

# Transport Corporation of India Ltd.

## Accumulate

Sector: Logistics

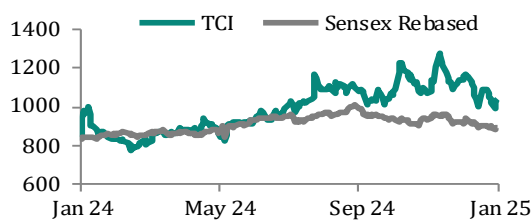
30<sup>th</sup> January 2025

<b>Key Changes</b>	<b>Target</b> ▲	<b>Rating</b> ●	<b>Earnings</b> ▼	<b>Target</b>	<b>Rs.1,248</b>		
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame	<b>CMP</b>	<b>Rs.1,046</b>
Small Cap	TRPC:IN	76,533	TCI	532349	12 Months	<b>Return</b>	<b>+19%</b>

Data as of: 29-01-2025

Company Data			
Market Cap ( Rs. cr.)	8,071		
52 Week High — Low (Rs.)	1,302 - 686		
Enterprise Value (Rs. cr)	8,123		
Outstanding Shares (Rs cr)	7.7		
Free Float (%)	30.0		
Dividend Yield (%)	0.93%		
6m average volume (cr)	0.12		
Beta	0.77		
Face value (Rs)	2.0		
Shareholding (%)	Q1FY25	Q2FY25	Q3FY25
Promoters	68.9	68.8	68.7
FII's	2.9	3.0	3.4
MFs/Institutions	12.2	12.4	12.3
Public	16.0	15.8	15.6
Total	100.0	100.0	100.0
Promoter Pledge	Nil	Nil	Nil
Price Performance	3 Month	6 Month	1 Year
Absolute Return	-3.4%	1.3%	23.2%
Absolute Sensex	-4.6%	-6.9%	7.2%
Relative Return	1.2%	8.1%	16.0%

\*over or under performance to benchmark index



Y.E March (cr)	FY25E	FY26E	FY27E
Sales	4,509	5,162	5,923
Growth (%)	12.0	14.5	14.8
EBITDA	464	542	622
EBITDA Margin (%)	10.3	10.5	10.5
PAT Adjusted	394	465	531
Growth (%)	13.4	18.2	14.1
Adjusted EPS	51.4	60.7	69.3
Growth (%)	13.9	18.2	14.1
P/E	20.5	17.3	15.2
P/B	3.4	2.9	2.5
EV/EBITDA	17.6	15.1	13.0
ROE (%)	18.1	18.3	17.7
D/E	0.1	0.1	0.0

Author: Anil R - Sr. Research Analyst

## In-line performance...momentum to persist

**Transport Corporation of India Ltd. (TCI) is one of the largest integrated players in the organized logistics industry. Key business segments include freight, supply chain, warehousing solutions, & shipping services.**

- Revenue grew by a healthy 15% YoY, which was in line with our expectations, led by healthy growth in freight and supply chain, which reported healthy double-digit growth.
- EBITDA grew by 19% YoY, and margins expanded by 30bps YoY to 10.3%, which was marginally below our estimates on account of higher operating costs.
- Net profit grew by 27% YoY, led by margin expansion and a higher share of profits from JV (24% YoY).
- Going ahead, stable volumes from freight business, strong growth from E-commerce, and supply chain businesses, led by improving consumer sentiments will drive growth. While better volumes from Seaway business will support margins.
- We expect PAT to grow at a 16.1% CAGR over FY25E-27E, with stable margins of ~10.5%.

## Outlook & Valuation

The long-term outlook for the sector is improving, given strong economic growth prospects and the increasing penetration of e-commerce. A recovery in government spending and an improvement in consumer spending will provide impetus for the sector. We continue to maintain a positive view on TCI given its well-diversified service offerings, a multi-sectoral presence, and a healthy balance sheet. **We value TCI at a P/E of 18x as we roll forward to FY27E and maintain Accumulate rating with a target price of Rs.1,248.**

## Quarterly Financials Consol.

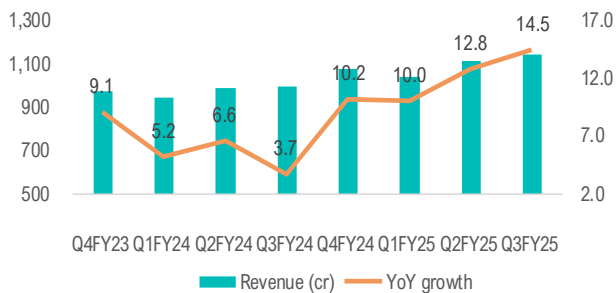
Rs.cr	Q3FY25	Q3FY24	YoY (%)	Q2FY25	QoQ (%)	9MFY25	9MFY24	YoY (%)
Sales	1,147	1,002	14.5	1121	2.3	3,313	2,945	12.5
EBITDA	119	100	18.6	117	1.2	339	301	12.7
EBITDA margin	10.3	10.0	0.4	10.4	(0.1)	10.2	10.2	0.0
EBIT	88	67	31.7	88	-	251	206	21.7
PBT	111	91	22.4	118	(5.8)	332	282	17.8
Reported PAT	102	80	27.3	107	(4.8)	301	251	19.8
Adjusted PAT	102	80	27.3	107	(4.8)	301	251	19.8
EPS (Rs)	13.3	10.3	29.2	14.0	(4.8)	39.3	32.3	21.6



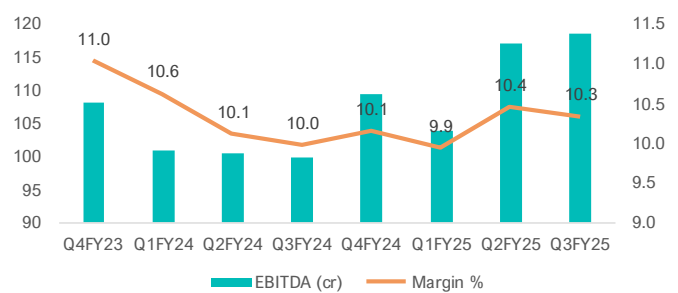
## Key Concall Highlights

- Freight segment was impacted by weakness in Infra and capital goods sectors, while LTL business was impacted by weakness in MSME growth.
- The supply chain division saw good traction, led by warehousing, quick commerce and expansion of hub & spoke network.
- Going ahead, increasing demand for supply chain optimization, automation and technology-driven services will drive growth for this segment.
- In seaway business, all 6 ships were operational in Q3FY25, anticipate strong growth from this segment in Q4FY25. While avg. fuel prices remained stable.
- Revenue and profit guidance maintained at 10-15%.
- CAPEX guidance for FY25 is Rs.375cr, while 9MFY25 spending was Rs.205cr. For the full year FY25, the capex spending is expected to moderate to Rs.275cr on account of a delay in land purchase for hub centres.

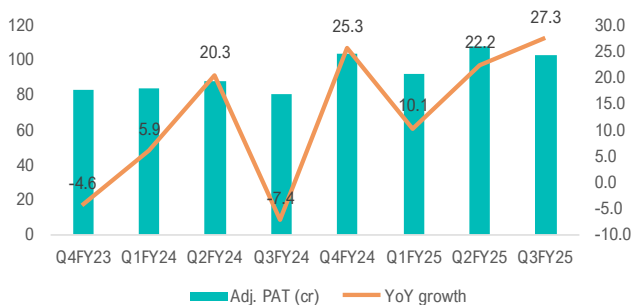
### Revenue



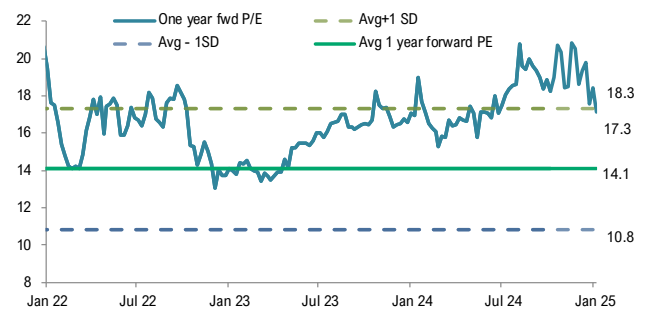
### EBITDA



### PAT



### Valuation



## Change in Estimates

Year / Rs cr	Old estimates		New estimates		Change (%)	
	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
Revenue	4,559	5,234	4,509	5,162	(1.1)	(1.4)
EBITDA	477	556	464	542	(2.6)	(2.5)
Margins (%)	10.5	10.6	10.3	10.5	(20bps)	(10bps)
Adj. PAT	405	477	394	465	(2.8)	(2.5)
EPS	52.1	61.4	51.4	60.7	(1.3)	(1.1)



## Consolidated Financials

### Profit & Loss

Y. E March (Rs cr)	FY23A	FY24A	FY25E	FY26E	FY27E
<b>Sales</b>	<b>3,783</b>	<b>4,024</b>	<b>4,509</b>	<b>5,162</b>	<b>5,925</b>
% change	16.1	6.4	12.0	14.5	14.8
<b>EBITDA</b>	<b>424</b>	<b>411</b>	<b>464</b>	<b>542</b>	<b>622</b>
% change	3.7	(3.2)	13.1	16.7	14.8
Depreciation	121	128	120	143	162
<b>EBIT</b>	<b>303</b>	<b>282</b>	<b>344</b>	<b>399</b>	<b>461</b>
Interest	10	13	21	22	23
Other Income	30	46	36	52	60
Share of JV	44	76	98	112	120
<b>PBT</b>	<b>364</b>	<b>388</b>	<b>458</b>	<b>541</b>	<b>617</b>
% change	10	7	18	18	14
Tax	43.4	33.6	64.1	75.7	86.4
Tax Rate (%)	12	9	14	14	14
<b>Reported PAT</b>	<b>317</b>	<b>351</b>	<b>394</b>	<b>465</b>	<b>531</b>
Adj.*	(1)	(4)	-	-	-
<b>Adj. PAT</b>	<b>316</b>	<b>347</b>	<b>394</b>	<b>465</b>	<b>531</b>
% change	9.1	9.9	13.4	18.2	14.1
No. of shares (cr)	7.8	7.8	7.7	7.7	7.7
<b>Adj EPS (Rs)</b>	<b>40.9</b>	<b>45.1</b>	<b>51.4</b>	<b>60.7</b>	<b>69.3</b>
% change	9.2	10.3	13.9	18.2	14.1
DPS (Rs)	7.0	7.0	7.1	7.1	7.1

### CASH FLOW

Y. E March (Rs cr)	FY23A	FY24A	FY25E	FY26E	FY27E
Net inc. + Depn.	442	483	514	608	692
Non-cash adj.	(8)	(85)	(114)	(142)	(157)
Changes in W.C	(73)	(99)	(129)	(184)	(142)
C.F. Operation	361	299	271	282	394
Capital exp.	(153)	(242)	(216)	(280)	(287)
Change in inv.	(7)	4	(130)	(130)	(130)
Other invest.CF	(33)	(167)	134	164	180
C.F - Investment	(193)	(404)	(211)	(246)	(237)
Issue of equity	4	4	(0)	-	-
Issue/repay debt	(8)	78	-	-	-
Dividends paid	(54)	(55)	(54)	(54)	(54)
Other finance.CF	(7)	(9)	(21)	(22)	(23)
C.F - Finance	(65)	18	(75)	(76)	(77)
Chg. in cash	102	(87)	(15)	(41)	79
Closing cash	170	83	68	27	106

### Balance Sheet

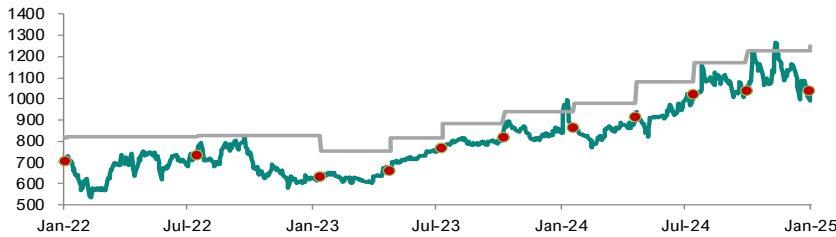
Y. E March (Rs cr)	FY23A	FY24A	FY25E	FY26E	FY27E
<b>Cash</b>	<b>170</b>	<b>83</b>	<b>68</b>	<b>27</b>	<b>106</b>
Accounts Receivable	561	601	692	849	990
Inventories	5	11	12	14	20
Other Cur. Assets	262	294	331	379	435
Investments	286	543	673	803	933
Gross Fixed Assets	1,347	1,536	1,836	2,111	2,376
<b>Net Fixed Assets</b>	<b>788</b>	<b>859</b>	<b>1,039</b>	<b>1,171</b>	<b>1,275</b>
CWIP	26	109	25	30	52
Intangible Assets	3	3	2	2	2
Def. Tax (Net)	(30)	(33)	(33)	(33)	(33)
Other Assets	0	0	0	0	0
<b>Total Assets</b>	<b>2,071</b>	<b>2,469</b>	<b>2,809</b>	<b>3,242</b>	<b>3,780</b>
Current Liabilities	240	253	249	262	301
Provisions	28	32	36	45	68
<b>Debt Funds</b>	<b>71</b>	<b>147</b>	<b>147</b>	<b>147</b>	<b>147</b>
Other Liabilities	30	33	33	33	33
Equity Capital	16	16	15	15	15
Reserves & Surplus	1,686	1,988	2,328	2,739	3,215
<b>Shareholder's Fund</b>	<b>1,702</b>	<b>2,004</b>	<b>2,343</b>	<b>2,754</b>	<b>3,231</b>
<b>Total Liabilities</b>	<b>2,071</b>	<b>2,469</b>	<b>2,809</b>	<b>3,242</b>	<b>3,780</b>
BVPS	219	258	306	360	422

### Ratios

Y. E March	FY23A	FY24A	FY25E	FY26E	FY27E
<b>Profitab &amp; Return</b>					
EBITDA margin (%)	11.2	10.2	10.3	10.5	10.5
EBIT margin (%)	8.0	7.0	7.6	7.7	7.8
Net profit mgn.(%)	8.4	8.6	8.7	9.0	9.0
ROE (%)	20.2	18.7	18.1	18.3	17.7
ROCE (%)	17.8	14.8	13.9	14.2	13.9
<b>W.C &amp; Liquidity</b>					
Receivables (days)	51.6	52.7	52.3	54.5	56.6
Inventory (days)	0.6	0.7	0.9	0.9	1.0
Payables (days)	2.8	2.9	2.7	2.4	2.0
Current ratio (x)	3.7	3.5	3.9	4.1	4.2
Quick ratio (x)	3.0	2.7	3.0	3.3	3.6
<b>Turnover &amp; Leverage</b>					
Gross asset T.O (x)	2.8	2.8	2.7	2.6	2.6
Total asset T.O (x)	2.0	1.8	1.7	1.7	1.7
Int. covge. ratio (x)	30.8	21.3	16.6	18.1	20.2
Adj. debt/equity (x)	0.0	0.1	0.1	0.1	0.0
<b>Valuation</b>					
EV/Sales (x)	2.1	2.0	1.8	1.6	1.4
EV/EBITDA (x)	18.8	19.8	17.6	15.1	13.0
P/E (x)	25.8	23.4	20.5	17.3	15.2
P/BV (x)	4.8	4.1	3.4	2.9	2.5



## Recommendation Summary (last 3 years)



Dates	Rating	Target
01.Feb.22	ACCUMULATE	820
12.Aug.22	ACCUMULATE	829
09.Feb.23	BUY	755
23.May.23	BUY	813
08.Aug.23	ACCUMULATE	882
06.Nov.23	ACCUMULATE	938
16.Feb.24	ACCUMULATE	977
17.May.24	ACCUMULATE	1,081
28.Oct.24	ACCUMULATE	1,227
30.Jan.25	ACCUMULATE	1,248

## Rating Criteria

Ratings	Large caps	Midcaps	Small Caps
Buy	Upside is above 10%	Upside is above 15%	Upside is above 20%
Accumulate	-	Upside is between 10%-15%	Upside is between 10%-20%
Hold	Upside is between 0% - 10%	Upside is between 0%-10%	Upside is between 0%-10%
Reduce/sell	Downside is more than 0%	Downside is more than 0%	Downside is more than 0%

### Not rated/Neutral

#### Definition:

**Buy:** Acquire at Current Market Price (CMP), with the target mentioned in the research note; **Accumulate:** Partial buying or to accumulate as CMP dips in the future; **Hold:** Hold the stock with the expected target mentioned in the note.; **Reduce:** Reduce your exposure to the stock due to limited upside.; **Sell:** Exit from the stock; **Not rated/Neutral:** The analyst has no investment opinion on the stock.

#### Symbols definition:



Upgrade



No Change



Downgrade

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

The recommendations are based on 12 month horizon, unless otherwise specified. The investment ratings are on absolute positive/negative return basis. It is possible that due to volatile price fluctuation in the near to medium term, there could be a temporary mismatch to rating. For reasons of valuations/ return/lack of clarity/event we may revisit rating at appropriate time. Please note that the stock always carries the risk of being upgraded to BUY or downgraded to a HOLD, REDUCE or SELL.

Not rated/Neutral- The analyst has no investment opinion on the stock under review.

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