

Transport Corporation of India

Estimate change



TP change



Rating change



CMP: INR911

TP: INR1,080 (+19%)

Buy

Operational performance in line; lower tax outgo leads to APAT beat

Bloomberg	TRPC IN
Equity Shares (m)	78
M.Cap.(INRb)/(USD\$b)	70.8 / 0.8
52-Week Range (INR)	1080 / 637
1, 6, 12 Rel. Per (%)	5/-10/13
12M Avg Val (INR M)	62

Financial Snapshot (INR b)

Y/E MARCH	2024	2025E	2026E
Sales	40.2	45.1	52.6
EBITDA	4.1	4.8	5.9
Adj. PAT	3.5	3.9	4.8
EBITDA Margin (%)	10.2	10.8	11.3
Adj. EPS (INR)	45.8	50.9	62.9
EPS Gr. (%)	10.1	11.2	23.4
BV/Sh. (INR)	259.9	307.3	366.7

Ratios

Net D:E	0.0	0.0	-0.1
RoE (%)	18.7	17.7	18.4
RoCE (%)	18.0	16.9	17.7
Payout (%)	15.4	6.9	5.6

Valuations

P/E (x)	19.9	17.9	14.5
P/BV (x)	3.5	3.0	2.5
EV/EBITDA(x)	15.9	13.2	10.4
Div. Yield (%)	0.8	0.4	0.4
FCF Yield (%)	0.8	0.9	1.8

Shareholding pattern (%)

As On	Mar-24	Dec-23	Mar-23
Promoter	68.9	68.9	69.0
DII	12.2	12.8	12.2
FII	2.7	2.6	2.8
Others	16.2	15.7	16.0

FII Includes depository receipts

- TRPC's revenue grew 10% YoY to ~INR10.8b in 4QFY24 (in line). The freight and supply chain division clocked ~10%/13% YoY growth in 4QFY24, while the seaways division posted a decline of ~2% YoY.
- EBITDA margin came in at 10.1% in 4Q (down 90bp YoY/up 20bp QoQ) vs. our estimate of 10.6%. Overall margin was impacted by lower seaways margin and freight segment margin. EBITDA was flat YoY at INR1.1b, while APAT grew 23% YoY to ~INR1b (20% above our estimate). The beat in APAT during 4QFY24 was primarily driven by higher other income and a lower tax outgo.
- EBIT margin for freight/supply chain/seaways divisions stood at 3.2%/6.4%/26.4% in 4QFY24. EBIT margin for the freight and seaways businesses contracted 100bp and 130bp YoY, respectively, while EBIT margin for the supply chain division was flat YoY.
- During FY24, revenue increased 6% YoY to INR40.2b, EBITDA decreased 3% to INR4.1b, and EBITDA margin stood at 10.2%. APAT increased 10% YoY to INR3.5b.
- During FY24, the freight division revenue stood at ~INR20b (+4% YoY) and EBIT margin at 3.2%; the Supply chain division reported revenue of INR15.3b (+14% YoY) and EBIT margin at 6.5%; and the Seaways division reported revenue of INR 5.5b (-8% YoY) and EBIT margin at 25.1%.
- Operational performance in 4Q was largely in line with our estimates, with continued growth in the supply chain division. Going forward, the freight services segment is expected to gain from the transition to organized sectors, while the supply chain division should continue to grow even in FY25, supported by ongoing growth in the automotive industry. We have marginally increased our estimates for FY26 and **reiterate our BUY rating with a revised TP of INR1,080 (based on 17x FY26E EPS)**.

Supply chain and freight division to witness robust growth; seaways to remain flat due to capacity constraints

- TRPC reported 4% growth in its freight services in FY24, primarily due to competitive pressure in the LTL segment. Going forward, as demand improves, the freight business is expected to witness strong growth, driven by the LTL segment.
- Within the supply chain business, the sustained recovery in automotive demand (~80% of supply chain revenue) is projected to drive growth.
- The seaways segment saw an 8% YoY decline in revenues in FY24 due to lower freight rates and dry dock of several ships. Seaways revenues are expected to remain flat to grow marginally in FY25. The growth in FY26 will be dependent on the adding another ship to its fleet.

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Investors are advised to refer through important disclosures made at the last page of the Research Report.

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Highlights from the management commentary

- TRPC plans to open 75 new branches for the freight business in FY25, building on the 30 branches added in FY24.
- Growth momentum in the supply chain business remained intact amid mixed uptrends in the automotive sector, retention and expansion of business with existing clients, and new business acquisitions. There was strong traction in multimodal services and the expansion of the hub-and-spoke network for auto finished goods.
- The cold chain sector is experiencing high growth, and the company plans to continue investing in this area.
- TRPC is in the process of acquiring two new ships, with delivery expected in 2-2.5 years. It is also open to purchasing second-hand ships in the near term. The seaways division did not engage in international routes in FY24, and the market for purchasing ships has become tighter due to the Red Sea crisis.
- In FY25, TRPC expects revenue/PAT growth of 10%/15%.
- With a good monsoon and improving economic activity, the management anticipates a better performance in FY25. Margins are expected to improve in FY25, driven by growth in the overall volumes.

Valuation and view

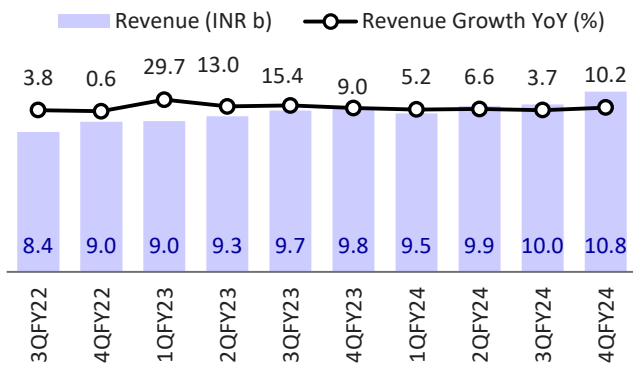
- TRPC is expected to achieve steady growth due to a) increasing proportion of LTL shipments within the freight division (36% in FY24, up from 35% in FY23), and b) the ongoing demand in the automotive sector supporting the supply chain division and the growing benefits from the expansion of multi-modal logistics.
- We have marginally increased our estimates for FY26 and expect TRPC to achieve a CAGR of 14%/20%/17% in revenue/EBITDA/PAT over FY24-FY26. **We reiterate our BUY rating on the stock with a revised TP of INR1,080, based on 17x FY26E EPS.**

Quarterly snapshot

Y/E March (INR m)	INR m											
	FY23				FY24				FY23	FY24	FY24	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		4QE	vs Est	
Net Sales	9,029	9,321	9,667	9,793	9,498	9,935	10,020	10,789	37,826	40,242	10,530	2
YoY Change (%)	29.7	13.0	15.4	9.0	5.2	6.6	3.7	10.2	16.1	6.4	7.5	
EBITDA	1,041	960	1,144	1,081	1,008	1,004	999	1,094	4,240	4,105	1,121	(2)
Margins (%)	11.5	10.3	11.8	11.0	10.6	10.1	10.0	10.1	11.2	10.2	10.6	
YoY Change (%)	37.4	-8.2	4.8	-10.0	-3.1	4.6	-12.7	1.2	3.2	-3.2	3.8	
Depreciation	289	300	314	311	308	311	331	334	1,214	1,284	333	
Interest	23	25	26	24	23	34	35	41	98	133	31	
Other Income	53	74	70	121	85	113	95	165	303	458	85	
PBT before EO expense	782	708	874	867	762	772	728	884	3,231	3,146	842	
Extra-Ord expense	0	0	0	34	0	0	0	24	34	24	0	
PBT	782	708	874	833	762	772	728	860	3,197	3,122	842	
Tax	93	116	110	115	104	96	108	28	434	336	127	
Rate (%)	11.9	16.4	12.6	13.8	13.6	12.4	14.8	3.3	13.6	10.8	15.0	
Minority Interest	-8.4	-6.6	-8.2	-9.3	-9.0	-8.0	-8.0	-12.0	-32.5	-37.0	-5.0	
Profit/Loss of Asso. Cos	98	138	102	106	174	202	182	201	444	759	163	
Reported PAT	778	723	857	814	823	870	794	1,021	3,173	3,508	873	17
Adj PAT	778	723	857	848	823	870	794	1,045	3,207	3,532	873	20
YoY Change (%)	65.9	-4.1	4.4	-0.7	5.8	20.3	-7.4	23.2	10.7	10.1	2.9	
Margins (%)	8.6	7.8	8.9	8.7	8.7	8.8	7.9	9.7	8.5	8.8	8.3	

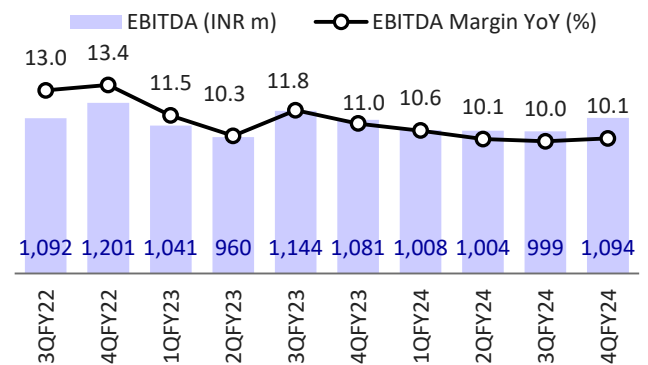
Story in charts – 4QFY24

Exhibit 1: Revenue up 10% YoY



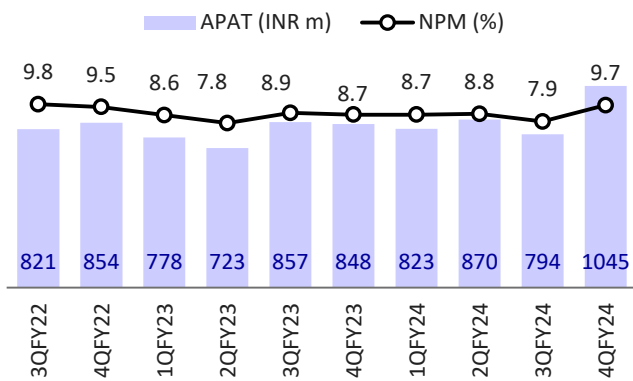
Source: Company, MOFSL

Exhibit 2: EBITDA and margin trends



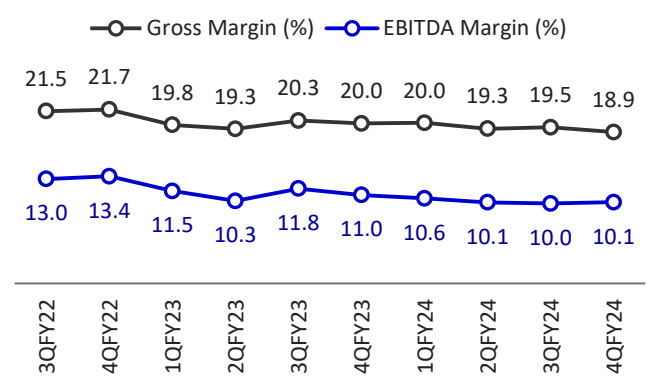
Source: Company, MOFSL

Exhibit 3: APAT increased 20% YoY



Source: Company, MOFSL

Exhibit 4: Margin contraction led by Freight and Seaways segments



Source: Company, MOFSL

Exhibit 5: Segmental performance

	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24
Segment Revenue (INR m)								
Freight	4,633	4,693	4,826	5,046	4,754	4,818	4,856	5,553
Supply chain	3,023	3,584	3,335	3,462	3,630	3,907	3,882	3,928
Seaways	1,525	1,242	1,702	1,521	1,254	1,354	1,426	1,492
Energy	16	19	15	11	16	21	7	11
Net segment Revenue	9,196	9,537	9,879	10,040	9,654	10,100	10,171	10,984
Growth YoY (%)								
Freight	27.0	13.7	11.6	5.2	2.6	2.7	0.6	10.1
Supply chain	33.6	26.0	19.6	26.1	20.1	9.0	16.4	13.4
Seaways	32.6	-7.5	15.1	-5.3	-17.7	9.0	-16.2	-1.9
Energy	5.3	-9.6	176.4	-7.8	1.3	11.7	-53.9	3.8
Net segment Revenue	30.0	14.4	14.9	9.6	5.0	5.9	3.0	9.4
Revenue Share (%)								
Freight	50	49	49	50	49	48	48	51
Supply chain	33	38	34	34	38	39	38	36
Seaways	17	13	17	15	13	13	14	14
Energy	0	0	0	0	0	0	0	0
Total Revenue Share	100	100	100	100	100	100	100	100
Segment Results (EBIT) - (INR m)								
Freight	162	191	273	214	156	163	149	176
Supply chain	166	226	200	226	229	262	253	250
Seaways	461	304	458	422	366	310	315	394
Energy	8	10	9	3	8	12	0	4
Total Segment Results	797	731	940	865	759	747	717	824
Segmental EBIT Margin (%)								
Freight	3.5	4.1	5.7	4.2	3.3	3.4	3.1	3.2
Supply chain	5.5	6.3	6.0	6.5	6.3	6.7	6.5	6.4
Seaways	30.2	24.5	26.9	27.7	29.2	22.9	22.1	26.4
Energy	50.0	50.5	55.9	32.1	50.0	57.1	0.0	36.4
Total	8.7	7.7	9.5	8.6	7.9	7.4	7.0	7.5



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Highlights from the management commentary

Industry trend

- All business segments performed relatively well in 4QFY24, with notable growth in the supply chain sector, driven by the automotive industry. Mar'24 saw significant growth across various sectors/industries.
- Steel consumption increased, although cement performance remained flat.
- Major sectors are performing well, though the textile and clothing apparel sector is weak.
- Barring the tractor segment, strong growth is evident across other automotive segments. Significant growth was observed in the electric vehicle (EV) customer segment.
- The cold chain sector is witnessing high growth, and the company plans to continue investing in this area.

Freight segment

- Revenue increased ~10% YoY in 4QFY24, while EBIT margin stood at 3.2% (down 100bp YoY and up 10bp QoQ).
- Revenue remained flat YoY in FY24 as the LTL business did not grow due to competitive pressures.
- The company aims to increase the contribution of the LTL segment to 40% by FY26.

- TRPC plans to open 75 new branches for the freight business in FY25, building on the 30 branches added in FY24.
- The company moved 2,300 rakes across the country in FY24, with ~30% of its business derived from multi-modal operations.

Supply Chain segment

- Revenue increased ~13% YoY in 4QFY24, and EBIT margin stood at 6.4% (down 10bp YoY).
- Growth momentum remained intact amid mixed uptrends in the automotive sector, retention and expansion of business with existing clients, and new business acquisitions. There was strong traction in multimodal services and the expansion of the hub-and-spoke network for auto finished goods.
- Margins remained resilient despite various cost pressures.
- The company has enhanced warehousing space to 150m sq. ft. and is expanding its hub-and-spoke network for automotive finished goods.

Seaways segment

- Revenue decreased ~2% YoY in 4QFY24, and EBIT margin stood at 26.4% (down 130bp YoY). Freight rates for the West Coast remained weak, with an average impact of 22% due to temporary capacity buildup and lower fuel prices.
- The company is in the process of acquiring two new ships, with delivery expected in 2-2.5 years. It is also open to purchasing second-hand ships in the near term.
- The seaways division did not engage in international routes in FY24, and the market for purchasing ships has become tighter due to the Red Sea crisis.
- Growth in the seaways division is expected to be flat in FY25, with a growth trajectory for FY26 dependent on the addition of second-hand ship to the fleet.

Other highlights

- TRPC handled 2,300 rakes across the country in FY24, with ~30% of its business coming from multi-modal operations.
- The cold chain sector is a high-growth area, and TRPC plans to continue investing in this sector.
- JV performance was mixed, with the CONCOR JV performing reasonably well, and the Transystem business showing strong growth due to strong performance of Toyota.
- The company declared a final dividend of INR2/share.

Guidance

- The company's dividend payout policy remains at 15-20% per year, maintained in FY24.
- In FY25, TRPC expects revenue/PAT growth of 10-15%, although 1QFY25 may be weaker due to elections.
- With a good monsoon and easing monetary policy, the management anticipates a better performance in FY25.
- Margins are expected to see marginal improvement in FY25, driven by growth in the supply chain and freight businesses.
- Growth is expected from the auto sector and infrastructure sectors.

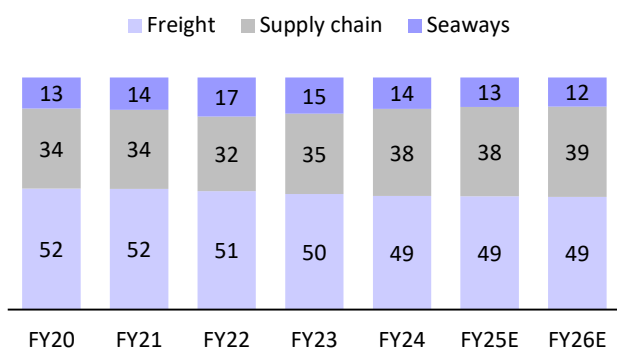
Exhibit 6: Our revised estimates

(INR m)	FY25E			FY26E		
	Rev	Old	Chg(%)	Rev	Old	Chg(%)
Net Sales	45,082	45,732	-1.4	52,629	52,620	0.0
EBITDA	4,848	5,087	-4.7	5,922	5,901	0.3
EBITDA Margin (%)	10.8	11.1	-37	11.3	11.2	4
PAT	3,927	3,938	-0.3	4,847	4,649	4.3
EPS (INR)	50.9	51.1	-0.3	62.9	60.3	4.3

Source: Company, MOFSL

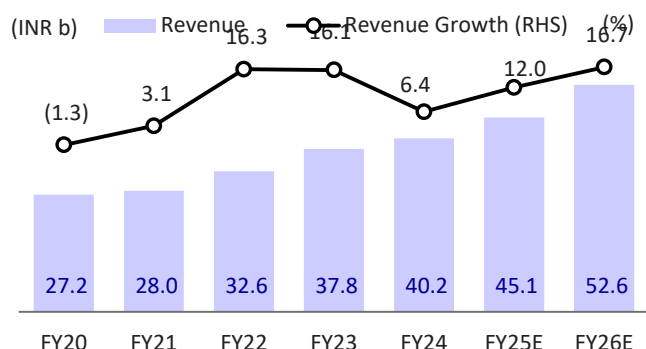
Story in charts

Exhibit 7: Freight and 3PL to dominate



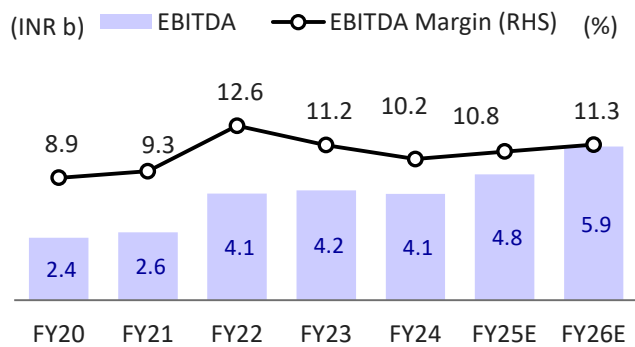
Source: Company, MOFSL

Exhibit 8: Revenue growth to remain strong



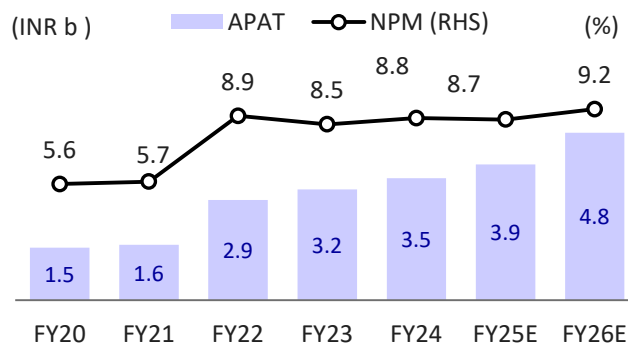
Source: Company, MOFSL

Exhibit 9: Margin to improve gradually



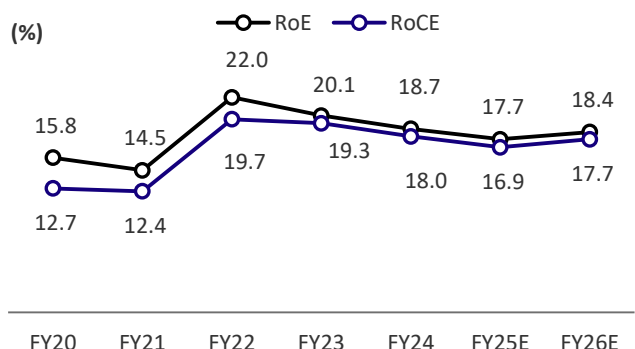
Source: Company, MOFSL

Exhibit 10: Strong operating performance to drive PAT



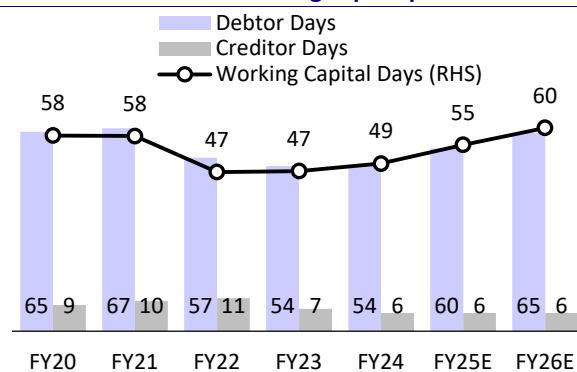
Source: Company, MOFSL

Exhibit 11: Return ratios remained elevated



Source: Company, MOFSL

Exhibit 12: Comfortable working capital position



Source: Company, MOFSL

Financials and valuations

Consolidated Income Statement

Y/E March (INR m)	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Net Sales	27,178	28,024	32,567	37,826	40,242	45,082	52,629
Change (%)	-1.3	3.1	16.2	16.1	6.4	12.0	16.7
Gross Margin (%)	18.5	18.0	20.9	19.9	19.4	20.3	20.5
EBITDA	2,405	2,612	4,087	4,240	4,105	4,848	5,922
Margin (%)	8.9	9.3	12.6	11.2	10.2	10.8	11.3
Depreciation	825	928	1,130	1,214	1,284	1,471	1,614
EBIT	1,580	1,684	2,957	3,026	2,821	3,377	4,307
Int. and Finance Charges	343	267	128	98	133	140	136
Other Income	201	255	199	303	458	504	554
PBT	1,438	1,672	3,028	3,231	3,146	3,741	4,726
Tax	159	238	377	434	336	524	662
Effective Tax Rate (%)	11.1	14.3	12.4	13.4	10.7	14.0	14.0
PAT before MI, Associates, and EO Items	1,279	1,434	2,652	2,796	2,810	3,217	4,064
Share of profit/(loss) of Associates and JVs	252	201	277	444	759	740	813
Minority Interest	-8	-33	-32	-33	-37	-30	-30
Extraordinary Items	99	131	0	34	24	0	0
Reported PAT	1,424	1,471	2,896	3,173	3,508	3,927	4,847
Adjusted PAT	1,522	1,602	2,896	3,207	3,532	3,927	4,847
Change (%)	4.3	5.2	80.8	10.7	10.1	11.2	23.4
Margin (%)	5.6	5.7	8.9	8.5	8.8	8.7	9.2

Consolidated Balance Sheet

Y/E March (INR m)	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Equity Share Capital	154	154	155	155	155	155	155
Total Reserves	10,085	11,543	14,148	16,863	19,883	23,540	28,117
Net Worth	10,239	11,697	14,303	17,018	20,038	23,695	28,272
Minority Interest	57	86	274	301	333	333	333
Deferred Tax Liabilities	302	273	276	300	328	328	328
Total Loans	4,186	2,767	1,039	795	1,503	1,453	1,403
Capital Employed	14,784	14,823	15,892	18,414	22,202	25,809	30,336
Gross Block	10,595	10,684	11,646	12,676	15,372	17,372	19,372
Less: Accum. Deprn.	3,111	3,275	4,405	5,471	6,755	8,226	9,840
Net Fixed Assets	7,483	7,409	7,241	7,205	8,617	9,146	9,531
Capital WIP	450	690	846	967	1,090	1,060	1,030
Total Investments	1,354	1,500	1,927	2,859	5,427	5,427	5,427
Curr. Assets, Loans, and Adv.	7,547	7,790	8,257	9,978	9,880	13,331	18,031
Inventory	66	71	85	50	106	124	144
Account Receivables	4,873	5,110	5,083	5,609	6,006	7,411	9,372
Cash and Bank Balances	259	395	745	1,846	956	2,308	4,441
Cash	132	341	679	1,699	831	2,183	4,317
Bank Balance	128	55	66	66	147	147	147
Loans and Advances	268	124	12	12	12	13	16
Others	2,081	2,089	2,333	2,461	2,800	3,476	4,058
Current Liab. and Prov.	2,050	2,565	2,379	2,595	2,812	3,155	3,683
Account Payables	639	759	851	760	657	741	865
Other Current Liabilities	1,309	1,719	1,276	1,552	1,838	2,059	2,404
Provisions	102	86	251	283	317	355	415
Net Current Assets	5,497	5,225	5,878	7,383	7,068	10,176	14,348
Application of Funds	14,784	14,823	15,891	18,414	22,202	25,809	30,336

Financials and valuations

Ratios

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Basic (INR)							
EPS	19.7	20.8	37.6	41.6	45.8	50.9	62.9
EPS growth (%)	4.3	5.2	80.8	10.7	10.1	11.2	23.4
Cash EPS	30.4	32.8	52.2	57.3	62.5	70.0	83.8
BV/Share	132.8	151.7	185.5	220.7	259.9	307.3	366.7
DPS	2.0	2.5	2.5	7.0	7.0	3.5	3.5
Payout (Incl. Div. Tax, %)	14.1	13.1	6.7	17.0	15.4	6.9	5.6
Valuation (x)							
P/E	46.1	43.8	24.3	21.9	19.9	17.9	14.5
Cash P/E	29.9	27.8	17.4	15.9	14.6	13.0	10.9
EV/EBITDA	30.3	27.2	16.6	15.6	15.9	13.2	10.4
EV/Sales	2.7	2.5	2.1	1.8	1.6	1.4	1.2
P/BV	6.9	6.0	4.9	4.1	3.5	3.0	2.5
Dividend Yield (%)	0.2	0.3	0.3	0.8	0.8	0.4	0.4
Return Ratios (%)							
RoE	15.8	14.5	22.0	20.1	18.7	17.7	18.4
RoCE	12.7	12.4	19.6	19.3	18.0	16.9	17.7
RoIC	11.1	11.6	21.0	21.0	18.3	18.3	20.3
Working Capital Ratios							
Fixed Asset Turnover (x)	2.7	2.6	2.9	3.0	2.9	2.8	2.9
Asset Turnover (x)	1.8	1.9	2.0	2.1	1.8	1.7	1.7
Inventory (Days)	1	1	1	0	1	1	1
Debtors (Days)	65	67	57	54	54	60	65
Creditors (Days)	9	10	10	7	6	6	6
Leverage Ratio (x)							
Net Debt/Equity ratio	0.4	0.2	0.0	-0.1	0.0	0.0	-0.1

Consolidated Cash Flow Statement

Y/E March (INR m)	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
OP/(Loss) before Tax	1,591	1,743	3,305	3,640	3,881	3,741	4,726
Depreciation	825	928	1,130	1,214	1,285	1,471	1,614
Direct Taxes Paid	-410	52	-494	-186	-389	-524	-662
(Inc.)/Dec. in WC	181	232	-163	-729	-985	-1,712	-2,048
Other Items	242	93	-98	-332	-798	-363	-419
CF from Operations	2,428	3,047	3,680	3,607	2,994	2,613	3,212
(Inc.)/Dec. in FA	-1,321	-1,241	-707	-1,530	-2,417	-1,970	-1,970
Free Cash Flow	1,108	1,807	2,973	2,077	577	643	1,242
Change in Investments	-55	-17	-28	-69	-2,293	0	0
Others	22	196	-27	-333	672	413	492
CF from Investments	-1,353	-1,062	-762	-1,931	-4,038	-1,557	-1,478
Change in Equity	24	40	34	35	35	0	0
Inc./(Dec.) in Debt	-523	-1,419	-2,148	6	848	-50	-50
Dividends Paid	-201	-96	-410	-543	-549	-270	-270
Others	-343	-302	-56	-153	-158	616	719
CF from Fin. Activity	-1,044	-1,776	-2,580	-655	176	296	400
Inc./(Dec.) in Cash	31	209	338	1,021	-868	1,352	2,133
Opening Balance	101	132	341	679	1,699	831	2,183
Closing Balance	132	341	679	1,699	831	2,183	4,317

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