

Transport Corp of India (TRPC IN)

Leveraging multimodal capabilities

INDIA | LOGISTICS | Quarterly Update

27 January 2025

Top takeaways from 3QFY25

- Results in line with expectations. Improvement in shipping segment with better utilization.
- Benefit of integrated diversified services and multi-modal capabilities.

Key highlights

Consolidated revenue increased by 14.5%yoy (up 2.3% qoq) to Rs 11.47bn, in line with estimates of Rs 11.56bn. Freight division revenue up by 19.4%yoy (+6.6% qoq) to Rs 5.79bn; Supply Chain revenue increased by 14.8%yoy (+0.8% qoq) to Rs 4.45bn; Seaway's revenue increased by 9.0%yoy (down 4.8%qoq) to Rs 1.55bn. Gross margins declined by 40bps yoy to 19.1% in 3QFY25. EBITDA increased by 18.6% yoy (+1.2% qoq) to Rs 1.18bn, in line with estimates of Rs 1.2bn. EBITDA margins improved from 10.0% in 3QFY24 to 10.3% in 3QFY25. Other income declined by 28.4% yoy from Rs 95mn in 3QFY24 to Rs 68mn in 3QFY25. PBT increased by 22.1% yoy to Rs 889mn. Adjusted profit at Rs 1bn in 3QFY25, in line with estimated profit of Rs 1.09bn.

Conference call takeaways

- EBITDA in freight division declined by 16.3% yoy to Rs 118mn with 81bps margin decline on yoy basis to 2.7% in 3QFY25; EBITDA in SCM increased by 16.5%yoy to Rs 410mn and in seaways improved significantly by 26.3% yoy to Rs 619mn. EBITDA margins in SCM increased marginally by 30bps to 10.0% % and Seaways increased from 36.3% in 3QFY24 to 42.1% in 3QFY25.
- SCM maintained growth momentum on back good traction in warehousing, quick commerce and network expansion. Management expect SCM revenue CAGR 10-15% over 2-3 years driving the growth.
- Seaways has long term potential and to bolster multimodal capabilities, the Company has placed orders for building of two 7,300 MT dead weight capacity container vessels for a total contract price of \$38.8mn. Performance improved with recovery in freight rates, better utilization (no dry docking) and benign fuel (bunker) price.
- LTL is c. 36% of freight business supporting the margins and expect LTL share to increase to 40% by 2026. The company opened 30 new branches in FY24 and 32 in 9MY25 to enhance the network. Weakness in Infra and capital goods impacted freight segment.
- JV performance: TCI Concor operating asset light rail operations reported 37.2% increase in revenue to Rs 3.27bn in 9MFY25. Transystem focused on automotive logistics reported revenue growth of 20.1%yoy to Rs 8.75bn while TCI Cold chain reported revenue growth of 18.7% yoy to Rs 680mn in 9MFY25.
- TCI had capital expenditure of Rs 1.9bn in FY24 and Rs 2bn in 9MFY25. Capex planned for FY25 is Rs 2.5bn including ship (advance of Rs 800mn) and automotive rake and container addition.

Outlook and valuation: At CMP, stock trades at 15.4x our FY27 earnings. TCI has a strong history of maintaining growth in different economic cycles. It is best placed to provide a cost-effective solution to the customized needs of its clients due to its national network (historical asset base at strategic locations) and multimodal capabilities. We maintain valuations at 20x FY27EPS with target price to Rs 1,290 (unchanged).

Consolidated (Rs mn)	3QFY25	3QFY24	yoy	2QFY25	qoq %	vs. expect. %	Comments
Revenue	11471	10020	14.5	11208	2.3	-0.8	Freight +19.4%yoy; SCM +14.8%yoy; Seaways +9%yoy
EBITDA	1185	999	18.6	1171	1.2	-2.5	Revenue mix and improvement in shipping segment margin
EBITDA margins	10.3%	10.0%	36bps	10.4%	-12bps		
Other income	68	95	-28.4	106	-35.8	-38.2	
Depreciation	305	331	-7.9	291	4.8	3.0	
Interest	59	35	68.6	46	28.3	22.9	
PBT	889	728	22.1	940	-5.4	-9.4	
PAT	1009	794	27.1	1064	-5.2	-7.8	

BUY (Maintain)

CMP RS 991

TARGET RS 1,290 (+30%)

SEBI CATEGORY: SMALL CAP

COMPANY DATA

O/S SHARES (MN) :	77
MARKET CAP (RSBN) :	76
MARKET CAP (USDBN) :	0.9
52 - WK HI/LO (RS) :	1,309 / 686
LIQUIDITY 3M (USDMN) :	1
PAR VALUE (RS) :	2

SHARE HOLDING PATTERN, %

	Dec 24	Sep 24	Jun 24
PROMOTERS :	68.7	68.8	68.9
DII :	12.3	12.4	12.2
FII :	4.0	3.7	3.6
OTHERS :	14.9	15.1	15.3

KEY FINANCIALS

Rs mn	FY25E	FY26E	FY27E
Net Sales	45,739	51,960	59,802
EBITDA	4,641	5,313	6,114
Net Profit	3,933	4,403	5,010
EPS, Rs	50.6	56.6	64.4
PER, x	19.6	17.5	15.4
EV/EBITDA, x	16.7	14.4	12.4
PBV, x	3.2	2.7	2.3
ROE, %	17.7	16.7	16.2

CHANGE IN ESTIMATES

Rs mn	Revised Est.		% Revision	
	FY25E	FY26E	FY25E	FY26E
Revenue	45,739	51,960	0%	0%
EBITDA	4,641	5,313	0%	0%
Core PAT	3,933	4,403	0%	0%
EPS (Rs)	50.6	56.6	0%	0%

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Standalone

Year End March (Rs mn)	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25
Revenue	8999	9539	9394	9985	9935
Operating expense	7156	7591	7465	7928	7891
Opex as % of sales	79.5%	79.6%	79.5%	79.4%	79.4%
Employee	544	528	592	602	609
Other expenses	358	385	335	362	337
EBITDA	941	1035	1002	1093	1098
EBITDA margins (%)	10.5%	10.9%	10.7%	10.9%	11.1%
Other Income	446.0	155.0	450.0	135.0	487.0
Depreciation	307.0	305.0	264.0	267.0	274.0
Interest	25.0	28.0	30.0	34.0	43.0
PBT	1055.0	857.0	1158.0	927.0	1268.0
Tax	99.0	20.0	106.0	102.0	86.0
Tax rate (%)	9.4%	2.3%	9.2%	11.0%	6.8%
Adj PAT	956	837	1052	825	1182
Extraordinary	0.0	-17.0	0.0	0.0	0.0
Reported PAT	956	820	1052	825	1182
EPS (Rs)	12.4	10.8	13.6	10.6	15.3

Source: PhillipCapital India Research

Segmental details

Standalone	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25
Freight Division	4009	4467	4252	4365	4416
Supply chain	3651	3691	3878	4187	4133
Seaways	1426	1492	1415	1633	1554
Energy	7	11	13	20	4
EBIT (Rs mn)					
Freight Division	128	150	135	124	104
Supply chain	234	240	238	254	262
Seaways	315	394	404	509	508
Energy	0	4	6	14	-3
EBIT (%)					
Freight Division	3.2%	3.4%	3.2%	2.8%	2.4%
Supply chain	6.4%	6.5%	6.1%	6.1%	6.3%
Seaways	22.1%	26.4%	28.6%	31.2%	32.7%

Source: PhillipCapital India Research

Coverage Universe

Company	Size	Fw PE (FY26)	Reco/Upside
Container Corporation	M	27.5	BUY 63%
Adani Ports &SEZ	L	18.4	BUY 70%
Praj Industries Ltd	S	33.6	BUY 26%
Pennar Industries Ltd	S	13.5	BUY 43%
Indo Count Industries	S	14.1	BUY 46%
Balrampur Chini Mills Ltd	S	17.4	BUY 48%
KDDL Ltd	S	20.2	BUY 49%
Gateway Distriparks Ltd	S	13.2	BUY 96%
Allcargo Logistics Ltd	S	13.1	BUY 90%
Aegis Logistics	S	32.2	SELL -8%
Mahindra Logistics Limited	S	33.2	BUY 61%
Transport Corporation of India	S	17.5	BUY 30%
VRL Logistics Ltd	S	21.4	BUY 66%

Source: PhillipCapital India Research

Financials

Income Statement

Y/E Mar, Rs mn	FY24	FY25E	FY26E	FY27E
Net sales	40,242	45,739	51,960	59,802
Growth, %	6.4	13.7	13.6	15.1
Other operating income	-	-	-	-
Raw material expenses	32,431	36,820	41,828	48,140
Employee expenses	2,234	2,653	3,066	3,528
Other Operating expenses	1,472	1,625	1,754	2,019
EBITDA (Core)	4,105	4,641	5,313	6,114
Growth, %	(3.2)	13.1	14.5	15.1
Margin, %	10.2	10.1	10.2	10.2
Depreciation	1,284	1,243	1,313	1,483
EBIT	2,821	3,399	4,000	4,631
Growth, %	(6.8)	20.5	17.7	15.8
Margin, %	7.0	7.4	7.7	7.7
Interest paid	133	244	229	216
Other Income	458	390	410	410
Non-recurring Items	-	-	-	-
Pre tax profit	3,146	3,544	4,181	4,825
Tax provided	336	532	752	869
Profit after tax	3,532	3,933	4,403	5,010
Minorities/JV shares	722	920	975	1,053
Net Profit	3,508	3,933	4,403	5,010
Growth, %	51.4	(14.8)	5.1	-
Net Profit (adjusted)	3,508	3,933	4,403	5,010
Unadj. shares (m)	78	78	78	78
Wtd avg shares (m)	78	78	78	78

Balance Sheet

Y/E Mar, Rs mn	FY24	FY25E	FY26E	FY27E
Cash & bank	956	1,076	1,788	2,298
Marketable securities at cost	3,306	3,438	3,576	4,649
Debtors	6,006	8,772	9,965	11,469
Inventory	106	117	128	141
Loans & advances	12	14	17	21
Other current assets	2,341	2,809	3,371	4,045
Total current assets	9,421	12,788	15,269	17,974
Investments	2,391	2,750	3,162	3,636
Gross fixed assets	14,361	16,861	19,361	21,761
Less: Depreciation	(6,755)	(7,997)	(9,310)	(10,793)
Add: Capital WIP	1,090	183	183	183
Net fixed assets	8,722	9,099	10,286	11,204
Non - current assets	985	1,000	1,000	1,000
Total assets	24,825	29,075	33,294	38,462
Trade Payables	657	877	996	1,147
Provisions	317	349	384	422
Total current liabilities	2,137	2,730	2,804	3,207
Non - current liabilities	1,744	1,594	1,459	1,338
Total liabilities	22,688	26,346	30,490	35,255
Paid - up capital	155	155	155	155
Reserves & surplus	19,883	23,676	27,939	32,809
Minorities	333	340	346	353
Shareholders' equity	20,372	24,171	28,441	33,318
Total equity & liabilities	24,825	29,075	33,294	38,462

Cash Flow

Y/E Mar, Rs mn	FY24	FY25E	FY26E	FY27E
Pre-tax profit	3,146	3,544	4,181	4,825
Depreciation	1,284	1,243	1,313	1,483
Chg in working capital	(925)	(2,655)	(1,695)	(1,791)
Total tax paid	(336)	(532)	(752)	(869)
Cash flow from operating activities	3,566	2,375	3,840	4,508
Capital expenditure	(2,544)	(1,593)	(2,500)	(2,400)
Chg in investments	(2,334)	(491)	(550)	(1,547)
Chg in marketable securities	-	-	-	-
Cash flow from investing activities	(4,419)	(1,694)	(2,640)	(3,537)
Free cash flow	(735)	888	1,388	1,148
Equity raised/(repaid)	0	-	-	-
Debt raised/(repaid)	922	(141)	(126)	(112)
Dividend (incl. tax)	(140)	(140)	(140)	(140)
Cash flow from financing activities	520	(656)	(625)	(598)
Net chg in cash	(334)	25	575	373

Valuation Ratios

	FY24	FY25E	FY26E	FY27E
Per Share data				
EPS (INR)	45.1	50.6	56.6	64.4
Growth, %	9.4	12.1	12.0	13.8
Book NAV/share (INR)	257.8	306.6	361.4	424.0
FDEPS (INR)	45.1	50.6	56.6	64.4
CEPS (INR)	61.6	66.6	73.5	83.5
CFPS (INR)	45.9	30.6	49.4	58.0
DPS (INR)	1.5	1.5	1.5	1.5

Return ratios

Return on assets (%)	15.3	14.6	14.1	14.0
Return on equity (%)	18.6	17.7	16.7	16.2
Return on capital employed (%)	12.9	12.2	11.9	11.7
ROIC (%)	11.6	11.4	11.4	11.5

Turnover ratios

Asset turnover (x)	4.6	5.1	5.1	5.4
Sales/Net FA (x)	4.6	5.0	5.1	5.3
Working capital/Sales (%)	18.1	22.0	24.0	24.7
Receivable days	52.7	59.0	65.8	65.4
Inventory days	0.9	1.1	1.1	1.0
Payable days	6.4	6.1	6.6	6.5
Working capital days	66.1	80.3	87.6	90.1

Liquidity ratios

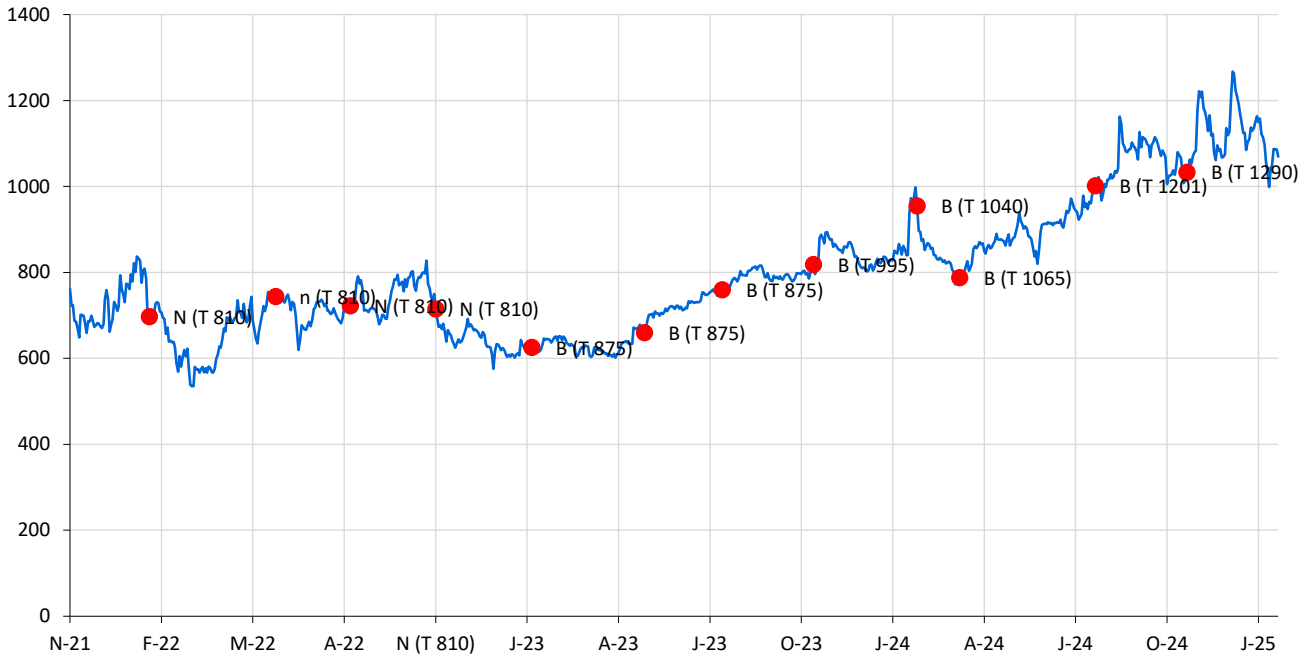
Current ratio (x)	4.4	4.7	5.4	5.6
Quick ratio (x)	0.4	0.5	0.5	0.5
Interest cover (x)	21.2	13.9	17.4	21.5
Total debt/Equity (x)	0.1	0.1	0.1	0.0
Net debt/Equity (x)	0.0	0.0	0.0	0.0

Valuation

PER (x)	22.0	19.6	17.5	15.4
PEG (x) yoy growth	2.3	1.6	1.5	1.1
Price/Book (x)	3.8	3.2	2.7	2.3
EV/Net sales (x)	1.9	1.7	1.5	1.3
EV/EBITDA (x)	19.0	16.7	14.4	12.4
EV/EBIT (x)	27.6	22.8	19.2	16.4

Source: Company, PhillipCapital India Research

Stock Price, Price Target and Rating History



Source: PhillipCapital India Research

Rating Methodology

We rate stock on absolute return basis. Our target price for the stocks has an investment horizon of one year. We have different threshold for large market capitalisation stock and Mid/small market capitalisation stock. The categorisation of stock based on market capitalisation is as per the SEBI requirement.

Large cap stocks

Rating	Criteria	Definition
BUY	$\geq +10\%$	Target price is equal to or more than 10% of current market price
NEUTRAL	$-10\% > \text{to} < +10\%$	Target price is less than +10% but more than -10%
SELL	$\leq -10\%$	Target price is less than or equal to -10%.

Mid cap and Small cap stocks

Rating	Criteria	Definition
BUY	$\geq +15\%$	Target price is equal to or more than 15% of current market price
NEUTRAL	$-15\% > \text{to} < +15\%$	Target price is less than +15% but more than -15%
SELL	$\leq -15\%$	Target price is less than or equal to -15%.

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