

# Bluedart Express Ltd

ADD

CMP Rs5,328

Target Rs5,590

Upside 5%

## Result Highlights

- ✓ Standalone Revenues grew by 33% YoY to Rs 9.7 bn which was lower than our estimates of Rs.10.9 bn. FY21 revenue grew by 4% to Rs32.8 bn.
- ✓ EBITDA of Rs.1.7 bn was in-line with our estimates. EBITDA Margins improved to 18% vs 2.2% YoY/16.8% QoQ. Moderation in Freight Handling costs and employee cost supported profitability. For FY21, EBITDA Margins improved to 11.5% vs 5.9% YoY while Gross margin improved by 450bps to 36.2% vs 31.8% in FY20. EBITDA stood at Rs.3.8 bn, up 101% yoy.
- ✓ Higher EBITDA and other income led to APAT of Rs 891 mn during Q4 FY21 (Rs.238 mn loss in Q4 FY20). PAT for FY21 came at Rs 963 mn (Rs.383 mn loss in FY20).
- ✓ The company has declared dividend of Rs15/share
- ✓ Receivable days declined to 57 days vs 60 days in FY20 while payable days grew from 45 days to 57 days yoy. Cash jumped to Rs3.1bn from Rs 985mn yoy while borrowing declined to Rs225mn from Rs525mn in FY20.

**Our view:** Q4 saw an optically high revenue growth on the back of lower base of last year. The Company lost ~15% of the revenue due to lockdown in Q4 FY20. It targets for strong high double-digit growth despite challenging times ahead driven by volume revival and general price hikes. Margins for the quarter came higher driven by the cost-control measures and discontinuation of loss-making customers in E-com segment. However, this elevated margin likely to taper down to its normalized range of 14-16% in coming quarters. The 2<sup>nd</sup> wave of COVID has impacted the document delivery segment (as offices are again shut or operating at lower capacity). However, BDE expects situation to normalize quickly as COVID impact settles and subsequent quarters to improve substantially. Currently, the stock trades at 69x/43x FY22/FY23 EPS. We have increased the margin expectations over FY22 and FY23 and retain our ADD rating on the stock for revised target price of Rs.5,590/share (45x FY23).

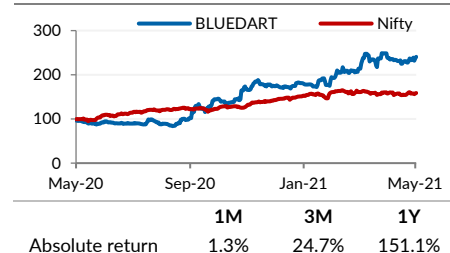
## Exhibit 1: Result table (Standalone)

| Particulars (Rs mn) | Q4 FY21 | Q4 FY20 | % yoy    | Q3 FY21 | % qoq   |
|---------------------|---------|---------|----------|---------|---------|
| Total sales         | 9,662   | 7,241   | 33.4     | 10,349  | (6.6)   |
| EBITDA              | 1,739   | 157     | 1,009.2  | 1,734   | 0.3     |
| EBITDAM (%)         | 18.0    | 2.2     | 1584 bps | 16.8    | 125 bps |
| Depreciation        | 523     | 437     | 19.8     | 547     | (4.5)   |
| Interest            | 78      | 79      | (1.3)    | 77      | 0.8     |
| Other income        | 62      | 25      | 145.8    | 24      | 162.6   |
| PBT                 | 1,201   | (333)   | NA       | 1,133   | 6.0     |
| Tax                 | 310     | (95)    | NA       | 278     | 11.2    |
| Adjusted PAT        | 891     | (238)   | NA       | 855     | 4.2     |
| Exceptional item    | 0       | 0       | NA       | (83)    | NA      |
| Reported PAT        | 891     | (238)   | NA       | 938     | (5.0)   |
| PATM (%)            | 9.2     | (3.3)   | 1251 bps | 8.3     | 96 bps  |
| EPS (Rs)            | 37.5    | (10.0)  | NA       | 39.5    | (5.0)   |

## Stock data (as on May 7, 2021)

|                         |               |
|-------------------------|---------------|
| Nifty                   | 14,823        |
| 52 Week h/l (Rs)        | 5845 / 1873   |
| Market cap (Rs/USD mn)  | 126433 / 1708 |
| Outstanding Shares (mn) | 24            |
| 6m Avg t/o (Rs mn):     | 165           |
| Div yield (%):          | 0.3           |
| Bloomberg code:         | BDE IN        |
| NSE code:               | BLUEDART      |

## Stock performance



## Shareholding pattern (As of Mar'21 end)

|          |        |
|----------|--------|
| Promoter | 75.00% |
| FII+DII  | 13.28% |
| Others   | 11.72% |

## Δ in stance

| (1-Yr)       | New   | Old   |
|--------------|-------|-------|
| Rating       | ADD   | ADD   |
| Target Price | 5,590 | 4,403 |

## Financial Summary (Standalone)

|            | FY21   | FY22e  | FY23e  |
|------------|--------|--------|--------|
| Revenue    | 32,797 | 37,334 | 43,120 |
| YoY        | 3.6    | 13.8   | 15.5   |
| EBIDTA     | 3,766  | 4,892  | 6,511  |
| Margin (%) | 11.5   | 13.1   | 15.1   |
| PAT        | 1,222  | 1,844  | 2,948  |
| YoY        | 373.1  | 50.9   | 59.9   |
| ROE        | 23.4   | 24.5   | 30.8   |
| EPS        | 51.5   | 77.7   | 124.2  |
| P/E        | 103.5  | 68.6   | 42.9   |

## Δ in earnings estimates

|           | FY21 | FY22e | FY23e |
|-----------|------|-------|-------|
| EPS (New) | 51.5 | 77.7  | 124.2 |
| EPS (Old) | 51.5 | 61.1  | 97.9  |
| % change  | -    | 27.2  | 26.9  |

### ALOK DEORA

Lead Analyst

alok.deora@ysil.in

+91 98205 13792



NISHANT SHAH, Associate

Nishant.shah@ysil.in

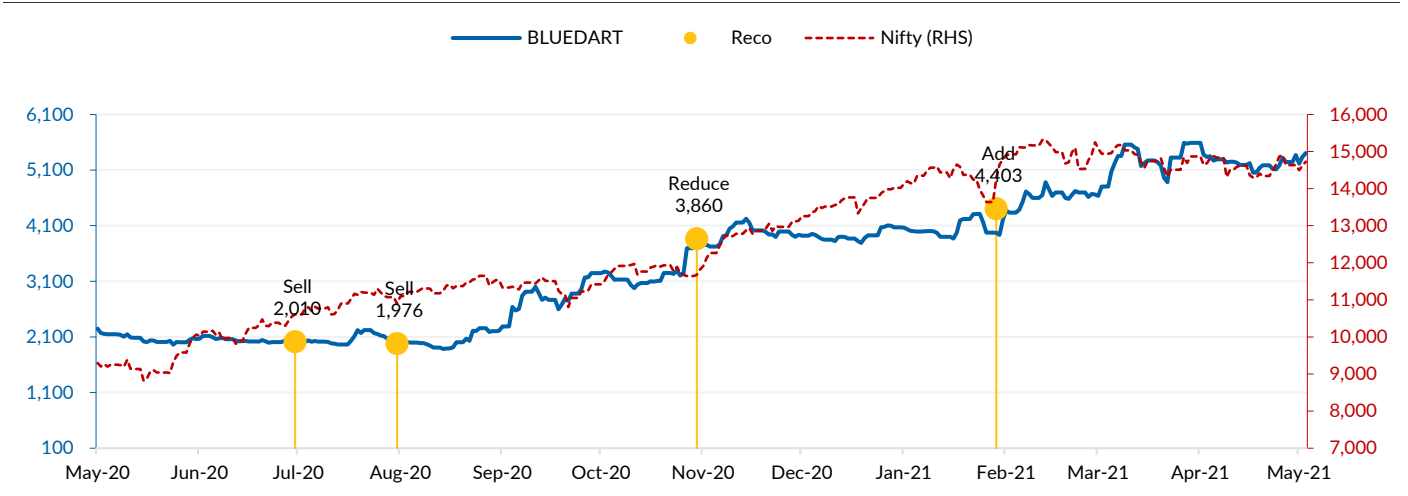
AMAR AMBANI, Sr. President, Head of Research

amar.ambani@ysil.in

## CON-CALL HIGHLIGHTS

- ✓ The revenue growth of 33% yoy during the quarter remained optically high as the company lost Rs1bn of revenue in the same quarter last year (Q4 FY20) due to COVID-19 impact. Thus, on a like to like basis, the revenue growth in Q4FY21 stands at 17-18% yoy. This growth of 17-18% was driven by 7-8% realization growth and 10-11% volume growth.
- ✓ The company implemented the general price increase (GPI) from January 2021 and overall a 5% hike was taken on blended basis during the quarter. The Emergency Situations Surcharge which was levied last year was discontinued from December-20 onwards.
- ✓ The company remained cautiously optimistic over the growth in this year and targets high double-digit growth in FY22 on the lower base of FY21.
- ✓ The company had touched the Pre Covid levels in Feb/March in the document segment and even witnessed a marginal yoy growth during the quarter. However, with the second wave and lockdowns, it may witness a dip in the coming quarter as most businesses and offices are closed.
- ✓ The margin came higher at 18% during the quarter driven by price hike and discontinuation of some loss-making contracts.
- ✓ Pharma and E-com segment have done very well which has supported the growth. The E-com segment saw good volume and realization growth post festive season. Despite dropping few loss-making customers during the quarter, the company could improve its volumes.
- ✓ The cut down of auto production (10-15% cut in production) from auto makers will have an impact on the ancillary transportation business.
- ✓ The Air and surface segment mix stands at 70:30%. Air segment is showing good growth.
- ✓ Rs1.5bn Capex for FY22 and FY23 each.
- ✓ The company is involved in distribution of vaccine, cylinder, concentrators, vials. However, the opportunity arising from this cannot compensate for the loss of business with 2<sup>nd</sup> COVID wave as the business opportunity in COVID related transport is very small.

## Recommendation Tracker



## DISCLAIMER

Investments in securities market are subject to market risks, read all the related documents carefully before investing.

The information and opinions in this report have been prepared by YSL and are subject to change without any notice. The report and information contained herein are strictly confidential and meant solely for the intended recipient and may not be altered in any way, transmitted to, copied or redistributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of YSL.

The information and opinions contained in the research report have been compiled or arrived at from sources believed to be reliable and have not been independently verified and no guarantee, representation of warranty, express or implied, is made as to their accuracy, completeness, authenticity or validity. No information or opinions expressed constitute an offer, or an invitation to make an offer, to buy or sell any securities or any derivative instruments related to such securities. Investments in securities are subject to market risk. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. Investors should note that each security's price or value may rise or fall and, accordingly, investors may even receive amounts which are less than originally invested. The investor is advised to take into consideration all risk factors including their own financial condition, suitability to risk return profile and the like, and take independent professional and/or tax advice before investing. Opinions expressed are our current opinions as of the date appearing on this report. Investor should understand that statements regarding future prospects may not materialize and are of general nature which may not be specifically suitable to any particular investor. Past performance may not necessarily be an indicator of future performance. Actual results may differ materially from those set forth in projections.

Technical Analysis reports focus on studying the price movement and trading turnover charts of securities or its derivatives, as opposed to focussing on a company's fundamentals and opinions, as such, may not match with reports published on a company's fundamentals.

YSL, its research analysts, directors, officers, employees and associates accept no liabilities for any loss or damage of any kind arising out of the use of this report. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject YSL and associates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.

## DISCLOSURE OF INTEREST

Name of the Research Analyst : Alok Deora, Nishant Shah

The analyst hereby certifies that opinion expressed in this research report accurately reflect his or her personal opinion about the subject securities and no part of his or her compensation was, is or will be directly or indirectly related to the specific recommendation and opinion expressed in this research report.

| Sr. No. | Particulars   | Yes/No |
|---------|---|--------|
| 1       | Research Analyst or his/her relative's or YSL's financial interest in the subject company(ies)  | No     |
| 2       | Research Analyst or his/her relative or YSL's actual/beneficial ownership of 1% or more securities of the subject company(ies) at the end of the month immediately preceding the date of publication of the Research Report | No     |
| 3       | Research Analyst or his/her relative or YSL has any other material conflict of interest at the time of publication of the Research Report   | No     |
| 4       | Research Analyst has served as an officer, director or employee of the subject company(ies)   | No     |
| 5       | YSL has received any compensation from the subject company in the past twelve months  | No     |
| 6       | YSL has received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months   | No     |
| 7       | YSL has received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months                                       | No     |
| 8       | YSL has received any compensation or other benefits from the subject company or third party in connection with the research report  | No     |
| 9       | YSL has managed or co-managed public offering of securities for the subject company in the past twelve months   | No     |
| 10      | Research Analyst or YSL has been engaged in market making activity for the subject company(ies)   | No     |

Since YSL and its associates are engaged in various businesses in the financial services industry, they may have financial interest or may have received compensation for investment banking or merchant banking or brokerage services or for any other product or services of whatsoever nature from the subject company(ies) in the past twelve months or associates of YSL may have managed or co-managed public offering of securities in the past twelve months of the subject company(ies) whose securities are discussed herein.

Associates of YSL may have actual/beneficial ownership of 1% or more and/or other material conflict of interest in the securities discussed herein.

### YES Securities (India) Limited

**Registered Office:** Unit No. 602 A, 6th Floor, Tower 1 & 2, One International Center, Senapati Bapat Marg, Elphinstone Road, Mumbai - 400013, Maharashtra, India.

Email: [research@ysil.in](mailto:research@ysil.in) | Website: [www.yesinvest.in](http://www.yesinvest.in)

**Registration Nos.:** CIN: U74992MH2013PLC240971 | SEBI Single Registration No.: NSE, BSE, MCX & NCDEX : INZ000185632 | Member Code: BSE - 6538, NSE - 14914, MCX - 56355 & NCDEX - 1289 | MERCHANT BANKER: INM000012227 | RESEARCH ANALYST: INH000002376 | INVESTMENT ADVISER: INA000007331 | Sponsor and Investment Manager to YSL Alternates Alpha Plus Fund (Cat III AIF) SEBI Registration No.: IN/AIF3/20-21/0818 | AMFI ARN Code - 94338.

**Details of Compliance Officer:** Name: Vaibhav Purohit, Email id: [compliance@ysil.in](mailto:compliance@ysil.in), Contact No-+91-22-33479208

## **RECOMMENDATION PARAMETERS FOR FUNDAMENTAL REPORTS**

Analysts assign ratings to the stocks according to the expected upside/downside relative to the current market price and the estimated target price. Depending on the expected returns, the recommendations are categorized as mentioned below. The performance horizon is 12 to 18 months unless specified and the target price is defined as the analysts' valuation for a stock. No benchmark is applicable to the ratings mentioned in this report.

**BUY:** Potential return >15% over 12 months

**ADD:** Potential return +5% to +15% over 12 months

**REDUCE:** Potential return -10% to +5% over 12 months

**SELL:** Potential return <-10% over 12 months

**NOT RATED / UNDER REVIEW**

## **ABOUT YES SECURITIES (INDIA) LIMITED**

YES Securities (India) Limited ("YSL") is a wholly owned subsidiary of YES BANK LIMITED. YSL is a SEBI registered stock broker holding membership of NSE, BSE, MCX & NCDEX. YSL is also a SEBI registered Category I Merchant Banker, Investment Adviser and a Research Analyst. YSL offers, inter alia, trading/investment in equity and other financial products along with various value added services. We hereby declare that there are no disciplinary actions taken against YSL by SEBI/Stock Exchanges.