

## Cheer for B2C, but B2B in slow lane

7 January 2025

Q3 performance is expected to be a mixed bag for the Logistics space, with B2C volumes picking up led by e-commerce volumes in the festival season. However, B2B volumes are expected to be muted led by a slowdown in the MSME sector, deceleration in consumption across-the-board and lower number of working days. At ports, a decline in coal imports and iron ore exports may result in slower growth. We prefer Delhivery, VRL Logistics, Adani Ports and JSW Infra in the Logistics space.

**B2C to pick up; B2B to slow down:** e-way bill generation rose 17% YoY in October-November, post touching the highest-ever generation in October on account of healthy demand in the festival season, indicating a rising shift from unorganized to organized. Expect B2C players such as Delhivery to report a revenue growth of 9%, aided by steady B2C growth of 7% and B2B growth of 19% led by market share gains. Expect margin to recover 50bps YoY led by better utilization of line haul and vehicle capacity, however,, higher fixed costs led by opening up of new hubs could hit profitability in the interim.

B2B Express companies such as Blue Dart Express (BDE IN) and Allcargo GATI (ACLGATI IN) may witness subdued revenue growth of 6% and 3%, respectively, led by overall slowdown in consumption and MSME sectors. Margins may be stable in Q3E, with some recovery for BDE to 8.8% from 8.3% in H1, led by lower ATF prices (down 8% YoY) and cost optimization for ACLGATI expecting margins to improve to 4.8% versus 1.6% YoY. Margins may further improve from Q4, after gross price hikes in the range of 9-12% are effected by both the companies from 1 January 2025. VRL Logistics (VRL IN) is the only surface logistics company expected to report double-digit revenue growth of 13% in Q3E, led by improvement in realization post a successful price hike of 8%. Margins may also be maintained at 15.8%, led by better absorption of cost and stable diesel prices.

In the 3PL space, expect Mahindra Logistics' (MAHLOG IN) revenue to grow 10% YoY, aided by 3PL – expected growth of 7% led by contribution from Engineering, Automobile and Last-Mile Delivery (on Wizzard consolidation). Consolidated EBITDA margin is likely to increase by 80bps to 4.5%, led by cost optimization and expected drop in losses from the B2B express business. Expect MAHLOG to report a net loss of INR 13mn (may continue to be in the red for the eighth consecutive quarter).

**Decline in coal imports and iron ore exports may lead to a slowdown in port volumes:** Volumes for major ports in October and November declined 4%, led by a drop in coal imports (rise in domestic production, dip in power demand) and iron ore exports (low demand from China, slump in global prices). This is likely to slow down volume handled by Adani Ports & SEZ (ADSEZ IN; reported at 3.6% YoY versus 8.5% in H1) and JSW Infrastructure (JSWINFRA IN; expected at 6% YoY versus 14% in H1). In Q3, revenue contribution from Gopalpur Ports and Astro Offshore business (for ADSEZ) and from Navkar Corporation (for JSWINFRA) may commence. On consolidated basis, expect ADSEZ's revenue to grow 4% YoY (in-line with volume growth), with EBITDA margin at 61.5% and PAT at INR 23bn, post likely forex loss of INR 2.5bn given adverse forex movement. JSWINFRA's revenue may grow 23%, with EBITDA margin at 48.5% (lower due to consolidation of Navkar Corp).

**Hopes for growth in EXIM volumes given higher container volumes at ports:** Overall freight volume for the Indian Railways for YTD FY25 and in Q3 (up to November) was up 2% YoY each to 1,037mn and 261mn tonnes, respectively. For Container Corporation of India (CCRI IN), expect blended originating volume to grow 11% YoY, with EXIM volumes likely to recover given higher container volumes at all major ports (up 6%). Domestic volume may continue to grow. Consolidated revenue may grow 9% in Q3E, with EBITDA margin at 23.6%. We expect Adani Logistics' revenue to grow 15%, led by continued growth in rail volumes and stable EBITDA margin at 26%.

### Price performance

(%)	3M	6M	12M
Nifty	(4.4)	(2.5)	9.2
Adani Ports & SEZ	(13.4)	(21.8)	1.7
JSW Infrastructure	2.9	(9.2)	47.9
CONCOR	(13.1)	(28.7)	(15.8)
Delhivery	(16.6)	(14.8)	(16.4)
Blue Dart Express	(22.0)	(18.1)	(9.1)
VRL Logistics	(5.0)	(12.8)	(31.1)
Mahindra Logistics	(21.0)	(28.2)	(16.6)
Allcargo GATI	(15.8)	(14.0)	(31.9)

Note: as on 7 January 2025; Source: Bloomberg

Company	Revenue (INR mn)		
	FY25E	FY26E	FY27E
Adani Ports & SEZ	314,117	354,525	396,188
JSW Infrastructure	47,922	55,465	61,593
CONCOR	96,727	108,515	121,491
Delhivery	94,894	110,190	127,324
Blue Dart Express	58,090	65,778	74,535
VRL Logistics	32,076	35,662	40,013
Mahindra Logistics	61,092	70,784	81,849
Allcargo GATI	17,866	22,880	25,153

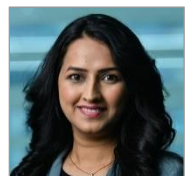
Company	Adj. PAT (INR mn)		
	FY25E	FY26E	FY27E
Adani Ports & SEZ	104,926	125,581	146,742
JSW Infrastructure	13,647	14,638	15,222
CONCOR	14,368	16,783	18,936
Delhivery	2,349	2,972	5,000
Blue Dart Express	2,904	3,521	4,248
VRL Logistics	1,364	1,607	1,885
Mahindra Logistics	96	419	904
Allcargo GATI	177	526	644

Source: Elara Securities Estimate

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**Key financials**

Company	Revenue (INR mn)					EBITDA (INR mn)					Adjusted net profit (INR mn)				
	Q3FY25E	Q2FY25	Q3FY24	QoQ (%)	YoY(%)	Q3FY25E	Q2FY25	Q3FY24	QoQ (%)	YoY(%)	Q3FY25E	Q2FY25	Q3FY24	QoQ (%)	YoY(%)
Adani Ports & SEZ	71,817	70,670	69,201	1.6	3.8	44,136	43,689	41,860	1.0	5.4	25,741	24,675	23,906	4.3	7.7
JSW Infrastructure	11,622	10,014	9,401	16.1	23.6	5,641	5,205	4,799	8.4	17.6	3,173	3,737	2,536	(15.1)	25.1
Container Corporation of India	24,029	22,830	22,051	5.2	9.0	5,662	5,750	5,117	(1.5)	10.7	3,667	4,044	3,344	(9.3)	9.7
Delhivery	23,917	21,897	21,945	9.2	9.0	1,303	573	1,094	127.6	19.2	638	102	117	525.0	444.8
Blue Dart Express	14,689	14,485	13,829	1.4	6.2	1,297	1,219	1,343	6.4	(3.4)	680	608	816	11.9	(16.6)
VRL Logistics	8,347	7,995	7,367	4.4	13.3	1,319	1,330	943	(0.8)	39.8	353	358	136	(1.2)	158.9
Mahindra Logistics	15,397	15,211	13,972	1.2	10.2	694	664	522	4.5	32.8	(13)	(96)	(164)	(86.3)	(92.0)
Allcargo GATI	4,291	4,085	4,178	5.1	2.7	204	179	67	14.1	205.3	11	3	(118)	244.4	(109.1)

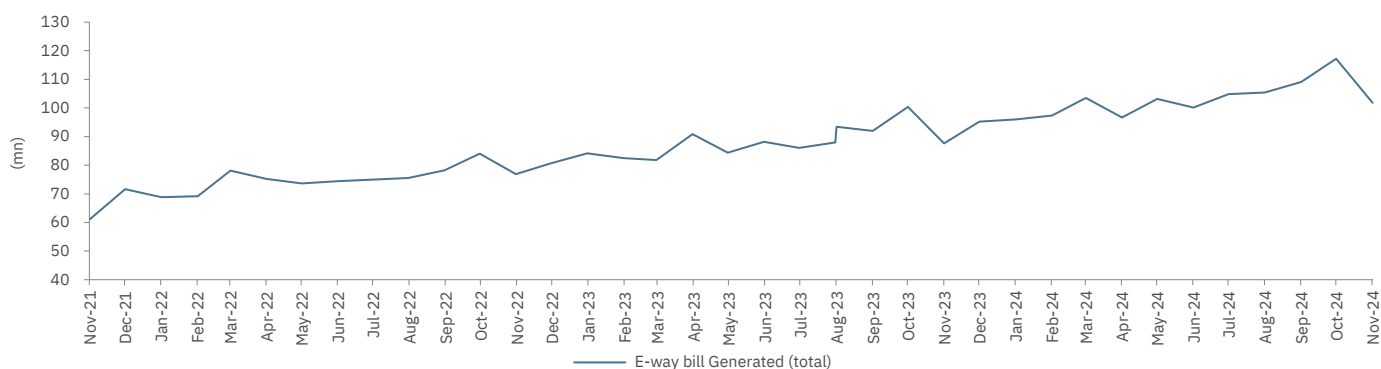
Source: Company, Elara Securities Estimate

**Coverage matrix**

Company	Ticker	Rating	Mcap	CMP*	Target	Upside	EV/EBITDA (x)			P/E (x)		
			(INR bn)	(INR)	(INR)	(%)	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Adani Ports & SEZ	ADSEZ IN	Buy	2,536	1,174	1,813	54.5	16.4	14.2	12.2	24.2	20.2	17.3
JSW Infrastructure	JSWINFRA IN	Buy	680	324	405	25.1	28.1	25.3	23.2	48.6	45.3	43.5
Container Corporation of India	CCRI IN	Buy	460	754	1,087	44.1	18.9	16.1	14.0	31.5	27.6	24.5
Delhivery	DELHIVER IN	Buy	250	337	570	69.1	52.7	32.8	21.3	105.9	83.7	49.8
Blue Dart Express	BDE IN	Sell	160	6,738	5,791	(14.1)	29.8	25.3	21.5	55.3	45.6	37.8
VRL Logistics	VRLL IN	Buy	44	504	640	27.1	9.9	8.8	7.7	32.7	27.8	23.7
Mahindra Logistics	MAHLOG IN	Sell	27	374	322	(13.8)	10.3	8.4	6.6	602.8	72.7	31.4
Allcargo GATI	ACLGATI IN	Accumulate	13	88	110	24.9	13.9	9.3	7.7	302.9	37.2	29.5

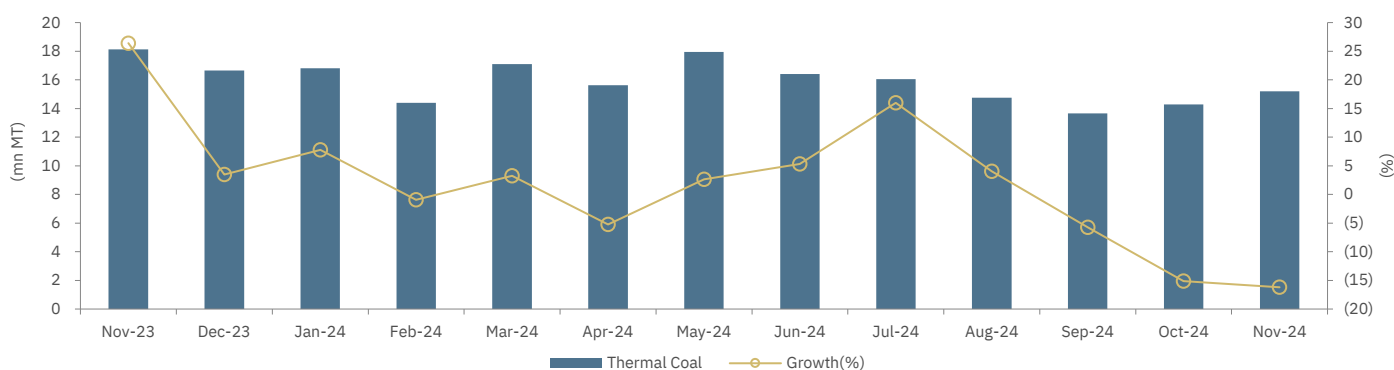
Note: \*Pricing as on 7 January 2025; TP and ratings as per our last published reports; Source: Elara Securities Estimate

**Exhibit 1: Highest-ever e-way bill generation in October 2024 led by demand in the festival season**



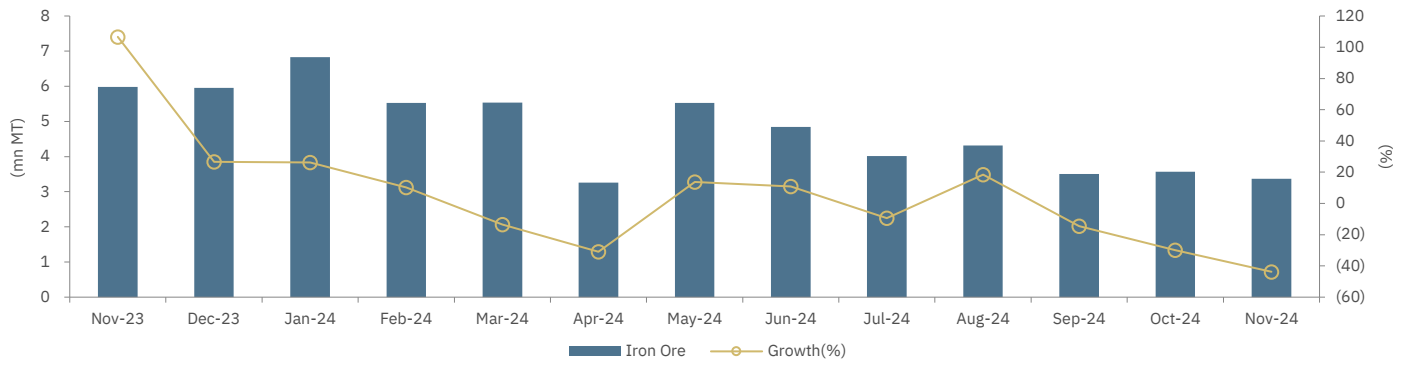
Source: CEIC, Elara Securities Research

**Exhibit 2: Coal volumes dropped at major ports led by low power demand**



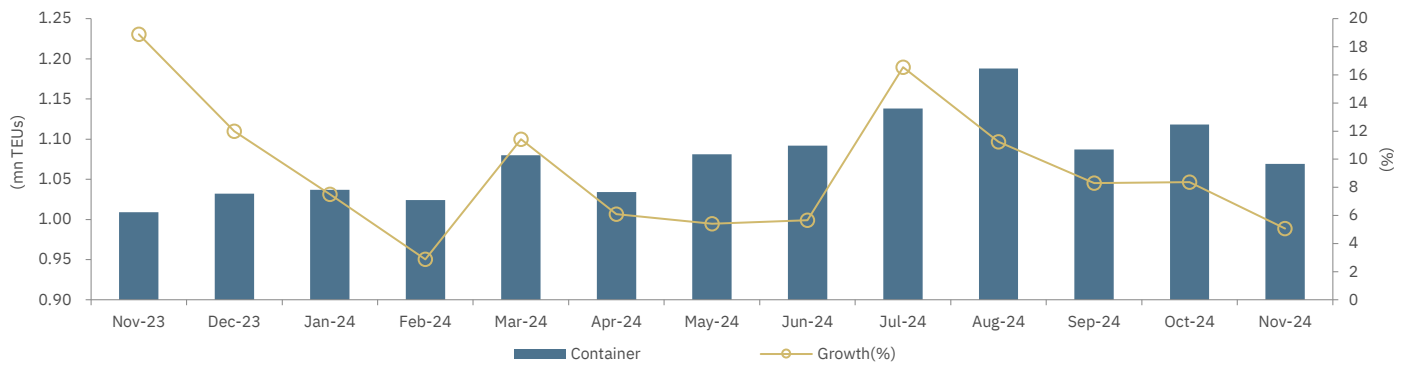
Source: Ministry of Shipping, Elara Securities Research

**Exhibit 3: Iron ore volumes declined at major ports led by low demand from China**



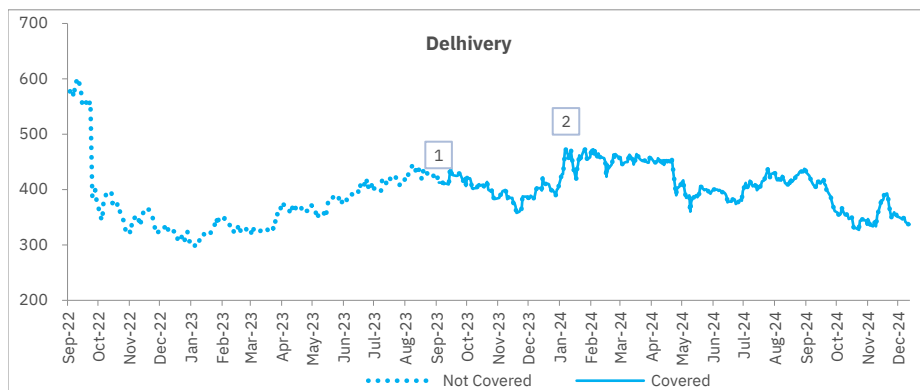
Source: Ministry of Shipping, Elara Securities Research

**Exhibit 4: Container volumes at major ports continues albeit at a slower pace**

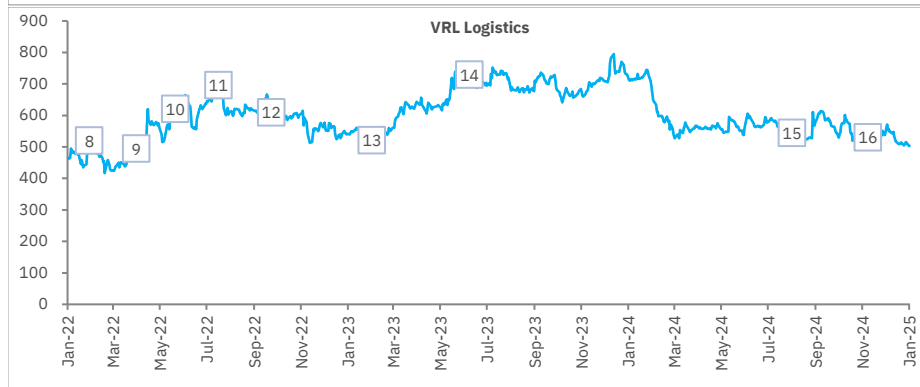


Source: Ministry of Shipping, Elara Securities Research

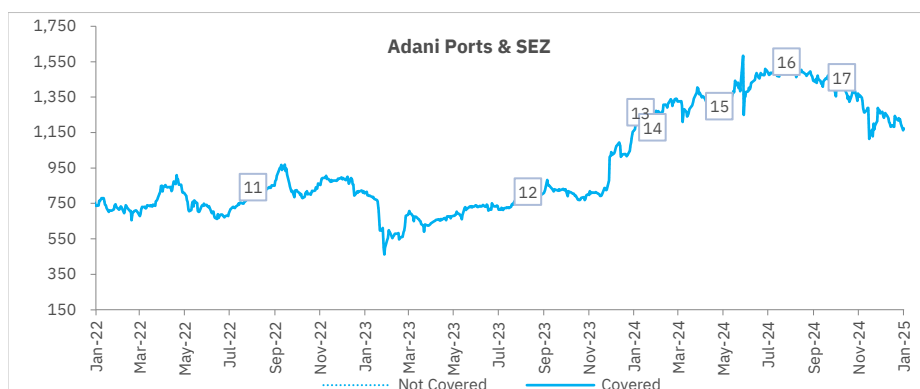
## Coverage History



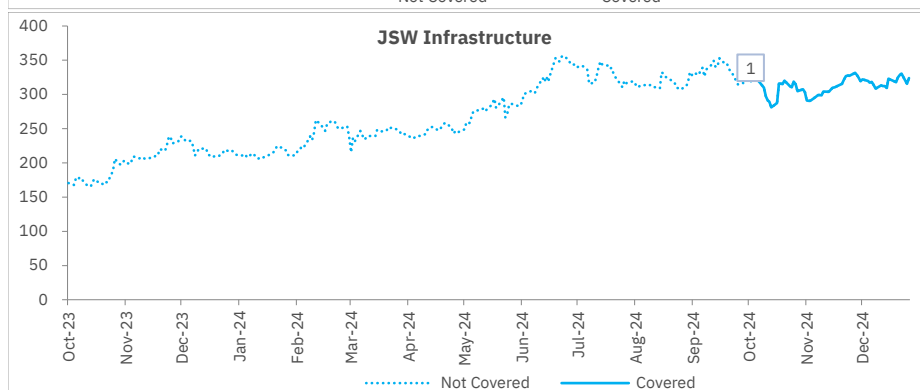
Date	Rating	Target Price	Closing Price
1 29-Sep-2023	Reduce	INR 405	INR 413
2 2-Feb-2024	Buy	INR 570	INR 473



Date	Rating	Target Price	Closing Price
8 4-Feb-2022	Buy	INR 641	INR 530
9 6-Apr-2022	Buy	INR 675	INR 483
10 27-May-2022	Buy	INR 736	INR 606
11 22-Jul-2022	Buy	INR 813	INR 681
12 29-Sep-2022	Buy	INR 780	INR 595
13 7-Feb-2023	Buy	INR 810	INR 510
14 1-Jun-2023	Buy	INR 890	INR743
15 7-Aug-2024	Buy	INR 758	INR 530
16 14-Nov-2024	Buy	INR 640	INR 515



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



Date	Rating	Target Price	Closing Price
1 14-Oct-2024	Buy	INR 405	INR 319

### 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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