Q3FY25 Result Update | Logistics | 29 January 2025

East India Securities Ltd
Excellent | Investment | Solutions

INDIA

Transport Corporation of India Ltd (TCI)

Freight division continues to outperform

Revenue at Rs.11,471 mn - up by 14.5% yoy & up 2.3% qoq
EBITDA at Rs. 1185 mn – up by 18.6% yoy & up 1.1% qoq
EBITDA margin at 10.3 - up 30 bps yoy & down 20 bps qoq
PAT at Rs. 1009 mn - up by 27.1% yoy & down 5.3% qoq

Operational performance a tad above expectations

- The Freight business, 48% of sales, saw revenue growth at 19.4% yoy and 6.6% qoq.
- PBT margins in the Freight business were at 2.4%, down 67 bps yoy and down 27 bps qoq.
- The Supply Chain Solutions (SCS) business, 39% of sales, revenue was up 14.8% yoy and up 0.8% qoq.
- PBT margins in the SCS business were at 6.1%, down 39bps yoy and up 27 bps qoq.
- The Seaways business, 12.8% of sales, revenue saw a growth of 9% yoy and down 4.8% qoq.
- PBT margins in the Seaways business were at 32.7%, up 1060bps yoy and up 152 bps qoq.

Future Outlook

- **Overall growth**: Revenue and Profit growth outlook remains at 10-15%.
- **Growth in Seaways business**: Revenue growth of 10-15% and PAT growth in high teens.

Key Risks

- TCI is betting on LTL (less than truckload) to increase margins in the freight business. If MSE segment does not recover as expected, this may not pan out as it is the MSE segment which consumes the LTL service the most.

Valuation

TCI is currently trading at P/E of 16.9x on FY26 basis. We value the stock based on P/E methodology and assign a multiple of 20x on FY26E PAT of Rs 4,612 mn to arrive at a target price of **Rs 1043** per share, which is potential upside of 2.5% from current market price and recommend "Hold" on the stock.

Rating: Hold	**Upside/(Downside): 2.5%**
CMP: 1017	**Target Price: 1043**

| Market Data

Bloomberg:	TRPC:IN
52-week H/L (Rs):	1080 / 686
Mcap (Rs bn/USD bn):	72.5/0.9
Shares outstanding (mn):	78.0
Free float:	33.30%
Daily vol. (3mth Avg)	0.07 mn
Face Value (Rs):	2

Source: ACE Equity, EISEC Research

| Shareholding pattern

	Dec-24	Sep-24	Jun-24	Mar-24
Promoter	68.7	68.9	68.9	68.9
FIIs	3.3	2.9	2.6	2.6
DIIs	12.3	12.1	12.1	12.8
Public/others	15.7	15.4	15.7	15.7

Source: Ace Equity

| Price Performance (%)*

YE Mar (R)	1M	3M	6M	12M
BSE 500	-6.6	-7.0	-10.4	7.4
TCI	-8.3	-2.3	5.5	17.8

**As on 29 January 2025 Source: BSE, EISEC Research*

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Y/E Mar (Rs mn)	Revenue	YoY (%)	EBITDA	EBITDA (%)	Adj PAT	YoY (%)	Fully DEPS	RoE (%)	RoCE (%)	P/E (x)	EV/EBITDA (x)
FY22	32227	*15.0%*	4087	*12.7%*	2901	*95.8%*	37	22.3%	*22.0%*	27.1	19.1
FY23	37815	*17.3%*	4230	*11.2%*	3207	*10.5%*	41	20.5%	*19.5%*	24.7	18.4
FY24	40242	*6.4%*	4105	*10.2%*	3468	*8.1%*	45	18.7%	*15.5%*	22.8	19.3
FY25E	45000	*11.8%*	4641	*10.3%*	3989	*15.0%*	52	18.4%	*15.6%*	19.5	16.3
FY26E	50400	*12.0%*	5292	*10.5%*	4612	*15.6%*	60	18.3%	*16.0%*	16.9	14.0

Source: Company, EISEC Research Estimates

Conference Call Highlights

- **Demand trends are moderate :** MSME is weak, chemicals have done well.
- **Freight business:**
- 9m Growth in revenues was 7.0% yoy with the revenue touching Rs 12,788mn.
- 9m EBIT margin was 2.8% down 60bps yoy.
- Capital employed was Rs 2893mn, with ROCE at 16.6%.
- **Supply Chain (SC) business**:
- 9m Growth in revenues was 12.1% yoy with the revenue touching Rs 12,143mn.
- 9m EBIT margin was 6.2% down 20bps yoy.
- Capital employed was Rs 4947mn, with ROCE at 21.8%.
- **Seaways business:**
- 9m Growth in revenues was 14.9% yoy with the revenue touching Rs 4365mn.
- 9m EBIT margin was 32.5% UP 640bps yoy.
- Capital employed was Rs 3834mn, with ROCE at 53.6%.
- **Capex** : Rs 3750mn capex budgeted for FY25. Capex in 9MFY25 was Rs 2051mn.
- **TCI Concor (JV with Concor) :** For 9mfy25, JV saw a revenue of Rs 3276mn, growth of 37.2% yoy with revenue of Rs 3,456mn in FY24.
- **TCI Cold Chain :** For 9mfy25, JV saw a revenue of Rs 680mn, growth of 18.8% yoy with revenue of Rs 809mn in FY24.
- **Transystem (JV with Toyota)**: For 9mfy25, JV saw a revenue of Rs 8752mn, growth of 20.1% yoy with revenue of Rs 10,099mn in FY24.

Quarterly financials, operating metrics and key performance indicators

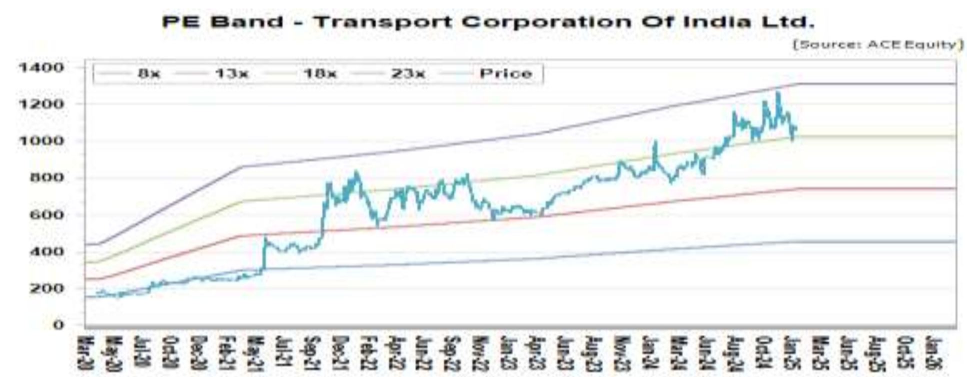
Quarterly Financials

Y/E March (Rs mn)	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25
Net Sales	**9,793**	**9,498**	**9,935**	**10,020**	**10,789**	**10,451**	**11,209**	**11,471**
Raw Materials	7,838	7,595	8,017	8,067	8,752	8,427	9,024	9,285
Employee Costs	510	555	568	566	545	614	629	635
Other Expenditure	366	340	346	388	398	372	384	366
EBITDA	**1080**	**1008**	**1004**	**999**	**1094**	**1038**	**1172**	**1185**
Depreciation	311	308	311	331	334	290	291	305
Interest	24	23	34	35	41	42	46	59
Other Income	121	85	113	95	17	109	106	68
PBT	**939**	**936**	**974**	**910**	**937**	**1026**	**1183**	**1114**
Tax	115	104	96	108	-66	110	109	93
Tax rate (%)	12%	11%	10%	12%	-7%	11%	9%	8%
Adj. PAT	**781**	**819**	**865**	**794**	**990**	**910**	**1065**	**1009**
YoY Growth (%)								
Revenue	9.1%	5.1%	6.6%	3.7%	10.2%	10.0%	12.8%	14.5%
EBITDA	-9.4%	-3.6%	4.6%	-12.7%	1.3%	3.0%	16.7%	18.6%
Adj. PAT	-8.6%	5.5%	19.5%	-7.5%	26.7%	11.1%	23.1%	27.1%
QoQ Growth (%)								
Revenue	1.3%	-3.0%	4.6%	0.9%	7.7%	-3.1%	7.3%	2.3%
EBITDA	-5.6%	-6.7%	-0.4%	-0.5%	9.5%	-5.1%	12.9%	1.1%
Adj. PAT	-9.0%	4.9%	5.6%	-8.2%	24.6%	-8.0%	17.0%	-5.3%
Margin (%)								
EBITDA	11.0%	10.6%	10.1%	10.0%	10.1%	9.9%	10.5%	10.3%
PAT	8.0%	8.6%	8.7%	7.9%	9.2%	8.7%	9.5%	8.8%

Source: Company, EISEC Research

Valuation

2 year forward P/E chart



Source : AceEquity, EISEC Research

Financials Consolidated

Income Statement	FY22	FY23	FY24	FY25E	FY26E
YE March (Rs mn)					
Revenues	**32,227**	**37,815**	**40,242**	**45,000**	**50,400**
% Growth	*15.0%*	*17.3%*	*6.4%*	*11.8%*	*12.0%*
Operating Expenses	25,766	30,306	32,431	36,302	40,572
% of sales	*67.8%*	*67.3%*	*67.3%*	*167.3%*	*267.3%*
Personnel	1,700	1,965	2,234	2,531	2,822
% of sales	*5.3%*	*5.2%*	*5.6%*	*5.6%*	*5.6%*
Other expenses	1,013	1,314	1,472	1,526	1,714
% of sales	*3.1%*	*3.5%*	*3.7%*	*3.4%*	*3.4%*
EBITDA	4,087	4,230	4,105	4,641	5,292
EBITDA Margin (%)	*12.7%*	*11.2%*	*10.2%*	*10.3%*	*10.5%*
Other Income	199	313	310	307	403
Depreciation & Amortization	1,130	1,214	1,284	1,226	1,336
EBIT	**3,156**	**3,295**	**3,131**	**3,722**	**4,360**
Finance cost	128	98	133	188	163
Share in Net profit of JV	277	444	440	440	441
PBT	**3,305**	**3,640**	**3,757**	**4,412**	**5,096**
Tax-Total	**390**	**435**	**242**	**388**	**448**
Reported PAT	**2,915**	**3,205**	**3,515**	**4,024**	**4,648**
Minority Interest	**14**	**33**	**47**	**35**	**36**
Adjusted PAT	**2,901**	**3,207**	**3,468**	**3,989**	**4,612**
PAT Margin	*9.0%*	*8.5%*	*8.6%*	*8.9%*	*9.2%*
Growth (%)	*95.8%*	*10.5%*	*8.1%*	*15.0%*	*15.6%*

Source: Company, EISEC Research Estimates

Balance Sheet	FY22	FY23	FY24	FY25E	FY26E
YE March (Rs mn)					
Capital	155	155	155	153	153
Reserves & Surplus	14,148	16,863	19,883	23,107	26,877
Shareholders' Funds	**14,303**	**17,018**	**20,038**	**23,260**	**27,030**
Minority Interest	274	301	333	333	333
Total Loan Funds	228	396	1,021	1,021	1,021
Lease liability	265	235	367	367	367
Deferred tax liabilities	276	300	328	328	328
Total Liabilities	**15,412**	**18,324**	**22,173**	**25,395**	**29,165**
Gross Block	12,256	13,451	14,240	16,940	19,640
Accumulated Dep.	5,045	6,274	7,558	8,795	10,130
Net Block	7,211	7,177	6,682	8,145	9,510
Capital WIP	73	260	1,090	1,090	1,090
Net Fixed Assets	**10,118**	**10,654**	**12,098**	**12,666**	**14,030**
Investments	0	0	0	0	0
Other non current assets	0	0	0	0	0
Total Non Current Assets	**0**	**0**	**0**	**0**	**0**
Inventories	85	50	106	123	138
Other current assets	2,241	1,398	1,559	1,398	1,398
Sundry Debtors	5,083	5,609	6,006	6,658	7,595
Cash & Bank Balances	745	1,846	956	3,184	4,742
Total Current Assets	**8,153**	**10,355**	**12,916**	**15,541**	**18,051**
Total Current Liabilities	**0**	**0**	**0**	**0**	**0**
Net Current Assets	**5,295**	**7,670**	**10,075**	**12,729**	**15,135**
Total Assets	**15,412**	**18,324**	**22,173**	**25,395**	**29,165**

Source: Company, EISEC Research Estimates

Key Ratios	FY22	FY23	FY24	FY25E	FY26E
YE March					
Growth Ratios (%)					
Net Sales	15.0%	17.3%	6.4%	11.8%	12.0%
EBITDA	56.5%	3.5%	-3.0%	13.1%	14.0%
Adjusted Net Profit	95.8%	10.5%	8.1%	15.0%	15.6%
Margin Ratio (%)					
EBITDA Margin	12.7%	11.2%	10.2%	10.3%	10.5%
PBT margins	10.3%	9.6%	9.3%	9.8%	10.1%
PAT Margin	9.0%	8.5%	8.6%	8.9%	9.2%
Return Ratios					
ROE	22.3%	20.5%	18.7%	18.4%	18.3%
ROCE	22.0%	19.5%	15.5%	15.6%	16.0%
Turnover Ratios (days)					
Gross Block Turnover (x)	2.6	2.8	2.8	2.7	2.6
Inventory	1.0	1.0	1.0	0.0	0.0
Debtors	57.6	67.0	67.0	0.0	0.0
Current liability	0.0	32.0	32.0	0.0	0.0
Cash Conversion Cycle	48.9	58.0	58.0	0.0	0.0
Solvency ratio (x)					
Debt-equity	0.0	0.0	0.1	0.0	0.0
Net Debt-Equity	0.0	-0.1	0.0	-0.1	-0.1
Gross Debt/EBITDA	0.1	0.1	0.2	0.2	0.2
Current ratio	0.1	0.2	0.1	0.3	0.4
Per share (Rs.)					
Basic EPS (reported)	37.5	41.2	44.6	52.1	60.3
BV	187.0	222.5	261.9	304.0	353.3
CEPS	14.6	15.7	16.6	16.0	17.5
DPS	8.0	9.0	7.0	10.0	11.0
Dividend Payout (%)	21.2	21.8	15.5	19.0	18.1
Valuation					
P/E	27.1	24.7	22.8	19.5	16.9
P/BV	5.4	4.6	3.9	3.3	2.9
EV/EBITDA	19.1	18.4	19.3	16.3	14.0
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0

Source: Company, EISEC Research Estimates

Cash Flow	FY22	FY23	FY24	FY25E	FY26E
YE March (Rs mn)					
Operating profit before WC changes	**4577**	**4985**	**5221**	**5861**	**6631**
Changes in working capital	-2088	351	-614	-508	-952
Cash flow from operations	**2099**	**4901**	**4365**	**4965**	**5231**
Capex	-1584	-2191	-2890	-4801	-4801
Cash flow from investments	-1584	-2191	-2890	-4801	-4801
Cash flow from financing	-165	-1611	-2367	2071	1101
Net change in cash	**349**	**1099**	**-892**	**2235**	**1531**

Source: Company, EISEC Research Est

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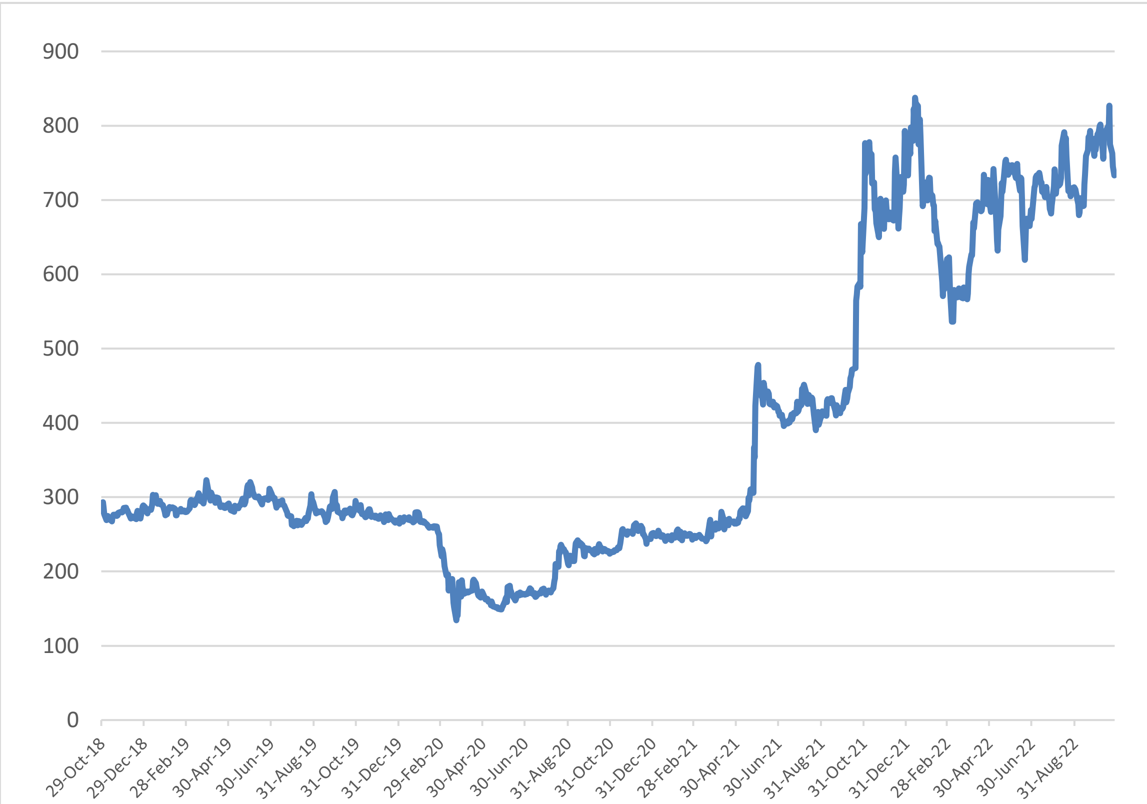
TCI



Source: ACE Equity, EISEC Research

Analyst holding in stock: **No**

Key to EISEC Investment Rankings

Buy: Upside by>15%, Accumulate: Upside by 5%to 15%, Hold: Downside/Upside by -5% to +5%,
Reduce: Downside by 5% to 15%, Sell: Downside by>15%

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		TCI
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