

Transport Corporation of India

Estimate change	↔
TP change	↑
Rating change	↔

CMP: INR998

TP: INR1,160 (+16%)

Buy

In-line performance; margins improve in the seaways segment sequentially

Bloomberg	TRPC IN
Equity Shares (m)	78
M.Cap.(INRb)/(USD\$b)	77.8 / 0.9
52-Week Range (INR)	1080 / 686
1, 6, 12 Rel. Per (%)	7/5/8
12M Avg Val (INR M)	66

Financial Snapshot (INR b)

Y/E MARCH	2024	2025E	2026E
Sales	40.2	45.1	52.6
EBITDA	4.1	4.9	5.9
Adj. PAT	3.5	4.1	5.0
EBITDA Margin (%)	10.2	10.8	11.3
Adj. EPS (INR)	45.8	52.6	64.5
EPS Gr. (%)	10.1	14.8	22.6
BV/Sh. (INR)	259.9	309.0	370.0

Ratios

Net D:E	0.0	0.0	-0.1
RoE (%)	18.7	18.2	18.8
RoCE (%)	18.0	17.4	18.0
Payout (%)	15.4	6.7	5.4

Valuations

P/E (x)	21.7	18.9	15.5
P/BV (x)	3.8	3.2	2.7
EV/EBITDA(x)	17.5	14.5	11.5
Div. Yield (%)	0.7	0.4	0.4
FCF Yield (%)	0.8	0.8	1.6

Shareholding pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	68.9	68.9	68.9
DII	12.2	12.2	12.8
FII	2.9	2.7	2.5
Others	16.0	16.2	15.8

FII Includes depository receipts

- Transport Corporation of India (TRPC)'s revenue grew 10% YoY to ~INR10.5b in 1QFY25 (in line). EBITDA margin came in at 9.9% (down 70bp YoY/20bp QoQ) vs. our estimate of 10.3%. EBITDA increased 3% YoY to INR1b, while APAT grew 11% YoY to ~INR910m (our estimate was INR880m).
- Supply chain revenue grew 12.9% YoY, while freight/seaways revenue rose 8%/13% YoY. EBIT margins for Freight/Supply Chain/Seaways contracted 30bp/30bp/60bp to 3%/6%/28.6% during the quarter.
- TRPC has entered into an agreement with Taizhou Sanfu Ship Engineering, a Chinese shipbuilding company, to build, equip, and commission two cellular container vessels with a dead weight capacity of ~7,300mt each. The vessels will be delivered to the company before 26th Dec'26. The total purchase price of both vessels is ~USD38.8m. Currently, TRPC has six domestic ships with a capacity of 77,957mt.
- **The 1QFY25 performance was in line driven by 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 witness strong growth in FY25, supported by ongoing growth in the automotive industry. The new ship addition would ensure strong growth beyond FY26 in the high-margin Seaways segment. We retain our estimates for FY25/FY26 and reiterate our BUY rating with a revised TP of INR1,160 (based on 18x FY26E EPS).**

Growth to be driven by supply chain and the seaways division; new ships ordered

- TRPC reported 8% growth in its freight services in 1QFY25, primarily due to the 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.
- The supply chain business remained robust, with strong growth in value-added services for clients. TRPC invested ~INR900m in new trucks to meet the contracted business demands.
- The seaways business beat expectations, with freight rates firming up slightly. Despite two dry docks in 1Q, TRPC maintained the usual number of voyages.
- TRPC has reordered the two ships (which were cancelled earlier), through a different shipbuilding company in China for delivery in 2026, having an order value of ~USD38.8m. It is also seeking to buy a second-hand ship.

Highlights from the management commentary

- TRPC plans to open 75 new freight branches in FY25, building on the 30 added in FY24. Freight rates are expected to rise with the festival season kicking in, although fuel prices are a concern.
- TRPC has reordered two ships, each with a 7,300 deadweight tonnage, for delivery in 2026. The order value is USD 38.8m. TRPC is also seeking a second-hand ship.
- The seaways business is projected to grow by 10% in FY25 with margins similar to 1QFY25.
- In FY25, the company expects revenue/PAT growth of 10%/15% YoY.

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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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Valuation and view

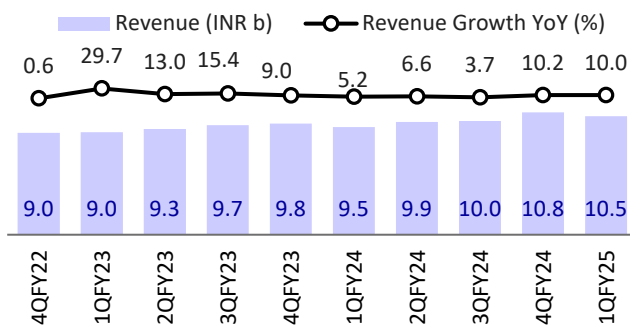
- TRPC is expected to achieve steady growth due to 1) the increasing proportion of LTL shipments within the freight division, and 2) the ongoing demand in the automotive sector supporting the supply chain division and the growing benefits from the expansion of multi-modal logistics.
- We have retained our estimates for FY25/FY26 and expect TRPC to achieve a CAGR of 14%/20%/19% in revenue/EBITDA/PAT over FY24-FY26. **We reiterate our BUY rating with a revised TP of INR1,160, based on 18x FY26E EPS.**

Quarterly snapshot

Y/E March	FY24				FY25E				FY24	FY25	FY25	INR m
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	Var. vs Est
Net Sales	9,498	9,935	10,020	10,789	10,451	11,114	11,459	12,058	40,242	45,082	10,331	1
YoY Change (%)	5.2	6.6	3.7	10.2	10.0	11.9	14.4	11.8	6.4	12.0	8.8	
EBITDA	1,008	1,004	999	1,094	1,038	1,159	1,253	1,420	4,105	4,870	1,068	(3)
Margins (%)	10.6	10.1	10.0	10.1	9.9	10.4	10.9	11.8	10.2	10.8	10.3	
YoY Change (%)	-3.1	4.6	-12.7	1.2	3.0	15.5	25.4	29.8	-3.2	18.6	6.0	
Depreciation	308	311	331	334	290	330	360	392	1,284	1,372	340	
Interest	23	34	35	41	42	33	35	30	133	140	40	
Other Income	85	113	95	165	109	130	125	140	458	504	120	
PBT before EO expense	762	772	728	884	815	926	983	1,138	3,146	3,862	808	1
Extra-Ord expense	0	0	0	24	0	0	0	0	24	0	0	
PBT	762	772	728	860	815	926	983	1,138	3,122	3,862	808	1
Tax	104	96	108	28	110	130	133	168	336	541	109	
Rate (%)	13.6	12.4	14.8	3.3	13.5	14.0	13.5	14.8	10.8	14.0	13.5	
Minority Interest	-9.0	-8.0	-8.0	-12.0	-6.0	-5.0	-7.0	-12.0	-37.0	-30.0	-9.0	
Profit/Loss of Asso. Cos	174	202	182	201	211	200	180	173	759	764	190	
Reported PAT	823	870	794	1,021	910	992	1,023	1,131	3,508	4,055	880	3
Adj PAT	823	870	794	1,045	910	992	1,023	1,131	3,532	4,055	880	3
YoY Change (%)	5.8	20.3	-7.4	23.2	10.6	14.0	28.8	8.2	10.1	14.8	6.9	
Margins (%)	8.7	8.8	7.9	9.7	8.7	8.9	8.9	9.4	8.8	9.0	8.5	

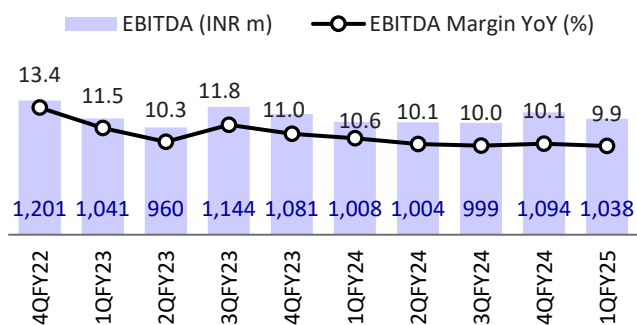
Story in charts – 1QFY25

Exhibit 1: Revenue up 10% YoY



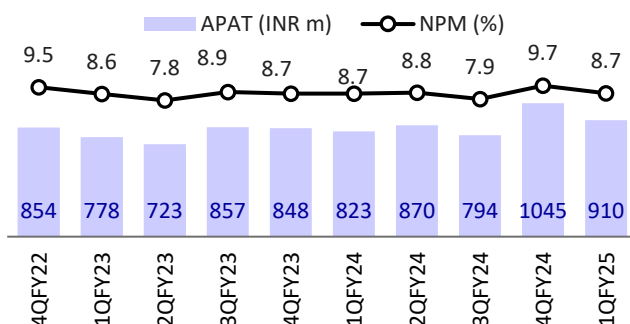
Source: Company, MOFSL

Exhibit 2: EBITDA and margin trends



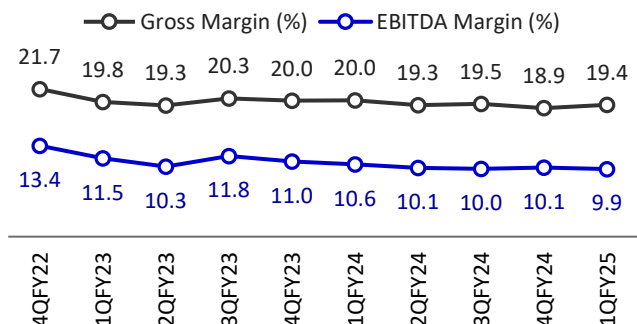
Source: Company, MOFSL

Exhibit 3: APAT increased 11% YoY



Source: Company, MOFSL

Exhibit 4: Margin contracted on a YoY basis



Source: Company, MOFSL

Exhibit 5: Segmental performance

	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25
Segment Revenue (INR m)								
Freight	4,693	4,826	5,046	4,754	4,818	4,856	5,553	5,136
Supply chain	3,584	3,335	3,462	3,630	3,907	3,882	3,928	4,097
Seaways	1,242	1,702	1,521	1,254	1,354	1,426	1,492	1,415
Energy	19	15	11	16	21	7	11	13
Net segment Revenue	9,537	9,879	10,040	9,654	10,100	10,171	10,984	10,661
Growth YoY (%)								
Freight	13.7	11.6	5.2	2.6	2.7	0.6	10.1	8.0
Supply chain	26.0	19.6	26.1	20.1	9.0	16.4	13.4	12.9
Seaways	-7.5	15.1	-5.3	-17.7	9.0	-16.2	-1.9	12.8
Energy	-9.6	176.4	-7.8	1.3	11.7	-53.9	3.8	-18.8
Net segment Revenue	14.4	14.9	9.6	5.0	5.9	3.0	9.4	10.4
Revenue Share (%)								
Freight	49	49	50	49	48	48	51	48
Supply chain	38	34	34	38	39	38	36	38
Seaways	13	17	15	13	13	14	14	13
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	191	273	214	156	163	149	176	156
Supply chain	226	200	226	229	262	253	250	245
Seaways	304	458	422	366	310	315	394	404
Energy	10	9	3	8	12	0	4	6
Total Segment Results	731	940	865	759	747	717	824	811
Segmental EBIT Margin (%)								
Freight	4.1	5.7	4.2	3.3	3.4	3.1	3.2	3.0
Supply chain	6.3	6.0	6.5	6.3	6.7	6.5	6.4	6.0
Seaways	24.5	26.9	27.7	29.2	22.9	22.1	26.4	28.6
Energy	50.5	55.9	32.1	50	57.1	0.0	36.4	46.2
Total	7.7	9.5	8.6	7.9	7.4	7.0	7.5	7.6



Highlights from the management commentary

Industry trend

- There was slight improvement across almost all divisions, although demand from MSMEs, remain weak.
- High infrastructure spending is beneficial, potentially boosting various industries and addressing employment issues despite automation challenges. Logistics, requiring on-the-ground jobs, remains robust and benefits from GDP and infrastructure growth, market changes, and new sectors like defense and semiconductors.
- TRPC provides unique solutions, such as direct deliveries in the EV space and cold storage in food processing. In 1Q, TRPC grew by about 10% YoY, exceeding its own targets.

Freight segment

- Revenue increased ~8% YoY in 1QFY25, while EBIT margin stood at 3% (down 30bp YoY and 20bp QoQ).
- LTL business was under pressure due to competitive pressures and election period.
- It 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.
- Capacity in the commercial vehicle (CV) sector is increasing, and management expects freight rates to rise with the upcoming festival season.
- Other costs such as toll charges and labor costs have increased over the last few years, which have adversely impacted margins.

Supply Chain segment

- The Supply Chain Business remained robust, with strong growth in value-added services for clients.
- TRPC invested ~INR900m in new trucks to meet contracted business demands.
- Revenue increased ~13% YoY in 1QFY25, and EBIT margin stood at 6% (down 30bp YoY). Revenue growth was driven by multimodal automotive transportation and new warehousing contracts.
- TRPC is targeting a 15% top-line growth for FY25 for this division.
- Auto stocks increased in the 1QFY25, with some customers requesting additional space in company's yards. This was due to pre-festival stocking, which should soon start moving.
- Customers with strong product performance will see good traction and growth. Margins expected to remain at similar levels for the supply chain business.

Seaways segment

- The seaways business beat expectations, with freight rates firming up slightly.
- Despite two dry docks in 1Q, TRPC maintained usual number of voyages.
- Revenue increased ~13% YoY in 1QFY25, and EBIT margin stood at 28.6% (down 160bp YoY). Fuel prices had risen but now moderating.
- Management expects a positive trend for the remaining year.
- TRPC has ordered two ships with a deadweight tonnage of 7,300 which will be delivered in FY27. The order value is USD38.8m. Additionally, TRPC is looking for a second-hand ship. With costs being 15% higher than previous order (which had got cancelled), the IRR is not expected to be impacted much.
- Management expects the seaways business to grow by 10% in FY25 with similar margins which were seen in 1QFY25.

Other highlights and Guidance

- The company's diverse services and strong multimodal network, including rail, coastal shipping, and road transport, have driven consistency and growth, with 30% of the business now coming from multimodal operations.
- Joint ventures performed well, with Concord recording ~14% YoY revenue growth. The cold chain business grew by ~33%, though profitability is impacted by new truck depreciation and interest. Transystem registered ~11% YoY revenue growth and 26% YoY PAT growth.
- In FY25, TRPC expects revenue/PAT growth of 10-15%
- 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.

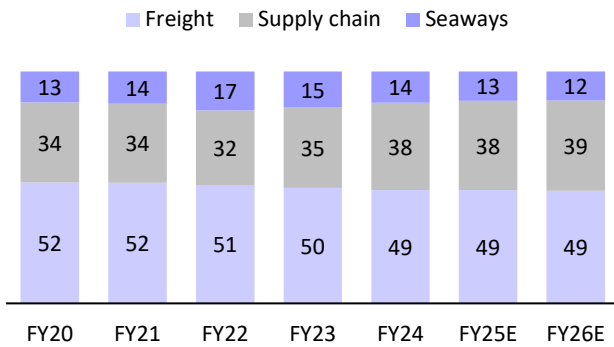
Exhibit 6: Our revised estimates

(INR m)	FY25E			FY26E		
	Rev	Old	Chg(%)	Rev	Old	Chg(%)
Net Sales	45,082	45,082	0.0	52,629	52,629	0.0
EBITDA	4,870	4,870	0.0	5,944	5,944	0.0
EBITDA Margin (%)	10.8	10.8	0	11.3	11.3	0
PAT	4,055	4,055	0.0	4,970	4,970	0.0
EPS (INR)	52.6	52.6	0.0	64.5	64.5	0.0

Source: Company, MOFSL

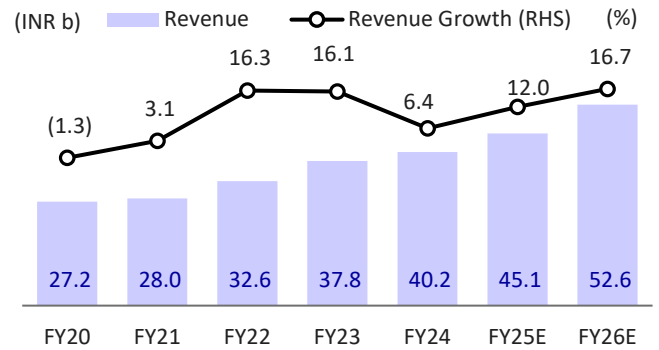
Story in charts

Exhibit 7: Freight and 3PL to dominate



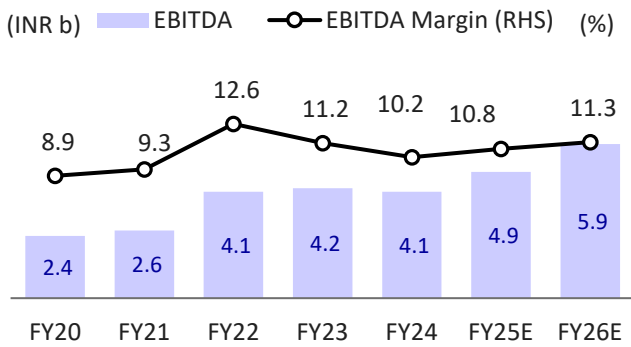
Source: Company, MOFSL

Exhibit 8: Revenue growth to remain strong



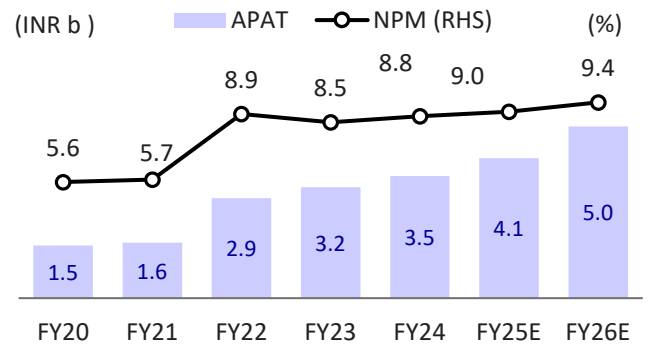
Source: Company, MOFSL

Exhibit 9: Margin to improve gradually



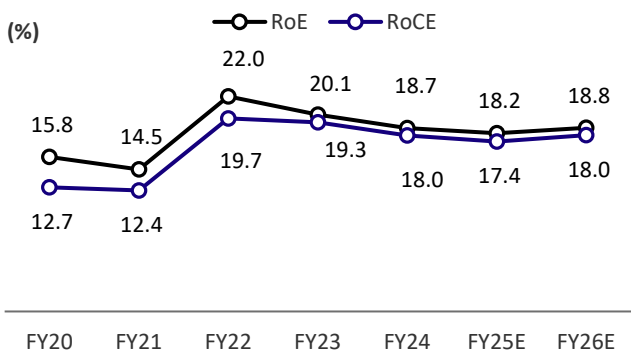
Source: Company, MOFSL

Exhibit 10: Strong operating performance to drive PAT



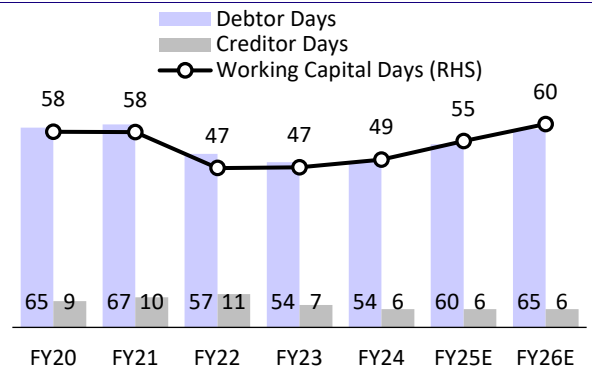
Source: Company, MOFSL

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	4,870	5,944
Margin (%)	8.9	9.3	12.6	11.2	10.2	10.8	11.3
Depreciation	825	928	1,130	1,214	1,284	1,372	1,517
EBIT	1,580	1,684	2,957	3,026	2,821	3,499	4,427
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	3,862	4,845
Tax	159	238	377	434	336	541	678
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	3,322	4,167
Share of profit/(loss) of Associates and JVs	252	201	277	444	759	764	833
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	4,055	4,970
Adjusted PAT	1,522	1,602	2,896	3,207	3,532	4,055	4,970
Change (%)	4.3	5.2	80.8	10.7	10.1	14.8	22.6
Margin (%)	5.6	5.7	8.9	8.5	8.8	9.0	9.4

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	23,669	28,369
Net Worth	10,239	11,697	14,303	17,018	20,038	23,824	28,524
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	25,938	30,588
Gross Block	10,595	10,684	11,646	12,676	14,266	16,266	18,266
Less: Accum. Deprn.	3,111	3,275	4,405	5,471	6,634	8,005	9,523
Net Fixed Assets	7,483	7,409	7,241	7,205	7,632	8,261	8,744
Capital WIP	450	690	846	967	2,075	2,045	2,015
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	13,360	18,086
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	2,337	4,497
Cash	132	341	679	1,699	831	2,213	4,372
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	10,205	14,403
Application of Funds	14,784	14,823	15,891	18,414	22,202	25,938	30,588

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	52.6	64.5
EPS growth (%)	4.3	5.2	80.8	10.7	10.1	14.8	22.6
Cash EPS	30.4	32.8	52.2	57.3	62.5	70.4	84.1
BV/Share	132.8	151.7	185.5	220.7	259.9	309.0	370.0
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	6.7	5.4
Valuation (x)							
P/E	50.4	47.9	26.5	23.9	21.7	18.9	15.5
Cash P/E	32.7	30.4	19.1	17.4	15.9	14.1	11.8
EV/EBITDA	33.0	29.7	18.2	17.2	17.5	14.5	11.5
EV/Sales	2.9	2.8	2.3	1.9	1.8	1.6	1.3
P/BV	7.5	6.6	5.4	4.5	3.8	3.2	2.7
Dividend Yield (%)	0.2	0.3	0.3	0.7	0.7	0.4	0.4
Return Ratios (%)							
RoE	15.8	14.5	22.0	20.1	18.7	18.2	18.8
RoCE	12.7	12.4	19.6	19.3	18.0	17.4	18.0
RoIC	11.1	11.6	21.0	21.0	19.0	20.1	21.9
Working Capital Ratios							
Fixed Asset Turnover (x)	2.7	2.6	2.9	3.0	3.0	3.0	3.0
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	3,862	4,845
Depreciation	825	928	1,130	1,214	1,285	1,372	1,517
Direct Taxes Paid	-410	52	-494	-186	-389	-541	-678
(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	2,618	3,217
(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	648	1,247
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	640	740
CF from Fin. Activity	-1,044	-1,776	-2,580	-655	176	320	420
Inc./Dec. in Cash	31	209	338	1,021	-868	1,381	2,159
Opening Balance	101	132	341	679	1,699	831	2,213
Closing Balance	132	341	679	1,699	831	2,213	4,372

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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
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