. For Q4, we expect JSW Infrastructure to outperform on earnings. We prefer Delhivery and Adani Ports in the logistics space.

**Container volume drive port volume:** Major ports volume picked up in March 2025, taking total growth for the quarter to 9.0% and 4.3% for FY25. Growth is led by containers and fertilizers while coal imports and iron ore exports volume remains muted. Amid ongoing tariffs by the US across nations, we believe the impact on India's port volume to be neutral as reduction in exports to the US could be offset by the shift of trade from Asian countries to India due to lower tariff on India. Adani Ports & SEZ reported Q4 volume growth at 9% YoY, and we expect revenue growth of 19% YoY to INR 82bn, led by consolidation of the Astro Marine business, ports and logistics segment growth. We expect consolidated EBITDA margin at 59%, led by domestic port margin at 71%, logistics at 24% and international at 17%. JSW Infrastructure may post volume growth of 5% with revenue growth of 14%, aided by Navkar acquisition, and we expect EBITDA margin at 49%. We expect tax benefits from the Navkar acquisition to continue to lead to higher profitability.

**B2C and B2B demand in the slow lane:** The slowdown in eCommerce volume growth across platforms and increased insourcing by *Meesho* through *Valmo* of up to 50%, is likely to keep B2C volumes for Delhivery muted. We expect volume growth of 2% YoY.

Our demand checks indicate volume slowdown across industries, and the SME sector dragging due to credit crunch and a marginal uptick in air cargo volume, which is likely to keep B2B logistics volume under check. We expect a YoY volume decline in VRL Logistics, Mahindra Logistics and Allcargo Gati while growth in Blue Dart Express and Delhivery led by competitive edge on service quality & network. With diesel prices remaining stable, we expect EBITDA margin impact to be marginal, owing to price hikes and line haul utilization.

In the 3PL space, we expect Mahindra Logistics supply chain revenue growth of 10% YoY, aided by new order intake and higher wallet share from existing customers. We expect net loss to continue albeit at a lower rate YoY.

**Rail volume growing slower than port volume:** Indian Railways freight for Q4FY25 was down 1% YoY to 431mn tonne vs major port volume growth at 9% YoY in India, indicating a decline in rail coefficient and the shift of EXIM cargo to road due to emergence of industrial cluster & SEZ near ports. For Container Corporation of India, we expect blended originating volume to grow 4% YoY, led by domestic at 8% and EXIM at 3% with pricing largely flat. Consolidated revenue may grow 3% in Q4, with an EBITDA margin at 23.8%. We expect Adani Logistics revenue to grow at the higher rate at 16%, led by market share gains, continued growth in rail volume. EBITDA margin expected to be stable at 24%. JNPT is likely to get connected to the western dedicated freight corridor (DFC) by December 2025.

**Our preferred picks are Delhivery and Adani Ports:** We prefer Delhivery in the logistics sector due to stronger growth potential than peers based on its diversified business and recent acquisition of Ecom Express. In the ports sector, we prefer Adani Ports, due to favorable valuation and growth, led by expansion of capacity in domestic and international geographies.

### Price performance

(%)	3M	6M	12M
Nifty	(4.8)	(10.3)	(1.1)
Adani Ports & SEZ	(0.0)	(19.6)	(16.6)
JSW Infrastructure	(7.3)	(9.1)	20.4
CONCOR	(9.6)	(23.6)	(25.9)
Delhivery	(27.6)	(41.3)	(45.4)
Blue Dart Express	(7.8)	(29.7)	2.4
VRL Logistics	(7.5)	(14.9)	(17.3)
Mahindra Logistics	(27.6)	(45.4)	(43.5)
Allcargo Gati	(35.3)	(48.4)	(48.0)

Note: as on 9 April 2025; Source: Bloomberg

Company	Revenue (INR mn)		
	FY25E	FY26E	FY27E
Adani Ports & SEZ	301,785	337,008	375,188
JSW Infrastructure	45,834	52,923	58,941
CONCOR	90,142	99,901	110,566
Delhivery	90,255	98,739	108,146
Blue Dart Express	58,090	65,778	74,535
VRL Logistics	32,076	35,008	38,564
Mahindra Logistics	61,523	71,280	82,419
Allcargo Gati	17,866	22,880	25,153

Company	Adj. PAT (INR mn)		
	FY25E	FY26E	FY27E
Adani Ports & SEZ	98,273	115,175	133,077
JSW Infrastructure	12,549	13,324	13,852
CONCOR	13,281	14,602	15,992
Delhivery	1,846	3,437	5,374
Blue Dart Express	2,904	3,521	4,248
VRL Logistics	1,588	1,737	1,979
Mahindra Logistics	(312)	336	825
Allcargo Gati	177	526	644

Source: Elara Securities Estimate

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## Key financials

Company	Revenue (INR mn)					EBITDA (INR mn)					Adjusted net profit (INR mn)				
	Q4FY25E	Q3FY25	Q4FY24	QoQ (%)	YoY (%)	Q4FY25E	Q3FY25	Q4FY24	QoQ (%)	YoY (%)	Q4FY25E	Q3FY25	Q4FY24	QoQ (%)	YoY (%)
Adani Ports & SEZ	82,324	79,636	68,965	3.4	19.4	48,657	48,020	40,439	1.3	20.3	25,061	27,127	23,557	(7.6)	6.4
JSW Infrastructure	12,459	11,818	10,964	5.4	13.6	5,959	5,700	5,812	4.5	2.5	4,392	3,356	3,291	30.9	33.5
Container Corporation of India	23,921	22,019	23,176	8.6	3.2	5,700	4,583	4,890	24.4	16.6	3,980	3,434	3,017	15.9	31.9
Delhivery	22,201	23,783	20,755	(6.7)	7.0	977	1,024	459	(4.6)	112.9	351	272	(601)	29.1	(158.5)
Blue Dart Express	13,780	15,117	13,229	(8.8)	4.2	1,267	1,462	1,394	(13.4)	(9.1)	648	791	761	(18.1)	(14.8)
VRL Logistics	8,026	8,252	7,684	(2.7)	4.5	1,358	1,664	1,053	(18.4)	28.9	377	594	215	(36.6)	75.0
Mahindra Logistics	15,933	15,942	14,508	(0.1)	9.8	694	737	566	(5.8)	22.6	(26)	(72)	(119)	(64.0)	(78.2)
Allcargo Gati	3,752	4,192	3,920	(10.5)	(4.3)	192	213	138	(10.2)	39.0	(11)	17	(46)	(167.5)	(75.8)

Source: Company, Elara Securities Estimate

## Coverage matrix

Company	Ticker	Rating	Mcap	CMP*	Target	Upside	EV/EBITDA (x)			P/E (x)		
			(USD mn)	(INR)	(INR)	(%)	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Adani Ports & SEZ	ADSEZ IN	Buy	28,200	1,132	1,700	50.2	16.8	14.9	13.1	25.6	21.8	18.9
JSW Infrastructure	JSWI IN	Buy	7,049	291	380	30.6	27.4	24.9	22.8	48.2	45.4	43.7
Container Corporation of India	CCRI IN	Accumulate	4,815	685	839	22.5	19.6	17.3	15.2	31.0	28.9	26.4
Delhivery	DELHIVER IN	Buy	2,093	243	387	59.3	39.5	25.7	17.3	97.9	52.6	33.6
Blue Dart Express Ltd	BDE IN	Sell	1,664	6,079	5,791	(4.7)	27.0	23.0	19.4	50.4	41.6	34.4
VRL Logistics	VRLL IN	Buy	469	465	672	44.5	8.6	7.9	7.1	26.0	23.8	20.9
Mahindra Logistics	MAHLOG IN	Sell	222	267	293	9.7	8.1	6.4	5.0	(53.2)	67.7	25.0
Allcargo GATI	ACLGATI IN	Accumulate	93	55	110	100.0	10.0	6.7	5.5	218.3	26.8	21.3

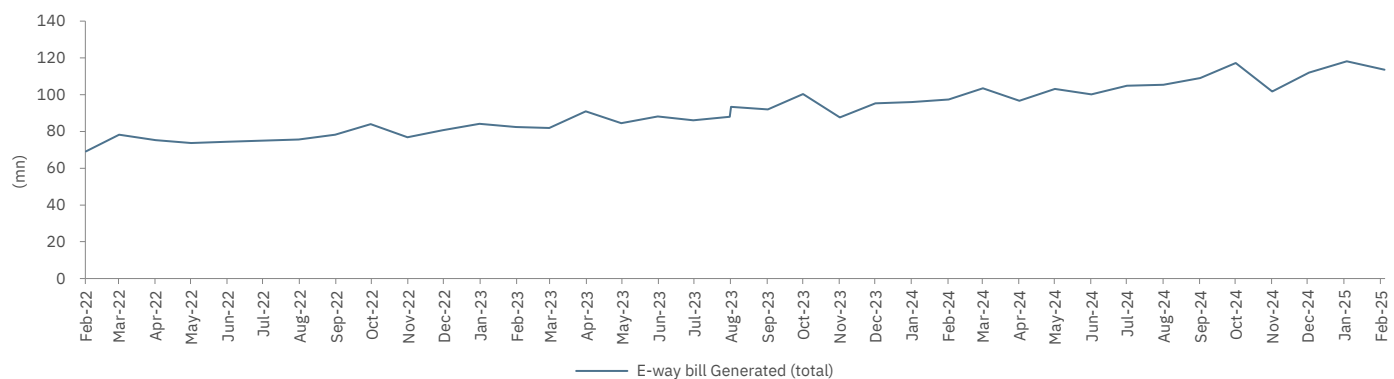
Note: \*Pricing as on 9 April 2025; TP and ratings as per our last published reports; Source: Elara Securities Estimate

## Exhibit 1: Demand check across industries

Sector	Our view
<b>Sugar</b>	<b>Production is expected to be down by 19% YoY this season to 25mn tonne</b>
Apparels and Footwear	Demand remains muted; premiumization holds up
Steel and Cement	Lower imports of steel. Domestic demand led by infrastructure activity and government spending
FMCG	Slowdown in general consumption with weak urban improving rural demand
Auto	Slowdown in production due to moderating demand, led by normalization of pent-up demand and rising inventory at dealers post festival season
<b>Fertilizer</b>	<b>Outperform; demand is resilient</b>
<b>Building materials</b>	<b>Stable demand with continued real estate activity</b>
E-commerce	Post festive Growth in platforms slowed to 15% while D2C growth continues at a higher rate

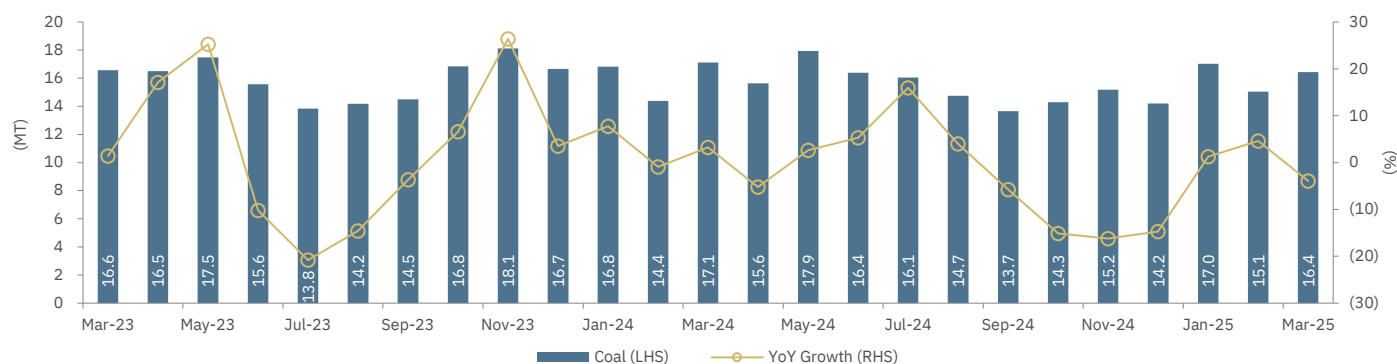
Source: Elara Securities Research

## Exhibit 1: eWay bill generation increases 20% YoY during for January-February 2025 as volume shifts to the organized sector



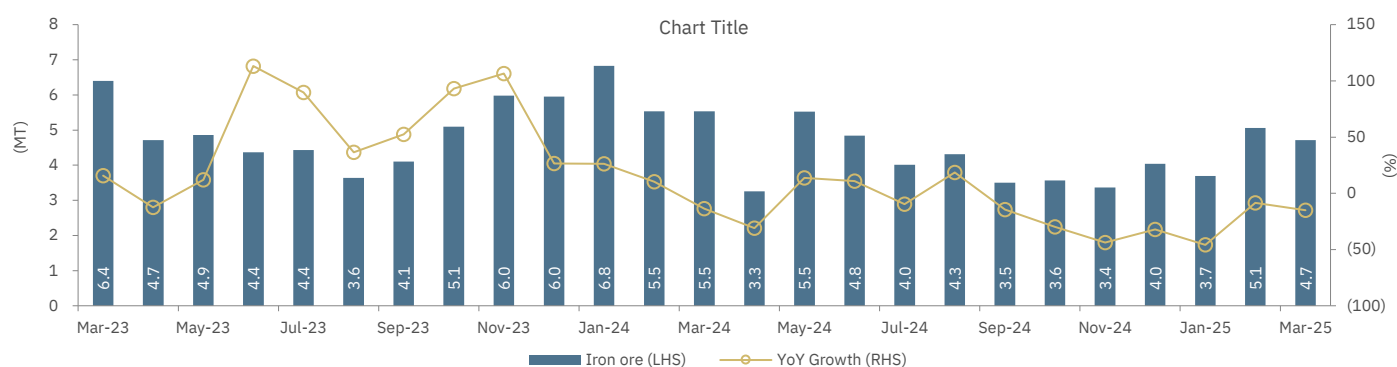
Source: CEIC, Elara Securities Research

**Exhibit 2: Coal port volume down due to shift in government policy toward promoting domestic coal and rise in domestic coal production**



Source: Ministry of Shipping, Elara Securities Research

**Exhibit 3: Iron ore port volume down due to weak steel demand, elevated inventory, rising supply pressure and shift in global trade policy**



Source: Ministry of Shipping, Elara Securities Research

**Exhibit 4: Container port volume continues to grow as shipping schedules and key sectors are holding up despite ongoing changes in tariff**

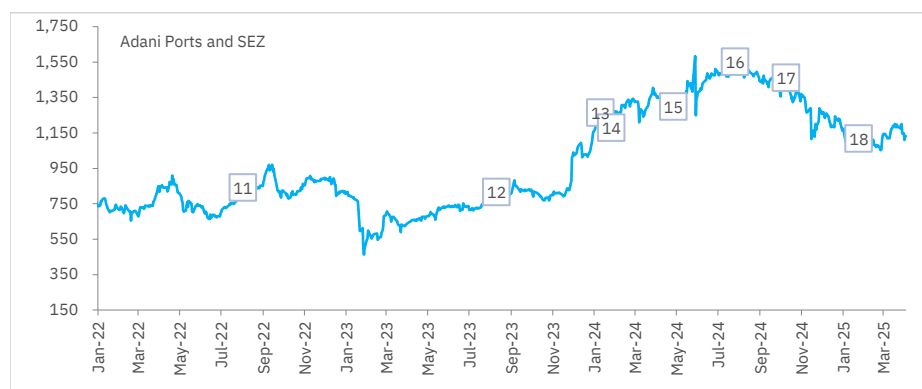


Source: Ministry of Shipping, Elara Securities Research

## Coverage History



	Date	Rating	Target Price	Closing Price
1	29-Sep-2023	Reduce	INR 405	INR 413
2	2-Feb-2024	Buy	INR 570	INR 473
3	7-Feb-2025	Buy	INR 387	INR 315



	Date	Rating	Target Price	Closing Price
11	8-Aug-2022	Buy	INR 947	INR 801
12	16-Aug-2023	Buy	INR 1043	INR 801
13	16-Jan-2024	Buy	INR 1407	INR 1193
14	1-Feb-2024	Accumulate	INR 1407	INR 1,219
15	2-May-2024	Accumulate	INR 1,495	INR 1,339
16	2-Aug-2024	Accumulate	INR 1,813	INR 1,588
17	14-Oct-2024	Buy	INR 1,813	INR 1,410
18	30-Jan-2025	Buy	INR 1,700	INR 1,077

## Guide to Research Rating

<b>BUY</b>	Absolute Return >+20%
<b>ACCUMULATE</b>	Absolute Return +5% to +20%
<b>REDUCE</b>	Absolute Return -5% to +5%
<b>SELL</b>	Absolute Return < -5%

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