31 May 2025

4QFY25 Result Update | Sector: Logistics

TCI Express

Estimate change	↓
TP change	↓
Rating change	↔

CMP: INR761 **TP: INR710 (-7%)** **Neutral**

Weak volumes, especially from SME customers, continue to hurt margin and profitability

- TCI Express (TCIE)'s 4QFY25 revenue decreased 3% YoY to INR3.1b (+4% QoQ), in line with our estimate. Volumes declined 1% YoY in 4QFY25. Volumes were hit by slower growth in the SME segment.
- EBITDA stood at INR263m (-41% YoY/-9% QoQ), 16% below our estimate. EBITDA margin came in at 8.5% in 4QFY25 vs. our estimate of 10.1%. Rising toll fees and labor costs continued to weigh on operational efficiency.
- The impact of lower margins was offset by higher other income, which resulted in an APAT of INR194m (-39% YoY) vs. our estimate of INR206m.
- During FY25, revenue stood at INR9b (-4% YoY), EBITDA at INR984m (-31% YoY), EBITDA margin came in at 10.9%, and APAT was INR667m (-33% YoY).
- While management expects a 7–8% tonnage and 10–12% revenue growth in FY26, the margin improvement target may face headwinds from persistent cost inflation, subdued SME demand, and continued pressure on air express margins. Heavy capex plans of INR3b over FY26–27 and dependence on higher-margin segments for profitability could pose risks if volume recovery remains soft.
- Weak volume growth, particularly from MSME customers, coupled with higher costs, contributed to a weak performance in 4Q. We cut our EBITDA estimates for FY26 by ~4% to incorporate the weak FY25 performance while marginally reducing EBITDA estimates for FY27 by 1%. We expect TCIE to clock an 8%/ 10%/23% volume/revenue/EBITDA CAGR over FY25-27. **We reiterate our Neutral rating with a revised TP of INR710 (based on 20x FY27 EPS).**

Highlights from the management commentary

- The SME segment continues to face challenges amid high inflation, interest rates, and tight liquidity. Management indicated no material loss in market share, and volumes were weaker across the industry.
- TCIE continues to steer clear of e-commerce/quick commerce due to poor unit economics — delivery charges have plummeted from INR45–50 to INR4–5.
- Contribution from multimodal express (rail and air) is increasing, with a target to reach 20–22% of total revenue over the next 2–3 years, supporting long-term competitiveness.
- Tonnage growth in FY26 is expected at 7–8%. Revenue growth is projected at 10–12%, driven by higher yields and increased network reach.
- Margin improvement of 150–200bp is expected, led by ~3% price hikes, cost rationalization, and a growing share of high-margin rail and air express.

Stock Info

Bloomberg	TCIEXP IN
Equity Shares (m)	38
M.Cap.(INRb)/(USDb)	29.2 / 0.3
52-Week Range (INR)	1283 / 580
1, 6, 12 Rel. Per (%)	11/-12/-35
12M Avg Val (INR M)	46

Financials Snapshot (INR b)

Y/E March	2025	2026E	2027E
Net Sales	12.1	13.1	14.5
EBITDA	1.2	1.6	1.9
Adj. PAT	0.9	1.2	1.4
EBITDA Margin (%)	10.3	12.3	13.0
Adj. EPS (INR)	22.4	30.1	35.3
EPS Gr. (%)	-34.8	34.6	17.0
BV/Sh. (INR)	200	222	249
Ratios			
Net D/E (x)	0.0	0.0	0.0
RoE (%)	11.7	14.3	15.0
RoCE (%)	11.6	14.1	14.7
Payout (%)	35.7	26.5	22.7
Valuations			
P/E (x)	34.0	25.2	21.6
P/BV (x)	3.8	3.4	3.1
EV/EBITDA (x)	23.3	18.0	15.3
Div. Yield (%)	1.1	1.1	1.1
FCF Yield (%)	6.1	0.7	0.7

Shareholding Pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	69.5	69.5	69.6
DII	9.6	9.7	8.9
FII	0.8	0.9	2.4
Others	20.1	19.8	19.1

FII includes depository receipts

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Valuation and view

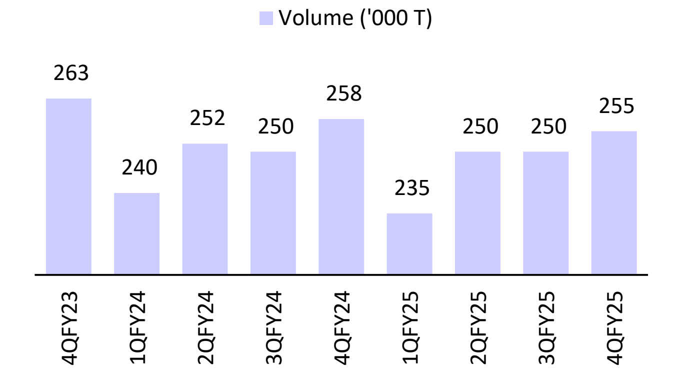
- TCIE faces headwinds as SME demand remains weak amid high inflation and interest rates. While multimodal express shows some promise, tonnage and revenue growth projections by the management remain modest and dependent on price hikes.
- Weak volume growth, particularly from MSME customers, coupled with higher costs, contributed to a weak performance in 4Q. We cut our EBITDA estimates for FY26 by ~4% each to incorporate the weak FY25 performance while marginally reducing EBITDA estimates for FY27 by 1%. We expect TCIE to clock an 8%/ 10%/23% volume/revenue/EBITDA CAGR over FY25-27**. We reiterate our Neutral rating on the stock with a revised TP of INR710 (based on 20x FY27 EPS).**

Quarterly snapshot **(INR m)**

	FY24				FY25				FY24	FY25	FY25	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	vs Est
Net Sales	**3,049**	**3,200**	**3,119**	**3,171**	**2,930**	**3,115**	**2,965**	**3,073**	**12,538**	**12,083**	**3,099**	**(1)**
YoY Change (%)	5.0	3.3	-0.8	-2.8	-3.9	-2.6	-4.9	-3.1	1.0	-3.6	-2.3	
EBITDA	**464**	**505**	**456**	**448**	**327**	**368**	**289**	**263**	**1,872**	**1,247**	**313**	**(16)**
Margins (%)	15.2	15.8	14.6	14.1	11.2	11.8	9.8	8.5	14.9	10.3	10.1	
YoY Change (%)	8.4	-2.0	-1.1	-17.2	-29.4	-27.1	-36.6	-41.4	-3.7	-33.4	-30.2	
Depreciation	46	47	48	49	51	51	53	59	190	216	58	
Interest	4	4	3	4	3	3	3	5	15	13	3	
Other Income	15	18	20	19	23	25	26	61	72	134	23	
PBT before EO expense	**429**	**472**	**424**	**415**	**297**	**338**	**259**	**260**	**1,740**	**1,152**	**275**	
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
PBT	**429**	**472**	**424**	**415**	**297**	**338**	**259**	**260**	**1,740**	**1,152**	**275**	
Tax	105	116	103	99	74	87	67	66	423	294	69	
Rate (%)	24.6	24.5	24.2	23.9	24.8	25.6	26.0	25.5	24.3	25.5	25.2	
Reported PAT	**323**	**356**	**322**	**316**	**223**	**252**	**192**	**194**	**1,317**	**858**	**206**	
Adj PAT	**323**	**356**	**322**	**316**	**223**	**252**	**192**	**194**	**1,317**	**858**	**206**	**(6)**
YoY Change (%)	4.3	-5.8	0.5	-17.8	-31.0	-29.3	-40.4	-38.7	-5.4	-34.8	-34.9	
Margins (%)	10.6	11.1	10.3	10.0	7.6	8.1	6.5	6.3	10.5	7.1	6.6	

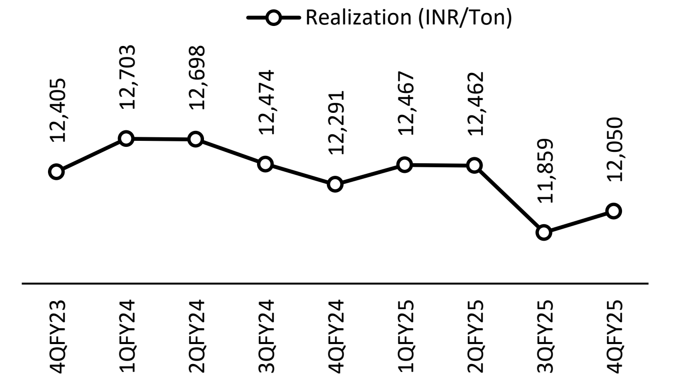
The quarter in charts

Exhibit 1: Volume decreased 1% YoY



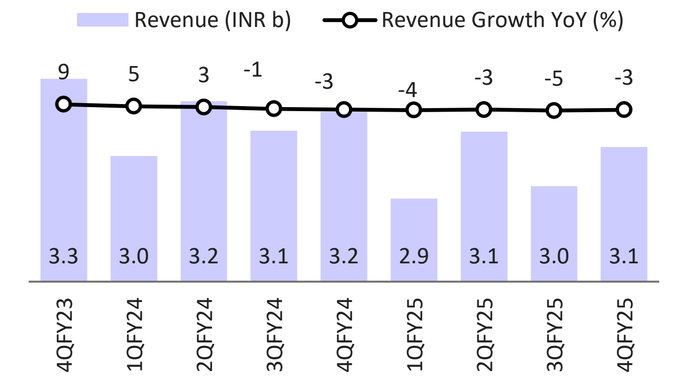
Source: Company, MOFSL

Exhibit 2: Realizations dipped 2% YoY



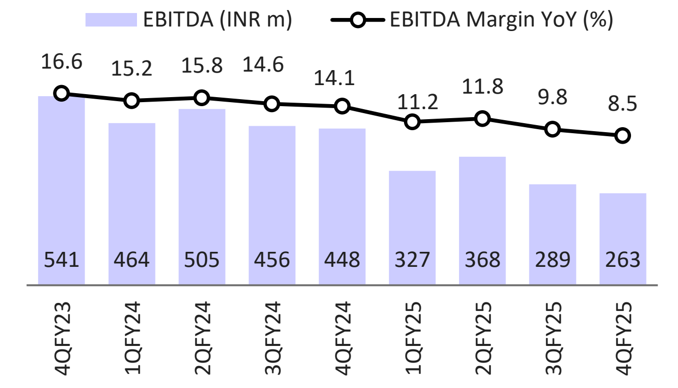
Source: Company, MOFSL

Exhibit 3: Revenue dipped 3% YoY due to muted volumes



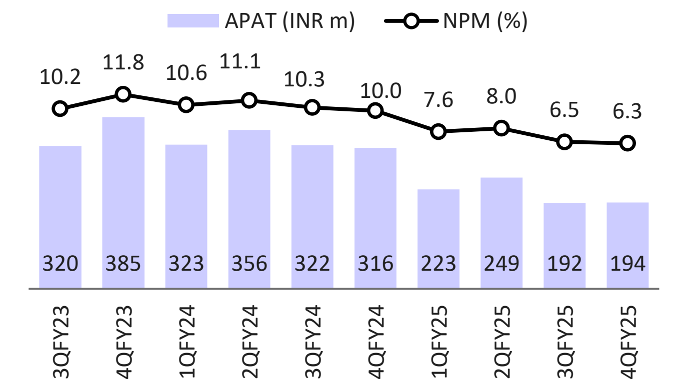
Source: Company, MOFSL

Exhibit 4: EBITDA margin trend



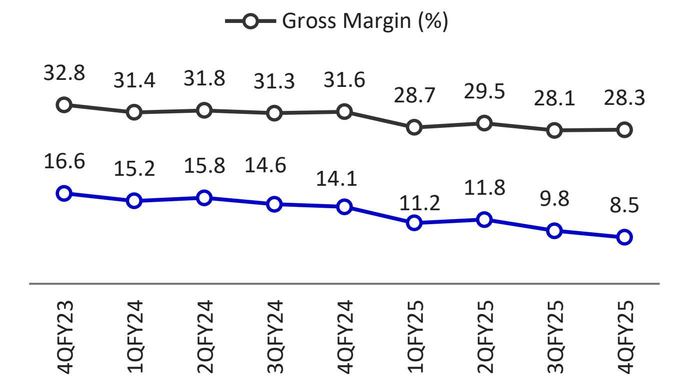
Source: Company, MOFSL

Exhibit 5: PAT and PAT margin trends



Source: Company, MOFSL

Exhibit 6: Muted volumes/high costs dragged margins



Source: Company, MOFSL

Highlights from our interaction with the management

Operational highlights

- Volumes in 4QFY25 stood at 0.25m tons (down 1% YoY).
- The industry outlook remains supportive, underpinned by government policies, higher infrastructure capex, and the development of 12 new industrial parks. The tax reliefs of Union Budget 2025-26 are expected to spur consumer demand and logistics activity.
- TCIE continues to steer clear of e-commerce/quick commerce due to poor unit economics — delivery charges have plummeted from INR45–50 to INR4–5.
- The SME segment continues to face challenges amid high inflation, interest rates, and tight liquidity. Management indicated no material loss in market share, though volumes were weaker across the industry.
- Top revenue verticals include auto, pharma, engineering, lifestyle, and electronics, which together account for ~55% of revenue. Eastern India faced weaker truck utilization during the quarter.
- Capex of INR223m was incurred during 4Q, directed toward branch expansion, automation of sorting centers, and IT upgrades. Total Capex for FY25 stood at INR368m, allocated to branch expansion, sorting center upgrades, and IT infrastructure enhancement.
- Capacity utilization remained strong at 82.5%.
- TCIE added 60 new branches during FY25, including 10 for surface, 25 for rail, and 25 for air express, enhancing reach and network resilience.
- The Board recommended a final dividend of INR2 per equity share, bringing the total dividend for FY25 to INR8 per equity share.

Segment Performance

- The auto sector posted modest growth across 2Ws, LCVs, PVs, and MHCVs, but overall sector softness weighed on revenue.
- Rail Express posted ~25% YoY growth, supported by repeat business from new customers.
- Air Express saw strong traction. Domestic operations added over 1,000 new pin codes, improving last-mile delivery capabilities. International Air Express witnessed rapid growth, expanding the company's global footprint.

Guidance

- Tonnage growth in FY26 is expected at 7–8%. Revenue growth is projected at 10–12%, driven by higher yields and increased network reach.
- Margin improvement of 150–200bps expected, led by ~3% price hikes, cost rationalization, and a growing share of high-margin rail and air express.
- The business mix in FY25 stood at 52% institutional and 48% SME. The company aims to stabilize at a 50:50 mix going forward.
- Total capex plan of INR5b for FY23–FY27, of which INR2b has been spent as of FY25. INR3b is budgeted for FY26–FY27, largely directed at automated sorting centers INR200-250m per site excluding land) and network expansion in Kolkata and Ahmedabad.
- TCIE plans to add 80 branches in FY26 and 100 in FY27, split between surface and rail/air, and are expected to support tonnage growth of 2–3% annually.

- Contribution from multimodal express (rail and air) is increasing, with a target to reach 20–22% of total revenue over the next 2–3 years, supporting long-term competitiveness.

Exhibit 7: Our revised forecasts

(INR m)	FY26E			FY27E		
	Rev	Old	Chg(%)	Rev	Old	Chg(%)
Net Sales	13,058	13,086	**-0.2**	14,507	14,406	**0.7**
EBITDA	1,608	1,671	**-3.8**	1,888	1,915	**-1.4**
EBITDA Margin (%)	**12.3**	**12.8**	**-46**	**13.0**	**13.3**	**-28**
PAT	1,155	1,145	**0.9**	1,350	1,309	**3.1**
EPS (INR)	**30.1**	**29.9**	**0.9**	**35.3**	**34.2**	**3.1**

Financial story in charts

Exhibit 8: Volumes to post a CAGR of 8% over FY25-27

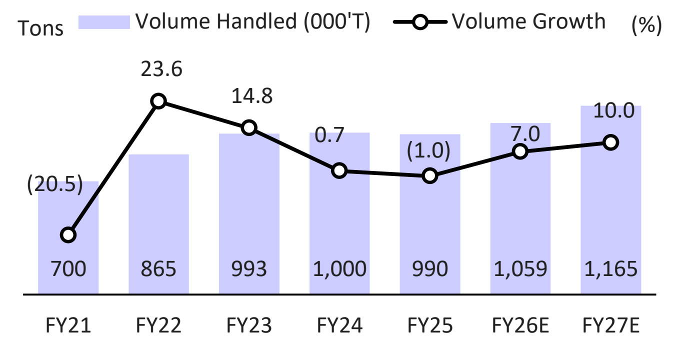


Exhibit 9: Realization to pick up with price hikes

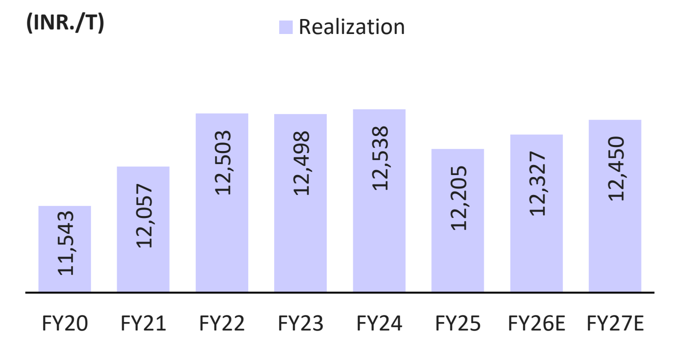


Exhibit 10: Revenue growth led primarily by tonnage growth

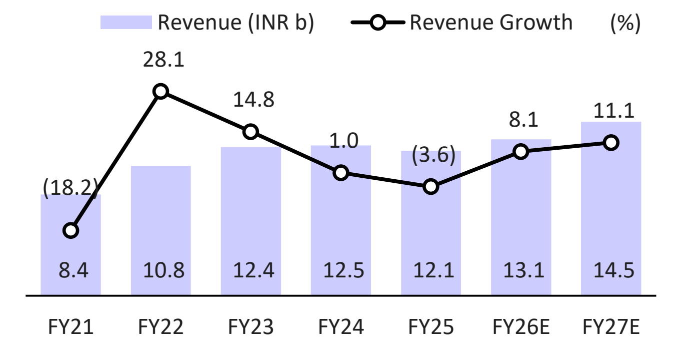


Exhibit 11: EBITDA likely to improve with rising utilization

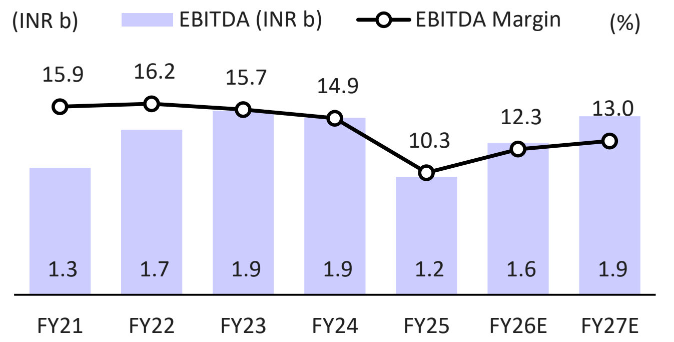


Exhibit 12: Improvement in operational efficiency to drive profitability

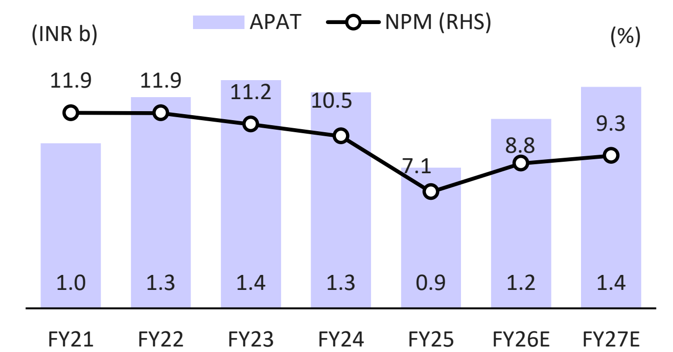


Exhibit 13: RoE to recover from FY26 onwards

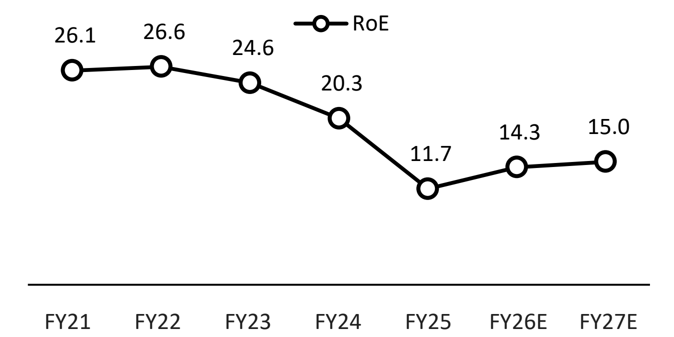


Exhibit 14: Comfortable working capital position

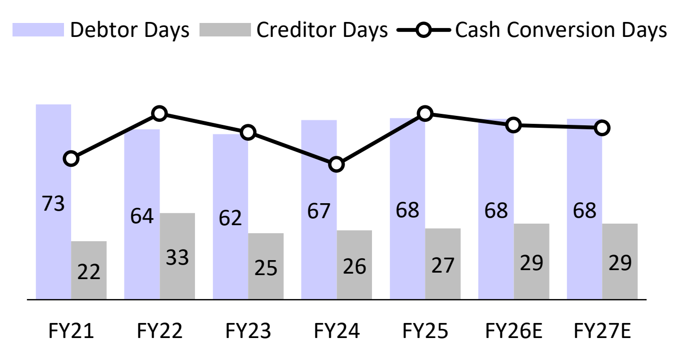
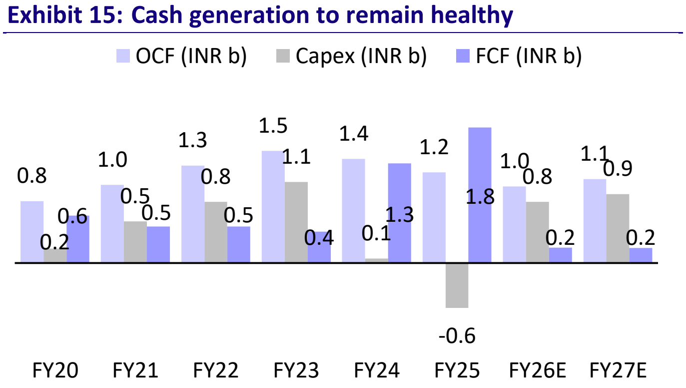


Exhibit 15: Cash generation to remain healthy



Source: Company, MOFSL

Source: Company, MOFSL

Financials and valuations

Income Statement

Y/E March (INR m)	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Net Sales	**8,440**	**10,815**	**12,410**	**12,538**	**12,083**	**13,058**	**14,507**
Change (%)	-18.2	28.1	14.8	1.0	-3.6	8.1	11.1
Gross Margin (%)	32.9	32.2	31.5	31.5	28.6	29.7	30.2
EBITDA	**1,343**	**1,747**	**1,945**	**1,872**	**1,247**	**1,608**	**1,888**
Margin (%)	15.9	16.2	15.7	14.9	10.3	12.3	13.0
Depreciation	90	100	153	190	216	209	240
EBIT	**1,254**	**1,648**	**1,792**	**1,683**	**1,031**	**1,398**	**1,649**
Int. and Finance Charges	8	9	18	15	13	0	0
Other Income	77	82	72	72	134	145	157
PBT	**1,322**	**1,720**	**1,845**	**1,740**	**1,152**	**1,544**	**1,805**
Tax	316	432	453	423	294	389	455
Effective Tax Rate (%)	23.9	25.1	24.5	24.3	25.5	25.2	25.2
Reported PAT	**1,006**	**1,289**	**1,393**	**1,317**	**858**	**1,155**	**1,350**
Change (%)	12.9	28.1	8.1	-5.4	-34.8	34.6	17.0
Margin (%)	11.9	11.9	11.2	10.5	7.1	8.8	9.3

Balance Sheet

Y/E March (INR m)	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Equity Share Capital	77	77	77	77	77	77	77
Total Reserves	4,262	5,285	5,887	6,963	7,567	8,415	9,459
Net Worth	**4,339**	**5,362**	**5,964**	**7,040**	**7,644**	**8,492**	**9,536**
Deferred Tax Liabilities	54	79	105	135	148	148	148
Total Loans	21	11	46	68	47	51	56
Capital Employed	**4,413**	**5,452**	**6,114**	**7,243**	**7,839**	**8,691**	**9,740**
Gross Block	2,629	3,628	4,242	5,208	5,460	6,260	7,160
Less: Accum. Deprn.	345	430	501	691	840	1,049	1,289
Net Fixed Assets	**2,284**	**3,198**	**3,741**	**4,517**	**4,620**	**5,210**	**5,870**
Capital WIP	278	61	611	161	203	203	203
Total Investments	**10**	**11**	**11**	**5**	**2**	**2**	**2**
Curr. Assets, Loans, and Adv.	**2,894**	**3,301**	**2,987**	**3,821**	**4,361**	**4,731**	**5,282**
Inventory	0	0	0	0	0	0	0
Account Receivables	1,695	1,895	2,115	2,318	2,259	2,433	2,703
Cash and Bank Balances	272	180	164	204	153	192	240
Loans and Advances	108	95	99	106	121	131	145
Others	819	1,130	610	1,194	1,828	1,976	2,195
Current Liab. and Prov.	**1,052**	**1,119**	**1,235**	**1,261**	**1,348**	**1,456**	**1,618**
Account Payables	752	737	884	917	944	1,020	1,133
Other Current Liabilities	257	326	300	293	352	381	423
Provisions	43	56	51	51	52	56	62
Net Current Assets	**1,842**	**2,182**	**1,752**	**2,560**	**3,014**	**3,275**	**3,664**
Application of Funds	**4,413**	**5,452**	**6,114**	**7,243**	**7,839**	**8,691**	**9,740**

Financials and valuations

Ratios

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Basic (INR)							
EPS	26.3	33.6	36.4	34.4	22.4	30.1	35.3
EPS growth (%)	12.9	28.1	8.1	-5.4	-34.8	34.6	17.0
Cash EPS	28.6	36.2	40.4	39.3	28.0	35.6	41.5
BV/Share	113.3	140.0	155.7	183.8	199.6	221.7	248.9
DPS	4.0	8.0	8.0	8.0	8.0	8.0	8.0
Payout (incl. Div. Tax, %)	15.3	23.8	22.0	23.3	35.7	26.5	22.7
Valuation (x)							
P/E	29.0	22.6	20.9	22.1	34.0	25.2	21.6
Cash P/E	26.6	21.0	18.9	19.4	27.1	21.4	18.3
EV/EBITDA	21.5	16.6	14.9	15.5	23.3	18.0	15.3
EV/Sales	3.4	2.7	2.3	2.3	2.4	2.2	2.0
P/BV	6.7	5.4	4.9	4.1	3.8	3.4	3.1
Dividend Yield (%)	0.5	1.1	1.1	1.1	1.1	1.1	1.1
Return Ratios (%)							
RoE	26.1	26.6	24.6	20.3	11.7	14.3	15.0
RoCE	25.7	26.3	24.4	20.0	11.6	14.1	14.7
RoIC	27.5	27.3	25.7	20.9	10.7	13.3	14.0
Working Capital Ratios							
Fixed Asset Turnover (x)	3.5	3.5	3.2	2.7	2.3	2.2	2.2
Asset Turnover (x)	1.9	2.0	2.0	1.7	1.5	1.5	1.5
Inventory (Days)	0	0	0	0	0	0	0
Debtors (Days)	73	64	62	67	68	68	68
Creditors (Days)	33	25	26	27	29	29	29
Leverage Ratio (x)							
Net Debt/Equity	-0.1	0.0	0.0	0.0	0.0	0.0	0.0

Consolidated – Cash Flow Statement

Y/E March (INR m)	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
OP/(Loss) before Tax	1,322	1,720	1,845	1,740	1,152	1,544	1,805
Depreciation	90	100	153	190	216	209	240
Direct Taxes Paid	-284	421	-430	-402	-265	-389	-455
(Inc.)/Dec. in WC	-75	-106	-107	-174	76	-218	-336
Other Items	-30	-859	6	7	5	-145	-157
CF from Operations	**1,023**	**1,276**	**1,468**	**1,360**	**1,184**	**1,000**	**1,097**
(Inc.)/Dec. in FA	-545	-800	-1,058	-59	589	-800	-900
Free Cash Flow	**478**	**475**	**410**	**1,301**	**1,773**	**200**	**197**
Change in Investments	-439	-147	-162	-573	-628	0	0
Others	24	44	567	-419	-876	141	151
CF from Investments	**-960**	**-903**	**-653**	**-1,051**	**-915**	**-659**	**-749**
Change in Equity	0	0	-405	22	28	0	0
Inc./(Dec.) in Debt	2	10	-3	21	-30	0	0
Dividends Paid	-77	-308	-407	-307	0	-306	-306
Others	-8	-9	-23	-13	-320	4	6
CF from Fin. Activity	**-83**	**-307**	**-837**	**-278**	**-322**	**-303**	**-301**
Inc./(Dec.) in Cash	**-20**	**66**	**-23**	**32**	**-53**	**39**	**47**
Opening Balance	111	92	158	138	170	118	192
Closing Balance	**92**	**158**	**135**	**170**	**118**	**156**	**240**

Explanation of Investment Rating	
Investment Rating	**Expected return (over 12-month)**
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

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