

# Transport Corporation of India

## Accumulate

Sector: Logistics

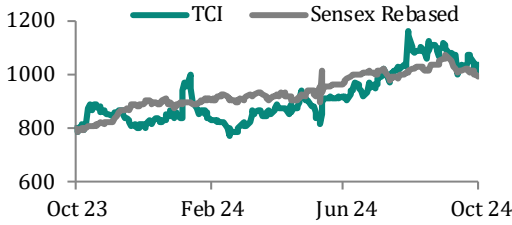
28<sup>th</sup> October 2024

<b>Key Changes</b>	<b>Target</b> ▲	<b>Rating</b> ●	<b>Earnings</b> ▼	<b>Target</b>	<b>Rs.1,227</b>
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame
Small Cap	TRPC:IN	79,402	TCI	532349	12 Months
				<b>CMP</b>	<b>Rs.1,038</b>
				<b>Return</b>	<b>+18%</b>

Data as of: 25-10 2024

Company Data			
Market Cap ( Rs. cr.)	8,069		
52 Week High — Low (Rs.)	1,250 - 686		
Enterprise Value (Rs. cr)	8,121		
Outstanding Shares (Rs cr)	7.7		
Free Float (%)	30.0		
Dividend Yield (%)	0.92%		
6m average volume (cr)	0.12		
Beta	0.77		
Face value (Rs)	2.0		
Shareholding (%)	Q4FY24	Q1FY25	Q2FY25
Promoters	68.9	68.9	68.8
FII's	2.7	2.9	3.0
MFs/Institutions	12.2	12.2	12.4
Public	16.2	16.0	15.8
Total	100.0	100.0	100.0
Promoter Pledge	Nil	Nil	Nil
Price Performance	3 Month	6 Month	1 Year
Absolute Return	4.3%	18.7%	32.0%
Absolute Sensex	-2.4%	6.3%	25.7%
Relative Return	6.7%	12.4%	6.1%

**\*over or under performance to benchmark index**



Y.E March (cr)	FY24A	FY25E	FY26E
Sales	4,024	4,559	5,234
Growth (%)	6.4	13.3	14.8
EBITDA	411	477	556
EBITDA Margin (%)	10.2	10.5	10.6
PAT Adjusted	347	405	477
Growth (%)	9.9	16.6	17.8
Adjusted EPS	45.1	52.1	61.4
Growth (%)	10.6	15.4	17.8
P/E	23.0	19.9	16.9
P/B	4.0	3.4	2.9
EV/EBITDA	19.8	17.0	14.5
ROE (%)	18.7	18.6	18.6
D/E	0.1	0.1	0.1

Author: Anil R - Sr. Research Analyst

## Strong Q2...Promising H2FY25 Outlook

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 13% YoY, which was in line with our expectations, led by healthy growth in freight, supply chain, and seaway businesses, which reported healthy double-digit growth.
- EBITDA grew by 16.6% YoY, and margins expanded by 30bps YoY to 10.4% on account of lower operating costs. a higher fuel cost and lower freight business.
- Net profit grew by 22.2% YoY, led by a higher share of profits from JV (20% YoY) and other income.
- We anticipate stable volumes in freight, E-commerce, and supply chain businesses led by restocking ahead of festive, while seaway business is showing signs of gradual revival.
- We expect PAT to grow at a 17.2% CAGR over FY24-26E, with stable margins of ~10.5%.

## Outlook & Valuation

TCI has well-diversified service offerings, a multi-sectoral presence, and a healthy balance sheet. The long-term outlook for the sector is improving, given strong economic growth prospects, increasing penetration of e-commerce, and GST & E-way bills. Further, with the festive season in Q3 and a recovery in government spending, we anticipate H2FY25 is expected to see strong growth. **We value TCI at a P/E of 20x on FY26E and maintain an Accumulate rating, with a target price of Rs.1,227.**

## Quarterly Financials Consol.

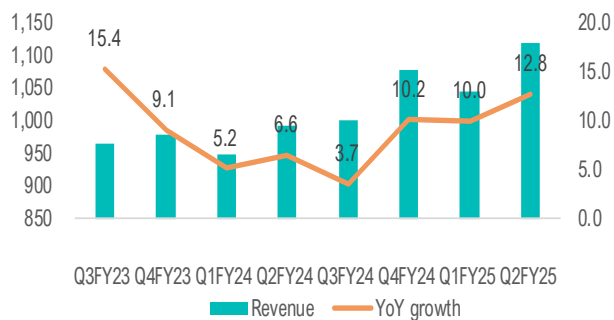
Rs. cr	Q2FY25	Q2FY24	YoY (%)	Q1FY25	QoQ (%)	H1FY25	H1FY24	YoY (%)
Sales	1,121	994	12.8	1045	7.2	2,166	1,943	11.5
EBITDA	117	100	16.6	104	12.8	221	201	9.8
EBITDA margin	10.4	10.1	0.3	9.9	0.5	10.2	10.4	-0.2
EBIT	88	69	27.0	75	17.6	163	139	16.9
PBT	118	97	21.4	103	15.2	221	191	15.6
Reported PAT	107	88	22.2	92	17.1	199	171	16.3
Adjusted PAT	107	88	22.2	92	17.1	199	171	16.3
EPS (Rs)	13.8	11.3	22.2	11.8	17.1	25.6	22.0	16.3



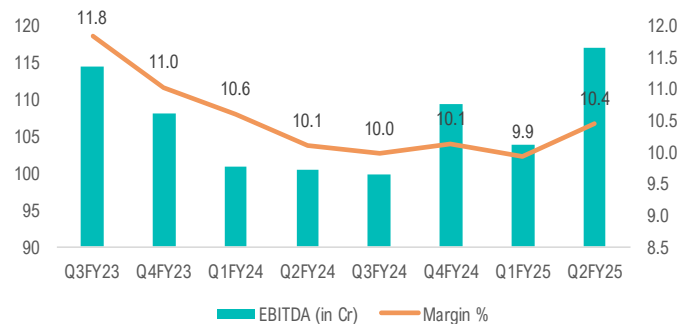
## Key Concall Highlights/ Any Rationale/ Any Writeups.. Can be added

- Moderate growth amid weakness in Infra and capital goods sectors in freight segment.
- Continued focus on network expansion to increase LTL with 32 new branches opened.
- In supply chain segment, growth momentum continued amidst mixed sectorial trends in automotive, FMCD and Quick commerce and FMCG.
- Further, good traction in warehousing and multimodal services & expansion of hub & spoke network for auto. While Margins remained resilient despite various cost pressures.
- In seaway business, recovery in freight rates witnessed. All the 6 ships remained operational. While avg. fuel prices remained benign.
- Revenue and profit guidance maintained at 10-15%.
- CAPEX guidance for FY25 is Rs.375cr. During H1FY25, the actual spending was Rs.90.2cr.

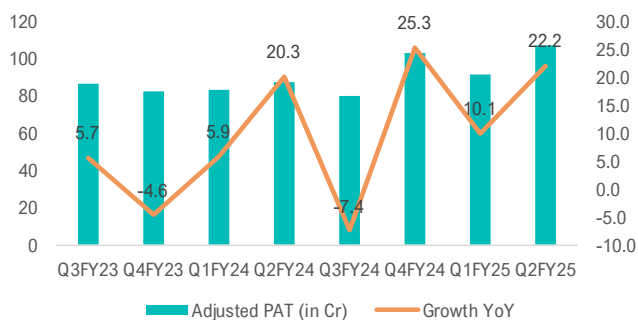
### Revenue



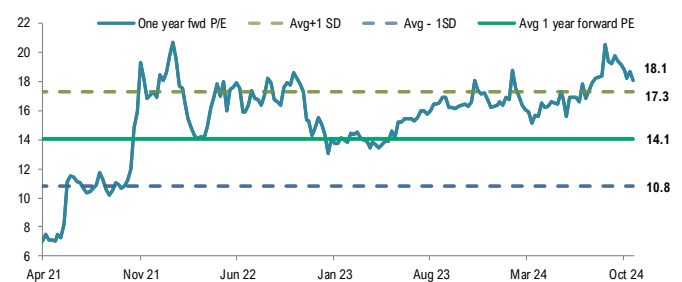
### EBITDA



### PAT



### VALUATIONS



## Change in Estimates

Year / Rs cr	Old estimates		New estimates		Change (%)	
	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
Revenue	4,622	5,300	4,559	5,234	(1.4)	(1.2)
EBITDA	480	556	477	556	(0.6)	-
Margins (%)	10.5	10.5	10.5	10.6	-	10 bps
Adj. PAT	404	478	1,134	1,586	0.2	(0.2)
EPS	52.0	61.5	28	40	0.2	(0.2)



## Consolidated Financials

### Profit & Loss

Y. E March (Rs cr)	FY22A	FY23A	FY24A	FY25E	FY26E
<b>Sales</b>	<b>3,257</b>	<b>3,783</b>	<b>4,024</b>	<b>4,559</b>	<b>5,234</b>
% change	16.2	16.1	6.4	13.3	14.8
<b>EBITDA</b>	<b>409</b>	<b>424</b>	<b>411</b>	<b>477</b>	<b>556</b>
% change	56.5	3.7	(3.2)	16.3	16.5
Depreciation	113	121	128	132	156
<b>EBIT</b>	<b>296</b>	<b>303</b>	<b>282</b>	<b>346</b>	<b>400</b>
Interest	13	10	13	18	18
Other Income	20	30	46	48	53
Share of JV	28	44	76	95	120
<b>PBT</b>	<b>330</b>	<b>364</b>	<b>388</b>	<b>471</b>	<b>555</b>
% change	90	10	7	21	18
Tax	37.6	43.4	33.6	65.9	77.7
Tax Rate (%)	11	12	9	14	14
<b>Reported PAT</b>	<b>290</b>	<b>317</b>	<b>351</b>	<b>405</b>	<b>477</b>
Adj.*	-	(1)	(4)	-	-
<b>Adj. PAT</b>	<b>290</b>	<b>316</b>	<b>347</b>	<b>405</b>	<b>477</b>
% change	23.3	9.1	9.9	16.6	17.8
No. of shares (cr)	7.7	7.8	7.8	7.8	7.8
<b>Adj EPS (Rs)</b>	<b>37.5</b>	<b>40.9</b>	<b>45.1</b>	<b>52.1</b>	<b>61.4</b>
% change	80.3	9.2	10.3	15.4	17.8
DPS (Rs)	5.3	7.0	7.0	7.0	7.0

### Balance Sheet

Y. E March (Rs cr)	FY22A	FY23A	FY24A	FY25E	FY26E
<b>Cash</b>	<b>68</b>	<b>170</b>	<b>83</b>	<b>100</b>	<b>147</b>
Accounts Receivable	508	561	601	681	782
Inventories	8	5	11	12	14
Other Cur. Assets	241	262	294	335	384
Investments	193	286	543	673	803
Gross Fixed Assets	1,314	1,347	1,536	1,836	2,111
<b>Net Fixed Assets</b>	<b>798</b>	<b>788</b>	<b>859</b>	<b>1,028</b>	<b>1,147</b>
CWIP	7	26	109	25	30
Intangible Assets	3	3	3	2	2
Def. Tax (Net)	(28)	(30)	(33)	(33)	(33)
Other Assets	0	0	0	0	0
<b>Total Assets</b>	<b>1,799</b>	<b>2,071</b>	<b>2,469</b>	<b>2,822</b>	<b>3,275</b>
Current Liabilities	258	240	253	251	276
Provisions	25	28	32	36	42
<b>Debt Funds</b>	<b>59</b>	<b>71</b>	<b>147</b>	<b>147</b>	<b>147</b>
Other Liabilities	27	30	33	33	33
Equity Capital	15	16	16	16	16
Reserves & Surplus	1,415	1,686	1,988	2,339	2,762
<b>Shareholder's Fund</b>	<b>1,430</b>	<b>1,702</b>	<b>2,004</b>	<b>2,354</b>	<b>2,777</b>
<b>Total Liabilities</b>	<b>1,799</b>	<b>2,071</b>	<b>2,469</b>	<b>2,822</b>	<b>3,275</b>
BVPS	185	219	258	303	357

### CASH FLOW

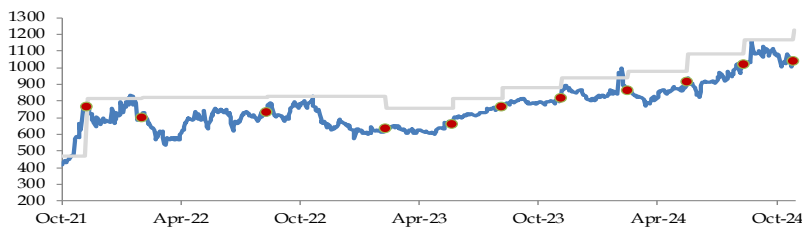
Y. E March (Rs cr)	FY22A	FY23A	FY24A	FY25E	FY26E
Net inc. + Deprn.	406	442	483	536	633
Non-cash adj.	(22)	(8)	(85)	(125)	(155)
Changes in W.C	(16)	(73)	(99)	(120)	(122)
C.F. Operation	368	361	299	292	357
Capital exp.	(71)	(153)	(242)	(216)	(280)
Change in inv.	(3)	(7)	4	(130)	(130)
Other invest.CF	(3)	(33)	(167)	143	173
C.F - Investment	(76)	(193)	(404)	(203)	(237)
Issue of equity	3	4	4	-	-
Issue/repay debt	(226)	(8)	78	-	-
Dividends paid	(41)	(54)	(55)	(54)	(54)
Other finance.CF	6	(7)	(9)	(18)	(18)
C.F - Finance	(258)	(65)	18	(72)	(72)
Chg. in cash	34	102	(87)	16	47
Closing cash	68	170	83	100	147

### Ratios

Y. E March	FY22A	FY23A	FY24A	FY25E	FY26E
<b>Profitab &amp; Return</b>					
EBITDA margin (%)	12.6	11.2	10.2	10.5	10.6
EBIT margin (%)	9.1	8.0	7.0	7.6	7.6
Net profit mgn.(%)	8.9	8.4	8.6	8.9	9.1
ROE (%)	22.3	20.2	18.7	18.6	18.6
ROCE (%)	18.3	17.8	14.8	14.1	14.3
<b>W.C &amp; Liquidity</b>					
Receivables (days)	57.1	51.6	52.7	51.3	51.0
Inventory (days)	0.9	0.6	0.7	0.9	0.9
Payables (days)	2.0	2.8	2.9	2.7	2.3
Current ratio (x)	2.9	3.7	3.5	3.9	4.2
Quick ratio (x)	2.2	3.0	2.7	3.1	3.4
<b>Turnover &amp; Leverage</b>					
Gross asset T.O (x)	2.7	2.8	2.8	2.7	2.7
Total asset T.O (x)	1.9	2.0	1.8	1.7	1.7
Int. covge. ratio (x)	23.1	30.8	21.3	19.6	22.3
Adj. debt/equity (x)	0.0	0.0	0.1	0.1	0.1
<b>Valuation</b>					
EV/Sales (x)	2.5	2.1	2.0	1.8	1.5
EV/EBITDA (x)	19.7	18.8	19.8	17.0	14.5
P/E (x)	27.7	25.4	23.0	19.9	16.9
P/BV (x)	5.6	4.7	4.0	3.4	2.9



## Recommendation Summary (last 3 years)



Dates	Rating	Target
08.Nov.21	HOLD	818
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

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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