TRANSPORT CORPORATION OF INDIA

Rating: ◀▶ | Target price: ▼ | EPS: ▼

CMP	Target Price	Rating
Rs. 1,061	Rs. 1,170	ADD

Avendus SPARK

ONE YEAR OUTLOOK

Business & Earnings ◀▶

- Maintain our positive stance on TRPC with a target price of Rs. 1,170. TRPC is expected to benefit from: 1) scale up of new client contracts in supply chain segment (SCS) across automotive, quick commerce and chemical sectors, 2) sustained demand in coastal shipping supported by new ships addition, & 3) increasing LTL contribution in freight segment (~40% by FY27E).
- In 3QFY26, Seaways revenue grew 10% YoY to Rs. 1.7bn. EBIT margin was up 300 bps QoQ to 40.6% aided by favorable bunker prices. TRPC is expected to pay two tranches for two new ships in FY26 with 7,300 DWT capacity each expected in late-FY27. Revising EBIT margin expectation downwards factoring potential increase in input cost and rising competitive intensity. Penciling in revenue & EBITDA CAGR of 15%/9% (FY26-28E). Further benefits would be contingent on the addition of second-hand ships to cater to incremental demand.
- Consolidated SCS segment revenue grew 25% YoY led by auto, and quick commerce segment. The company has increased its exposure to quick commerce segment and focuses on its growth in Chemical logistics. Expect new opportunities from diversified industries, sustained automotive demand & opportunities in the multimodal (addition of two rakes in FY27) and cold chain segments to drive revenue/EBITDA CAGR of 15% & 15% (FY26-28E).
- Freight division is likely to benefit from: 1) higher LTL contribution (40% by FY27E from 37% in 9MFY26), and 2) growth in multimodal logistics. Expect network expansion-led incremental volumes to drive revenue/EBITDA CAGR (FY25-28E) of 5%/9%.

Valuation Multiples ▼

- Valuing TRPC based on SOTP (page 6) to arrive at TP of Rs. 1,170 (Sep-27). Our multiple factors in back-ended benefits of seaways capacity addition (12x EV/EBITDA) and sustained customer wins across supply chain segment (15x EV/EBITDA).

FINANCIAL SUMMARY

	Net Sales (Rs mn)	EBITDA (%)	PAT (Rs mn)	EPS (Rs)	P/E (x)	EV/EBITDA (x)	ROE (%)
FY24	36,138	10.8	3,282	42.1	25	21	19
FY25	39,359	11.1	3,964	50.8	21	19	21
FY26E	42,103	11.6	4,222	54.1	20	17	19
FY27E	46,450	11.2	4,421	56.7	19	16	17
FY28E	52,030	11.5	4,948	63.4	17	14	17

THREE YEAR OUTLOOK

Business & Earnings ◀▶

- Expect TRPC to benefit from: 1) shift in volumes from the unorganized to organized sector, and 2) traction in multimodal logistics (TRPC is one of the few players with a presence across the value chain), which would drive revenue & EBITDA CAGR of 12%/13%, respectively, through FY26-29E.
- TRPC's established infrastructure, longstanding customer relationships and experienced management team (vintage of ~six decades) are expected to aid its position as a preferred 3PL partner. Further, the company's presence across the multimodal logistics value chain (JV with Concor for rail transportation & fleet of ships for waterway transportation) enables it to provide efficient end-to-end logistics solutions. Robust demand for multimodal logistics is likely to drive coastal shipping volume growth, benefiting the Seaways division. The addition of a new ship is a first for the organization and we believe it would be returns accretive. Expect the addition of a new ship every 15-18 months to cater to incremental demand. However, softening demand and increasing competition may dilute realization/profitability.
- Expect freight segment to benefit from higher contributions from LTL services. Freight segment's share in overall revenues would fall from 44% in FY25 to ~35% by FY29E.

Valuation Multiples ◀▶

- Improving operating cashflows, combined with reducing debt, are expected to drive RoCE (~16% in FY29E). Based on FY29E estimates, we see a potential upside of 41% (incl. dividends).

KEY ESTIMATES REVISION

	FY26E			FY27E		
	Old	New	Change	Old	New	Change
Sales	41,999	42,103	0%	47,478	46,450	-2%
EBITDA (%)	11.2	11.6	40 bps	11.6	11.2	-40 bps
PAT	4,058	4,222	4%	4,659	4,421	-5%
EPS	52.0	54.1	4%	59.7	56.7	-5%
Implied Target P/E	Before Results:		21.4	After Results:		20.7

All figures in Rs.Mn

OUTLOOK REVIEW 3QFY26
6 February 2025

Industry	LOGISTICS

Key Stock Data

Bloomberg	TRPC IN
Shares o/s	77mn
Market Cap	Rs. 82bn ($961mn)
52-wk High-Low	Rs. 1,309-686
3m ADV	Rs. 72mn ($1mn)
F&O	No

Latest Shareholding (%)

	Jun-25	Sep-25	Dec-25
Promoters	68.7	68.7	68.7
Institutions	15.6	15.9	15.9
Public	15.7	15.4	15.4
Pledge	0.0	0.0	0.0

Stock Performance (%)

	1m	3m	12m
TRPC	-1.3	-9.9	0.7
Sensex	-2.5	-0.2	6.4

RESEARCH ANALYSTS

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Transport Corporations of India Outlook Review 3QFY26 | Rating: ADD | TP: Rs. 1,170

Avendus SPARK

Quarterly Financial Statement

- Standalone Revenue came in at Rs. ~10.6bn, +7% YoY and +2% QoQ.
- Freight segment reported revenues of Rs. 4.4bn, flat YoY and +1% QoQ. The segment's EBIT margins at 2.1%, was down 50bps QoQ.
- Supply Chain segment reported revenues at Rs. 4.7bn, +15% YoY and -3% QoQ. EBIT margins at 5.7%, was down 30bps QoQ.
- Seaways segment revenues was at Rs. 1.7bn, +9% YoY and +19% QoQ. EBIT margins at 40.6% expanded 310bps QoQ.
- Gross margin at 21.5%, declined 10bps QoQ.
- Consequently, EBITDA came in at Rs. 1.2bn, +11% YoY/+7 % QoQ. EBITDA margins came in at 11.4%, a sequential increase of 60bps.
- Depreciation was at Rs. 283mn, up 3% YoY and 6% QoQ.
- PAT came in at Rs. 1.3bn, +10% YoY/+49% QoQ.

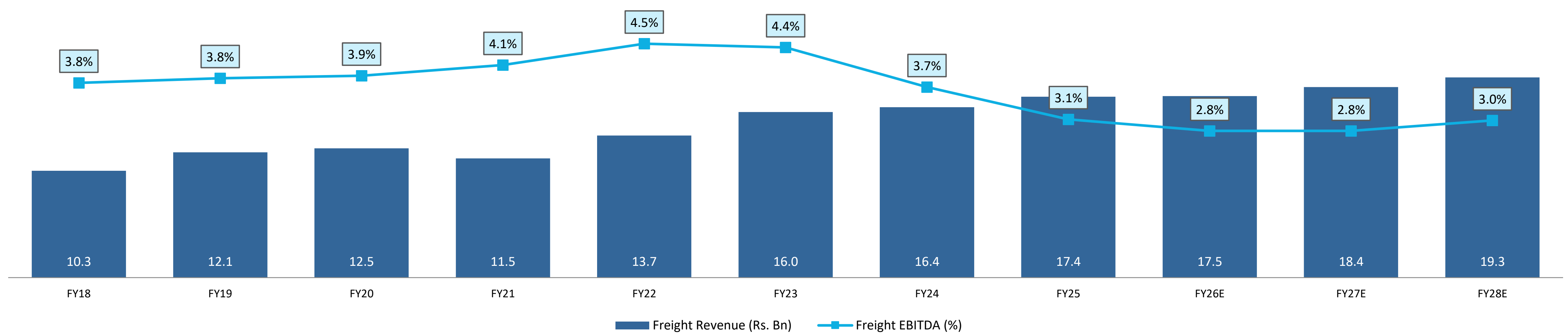
Standalone Financial Results

Rs. mn\Period	3QFY26	3QFY25	yoy Growth	2QFY26	qoq Growth	9MFY26	9MFY25	Yoy Growth
Revenue	**10,647**	**9,935**	**7.2%**	**10,484**	**1.6%**	**30,971**	**29,314**	**5.7%**
Operating expense	8,354	7,891	5.9%	8,218	1.7%	24,276	23,284	4.3%
Emp. cost	703	609	15.4%	676	4.0%	2,031	1,803	12.6%
Other expenses	376	337	11.6%	455	-17.4%	1,184	1,034	14.5%
Total Expenditure	9,433	8,837	6.7%	9,349	0.9%	27,491	26,121	5.2%
EBITDA	**1,214**	**1,098**	**10.6%**	**1,135**	**7.0%**	**3,480**	**3,193**	**9.0%**
Margin %	**11.4%**	**11.1%**	**35 bps**	**10.8%**	**58 bps**	**11.2%**	**10.9%**	**34 bps**
D&A	283	274	3.3%	268	5.6%	801	805	-0.5%
EBIT	**931**	**824**	**13.0%**	**867**	**7.4%**	**2,679**	**2,388**	**12.2%**
Other income	485	487	-0.4%	168	188.7%	1,151	1,072	7.4%
Net Interest exp (inc)	43	43	0.0%	47	-8.5%	131	107	22.4%
PBT	**1,373**	**1,268**	**8.3%**	**988**	**39.0%**	**3,699**	**3,353**	**10.3%**
Tax provision	68	86	-20.9%	110	-38.2%	274	294	-6.8%
Tax rate %	5.0%	6.8%	-27.0%	11.1%	-618 bps	7.4%	8.8%	-136 bps
PAT (Reported)	**1,305**	**1,182**	**10.4%**	**878**	**48.6%**	**3,425**	**3,059**	**12.0%**
PAT (Adjusted)	**1,305**	**1,182**	**10.4%**	**878**	**48.6%**	**3,425**	**3,059**	**12.0%**
Adjusted PAT Margin %	12.3%	11.9%	36 bps	8.4%	388 bps	11.1%	10.4%	62 bps
Shares Outstanding	78	78		78		78	78	
EPS (Reported)	**16.7**	**15.2**	**9.8%**	**11.3**	**48.6%**	**43.9**	**39.2**	**12.0%**
EPS (Adjusted)	**16.7**	**15.2**	**9.8%**	**11.3**	**48.6%**	**43.9**	**39.2**	**12.0%**

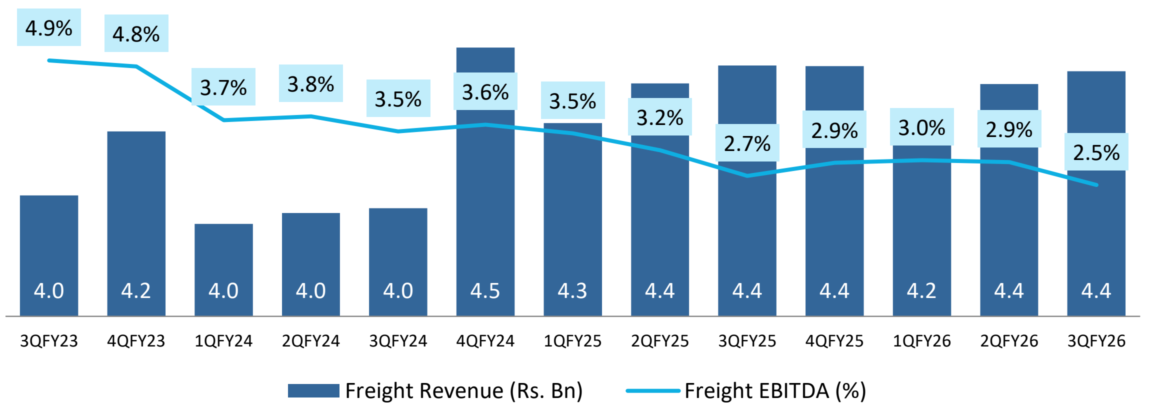
Source – Avendus Spark

Freight segment to benefit from higher LTL contribution

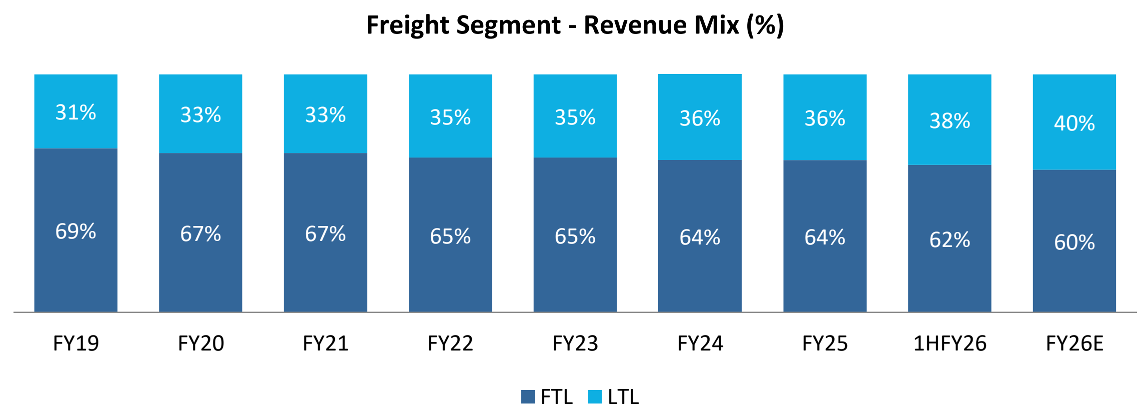
Freight Revenue CAGR estimated at 5% through FY26-28E driven by increasing LTL contribution in freight segment



Seasonal weakness in operations



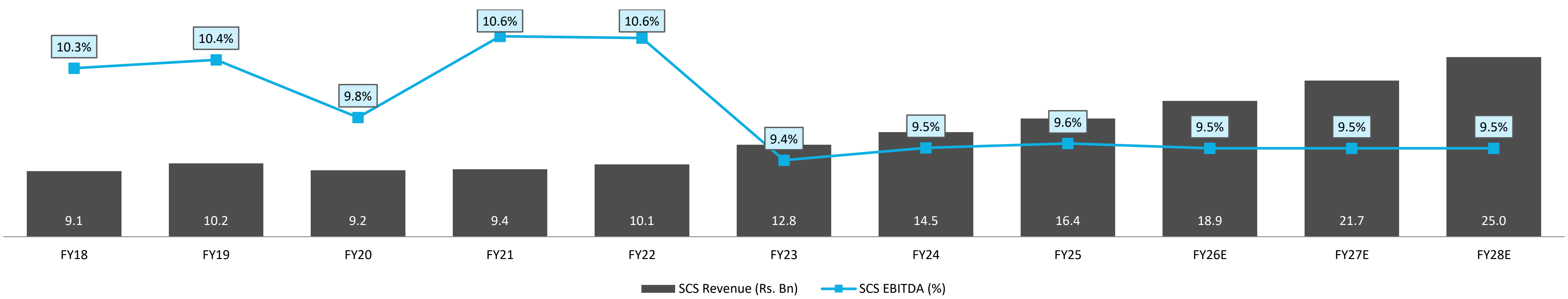
Expect LTL contribution at 40% by FY27E (38% in 6MFY26)



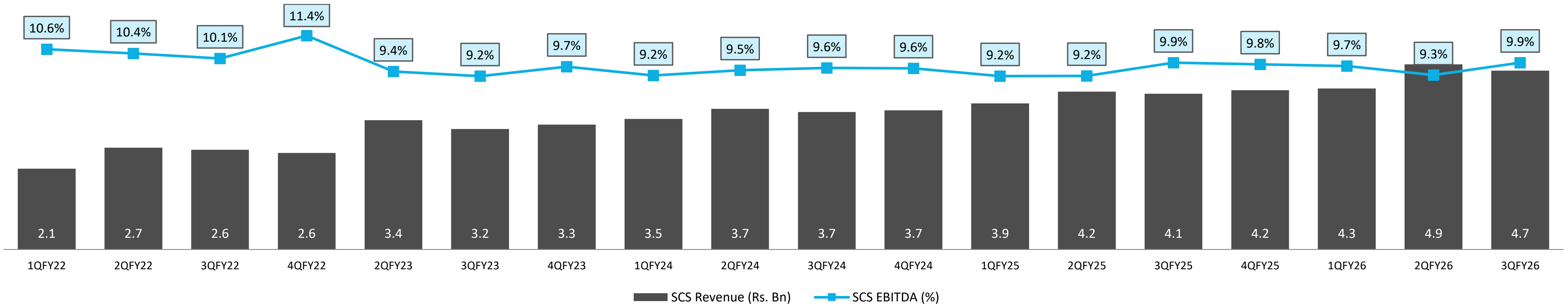
Source – Avendus Spark

SCS segment to benefit from scale up of new client contracts

Supply Chain division derives ~80% of its revenue from automotive sector; Expect addition of new clientele across verticals to drive 15% CAGR through FY26-28E



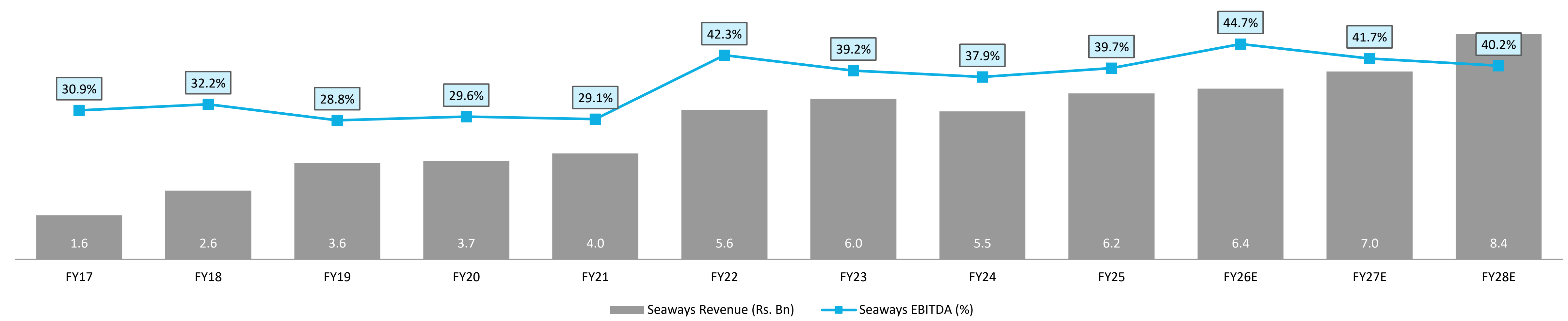
Growth momentum continued amidst retention and expansion of clients and new business acquisitions



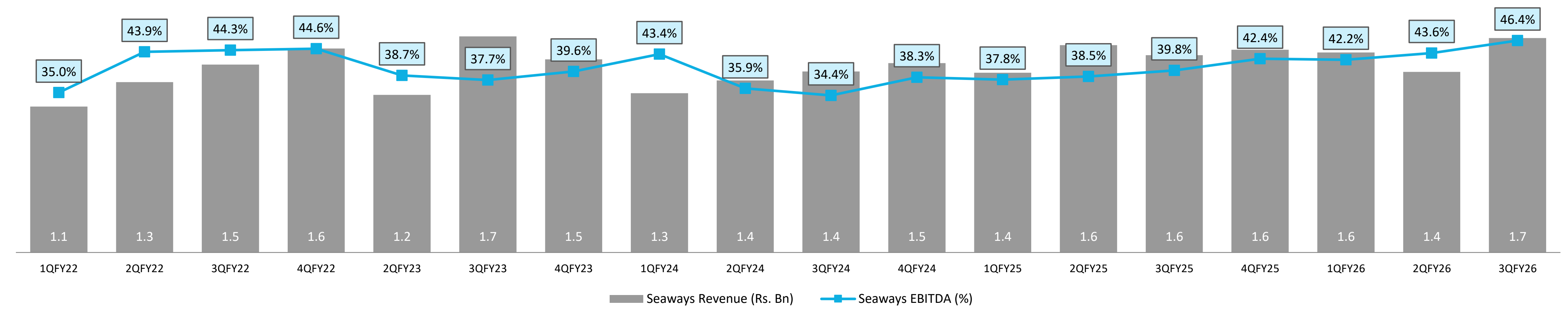
Source – Avendus Spark

Healthy growth in Seaways segment to be driven by ship addition

Seaways growth to be driven by new ship addition at regular intervals, Revenue CAGR estimated at 15% through FY26-28E



Decline in revenues due to flat volume growth rates and dry dock of a ship



Source – Avendus Spark

Avendus SPARK

SOTP

Arriving at Target price based on SOTP valuation

SOTP	Rs./Share	Value (Rs. mn)	Basis
TCI Freight	43	3,318	6x FY27E EV/EBITDA
TCI SCS	427	33,281	15x FY27E EV/EBITDA
TCI Seaways	485	37,835	12x FY27E EV/EBITDA
Others	1	42	2x FY27E EV/EBITDA
Net Cash(Net Debt)		863	
Value from TCI	**966**	**75,339**	**82.4% of Total**
Value from JV	**209**	**16,055**	**17.8% of Total; Adjusted for hold co discount**
No. Of Shares O/s (mn)		**78**	
Target Price	**1,172**	**91,394**	

Financial Summary

Standalone Financial Statements

Rs mn	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E	FY29E
Profit & Loss										
Revenue	**25,134**	**24,520**	**29,046**	**34,287**	**36,138**	**39,359**	**42,103**	**46,450**	**52,030**	**58,506**
Gross profit	4,864	4,782	6,498	7,164	7,438	8,196	9,020	10,183	11,667	13,412
EBITDA	**2,335**	**2,479**	**3,904**	**4,050**	**3,911**	**4,362**	**4,866**	**5,204**	**5,998**	**7,005**
Depreciation	777	881	1,076	1,168	1,205	1,060	1,037	1,163	1,336	1,509
EBIT	1,558	1,598	2,829	2,883	2,706	3,302	3,829	4,041	4,661	5,496
Other Income	283	352	311	638	996	1,234	1,144	1,167	1,163	1,165
Interest expense	324	248	109	82	105	150	175	184	202	202
Exceptional items	99	140	0	10	17	18	0	0	0	0
PBT	1,419	1,562	3,031	3,429	3,580	4,368	4,798	5,024	5,622	6,459
Reported PAT (after minority interest)	1,264	1,348	2,674	3,035	3,282	3,964	4,222	4,421	4,948	5,684
Adj PAT	**1,257**	**1,452**	**2,674**	**3,035**	**3,282**	**3,964**	**4,222**	**4,421**	**4,948**	**5,684**
EPS (Rs.)	**16.4**	**19.0**	**34.6**	**39.2**	**42.1**	**50.8**	**54.1**	**56.7**	**63.4**	**72.9**
Balance Sheet										
Net Worth	9,500	10,804	13,131	15,677	18,477	19,815	23,493	27,370	31,774	36,914
Total debt	4,083	2,735	765	846	1,318	1,840	1,940	1,840	1,840	1,840
Other liabilities and provisions	1,263	1,375	1,491	1,697	1,744	2,125	2,247	2,440	2,687	2,974
Total Networth and liabilities	15,109	15,177	15,634	18,474	21,830	24,089	27,989	31,959	36,610	42,037
Gross Fixed assets	13,159	14,305	15,382	16,410	18,013	19,730	23,320	27,070	30,820	34,570
Net fixed assets	7,521	7,786	7,787	7,648	8,046	8,703	11,256	13,843	16,257	18,497
Capital work-in-progress	216	52	73	260	1,087	2,529	2,529	2,529	2,529	2,529
Intangible Assets	0	0	0	0	0	0	0	0	0	0
Investments	888	858	998	1,722	4,136	3,364	3,364	3,364	3,364	3,364
Cash and bank balances	178	308	581	1,693	839	666	1,744	2,187	3,219	5,007
Loans & advances and other assets	2,324	2,223	2,237	2,526	2,811	3,068	3,167	3,493	3,913	4,400
Net working capital	3,982	3,951	3,959	4,626	4,911	5,759	5,930	6,542	7,328	8,240
Total assets	**15,109**	**15,177**	**15,634**	**18,474**	**21,830**	**24,089**	**27,989**	**31,959**	**36,610**	**42,037**
Capital Employed	13,846	13,802	14,142	16,777	20,086	21,964	25,742	29,519	33,923	39,063
Invested Capital (CE - cash - CWIP)	13,452	13,442	13,489	14,824	18,160	18,769	21,470	24,803	28,175	31,527
Net debt	3,905	2,427	184	-847	479	1,174	196	-347	-1,379	-3,167
Cash Flow										
Cash flows from Operations (Pre-tax)	2,748	2,976	3,993	3,591	3,527	3,757	5,687	5,441	6,001	6,857
Cash flows from Operations (post-tax)	2,353	3,043	3,556	3,415	3,166	3,420	5,112	4,838	5,326	6,082
Capex	1,304	1,442	731	1,476	2,049	3,283	3,590	3,750	3,750	3,750
Free cashflows	1,049	1,602	2,826	1,939	1,117	137	1,522	1,088	1,576	2,332
Free cashflows (post interest costs)	726	1,354	2,717	1,857	1,012	-13	1,346	904	1,374	2,129
Cash flows from Investing	-1,346	-959	-727	-1,854	-3,683	-1,055	-3,590	-3,750	-3,750	-3,750
Cash flows from Financing	-970	-1,941	-2,567	-514	-330	-2,766	-444	-644	-544	-544
Total cash & liquid investments	178	308	581	1,693	839	666	1,744	2,187	3,219	5,007

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Financial Summary

Standalone Financial Statements

	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E	FY29E
Key Variables										
Freight Segment Revenue	12,477.9	11,508.2	13,715.7	15,982.3	16,435.0	17,447.0	17,513.4	18,389.1	19,308.5	20,853.2
SCS Segment Revenue	9,249.5	9,376.4	10,051.9	12,803.7	14,538.0	16,429.0	18,889.3	21,722.7	24,981.1	28,228.6
Seaways Segment Revenue	3,677.4	3,952.8	5,577.8	5,989.5	5,526.0	6,199.0	6,376.3	7,013.9	8,416.7	10,100.0
Growth ratios (%)										
Revenue	-1.8	-2.4	18.5	18.0	5.4	8.9	7.0	10.3	12.0	12.4
EBITDA	-4.4	6.2	57.5	3.7	-3.4	11.5	11.6	6.9	15.3	16.8
Adj PAT	-1.0	6.6	98.4	13.5	8.1	20.8	6.5	4.7	11.9	14.9
Margin ratios (%)										
Gross	19.4	19.5	22.4	20.9	20.6	20.8	21.4	21.9	22.4	22.9
EBITDA	9.3	10.1	13.4	11.8	10.8	11.1	11.6	11.2	11.5	12.0
Adj PAT	5.0	5.5	9.2	8.9	9.1	10.1	10.0	9.5	9.5	9.7
Performance ratios										
Pre-tax OCF/EBITDA (%)	118	120	102	89	90	86	117	105	100	98
OCF/IC (%)	17	23	26	23	17	18	24	20	19	19
RoE (%)	14	13	22	21	19	21	19	17	17	17
RoCE (%)	12	12	20	20	18	20	18	17	16	16
RoCE (Pre-tax) (%)	14	14	22	23	20	22	21	19	18	18
Fixed asset turnover (x)	2.0	1.8	2.0	2.2	2.1	2.1	2.0	1.8	1.8	1.8
Total asset turnover (x)	1.7	1.6	1.9	2.0	1.8	1.7	1.6	1.5	1.5	1.5
Financial stability ratios										
Net Debt to Equity (x)	0.4	0.2	0.0	-0.1	0.0	0.1	0.0	-0.0	-0.0	-0.1
Net Debt to EBITDA (x)	1.7	1.0	0.0	-0.2	0.1	0.3	0.0	-0.1	-0.2	-0.5
Interest cover (x)	7	12	33	41	30	23	29	26	26	30
Cash conversion days	58	59	50	49	50	53	51	51	51	51
Total Working capital days	73	71	59	58	60	62	59	60	60	60
Valuation metrics										
Fully Diluted Shares (mn)	76.6	76.6	77.3	77.4	78.0	78.0	78.0	78.0	78.0	78.0
Market cap (Rs.mn)		82,766								
P/E (x)	64.7	56.0	30.7	27.0	25.2	20.9	19.6	18.7	16.7	14.6
P/Sales (x)	3.3	3.4	2.8	2.4	2.3	2.1	2.0	1.8	1.6	1.4
EV (Rs.mn) (ex-CWIP)	86,455	85,193	82,950	81,919	83,245	83,940	82,962	82,418	81,386	79,599
EV/ EBITDA (x)	37.0	34.4	21.2	20.2	21.3	19.2	17.0	15.8	13.6	11.4
EV/ OCF(x)	36.7	28.0	23.3	24.0	26.3	24.5	16.2	17.0	15.3	13.1
FCF Yield (%)	1.3%	1.9%	3.4%	2.3%	1.3%	0.2%	1.8%	1.3%	1.9%	2.8%
Price to BV (x)	8.7	7.7	6.3	5.3	4.5	4.2	3.5	3.0	2.6	2.2
Dividend yield (%)	0.2%	0.1%	0.5%	0.7%	0.7%	0.9%	0.7%	0.7%	0.7%	0.7%
Dividend pay-out (%)	12%	6%	15%	18%	17%	19%	13%	12%	11%	10%

Avendus SPARK

Crystal Ball Gazing

Over FY22-29E, revenue growth is likely to be driven by 1) shift from unorganised to organized sector, 2) logistics supply chain outsourcing to 3PL players, and 3) traction in multimodal logistics. EBITDA growth is expected to be led by higher contributions from supply chain services(3PL) and increase in the movement of freight by multimodal logistics.

Healthy Revenue and EBITDA growth

	FY11-FY14	FY14-FY22	FY22-FY29E
Revenues CAGR	5%	9%	11%
Gross Margin	19%	20%	22%
EBITDA CAGR	3%	18%	9%
EBITDA margin	7.6%	9.4%	11.7%
EPS CAGR	6%	27%	11%
Total Asset Turnover (x)	2.5	2.0	1.7
Total WC days	56	66	60
Pre-tax OCF/EBITDA (%)	87%	104%	98%
Post Tax OCF as a % of IC	15%	18%	21%
Debt/EBITDA	2.1	2.5	(0.1)

Improving operating efficiencies resulting in healthy returns

	FY11-FY14	FY14-FY22	FY22-FY29E
RoE (%)	15.2%	15.9%	19.2%
RoCE (%)	10.9%	12.6%	18.1%
RoIC (%)	15.6%	14.3%	18.5%

Healthy operating performance to sustain multiple

SOTP	FY29 EBITDA (Rs.mn)	EV/EBITDA (x)	EV (Rs.mn)
TCI Freight	653	6.0	3,918
TCI SCS	2,682	15.0	40,231
TCI Seaways	4,059	12.0	48,703
Others	21	2.0	42
Net Debt (Rs.mn)			-3,167
Mkt Cap (Rs.mn)			96,061
Standalone TP			**1,232**
JV and Subs (Transystem, TCI Concor, Cold Chain)			234
Dividend			28
Target Price			**1,493**

Entry = Rs. 1,061 @ 18.7x FY27E P/E + Cumulative Dividends of Rs. 28/share + EPS CAGR of ~11%, implied target multiple of 25.9x on FY29E P/E = Total Return of 41%

Source: Company, Spark Capital

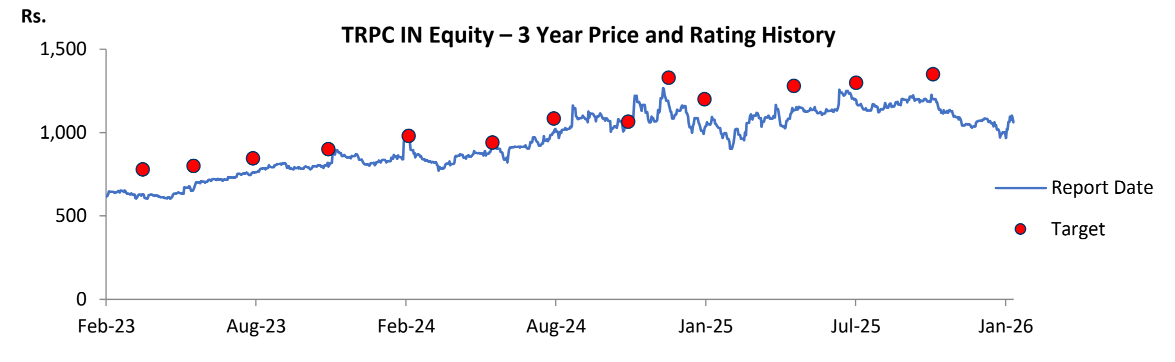
Glossary

AGV	Automated guided vehicle
AMR	Autonomous mobile robot
ASC	Automated sort capacity
3PL	*Third Party Logistics Service Provider*
BPS	Book Value per share
BS	Balance sheet
BV	Book Value
CAGR	Compounded Annual Growth Rate
CASA	Current Account + Savings Account
CC	Cash Credit
D2C	Direct to consumer
CG	Corporate Governance
CMP	Current Market Price
CV	Commercial Vehicle
DPS	Dividend per share
DTA	Deferred Tax Assets
FTL	Full Truck Load
EPS	Earnings per share
FI	Financial Institution/Intermediary
JV	Joint Venture
LTL	Less than Truckload
LC	Letter of Credit
LCV	Light Commercial Vehicle
LoU	Letter of Undertaking
MHCV	Medium & Heavy Commercial Vehicle
MSE	Micro & Small Enterprises
MSME	Micro, Small & Medium Enterprises
MTM	Marked-to-Market
OI	Other Income
Opex	Operating Expenses
P&L	Profit & Loss
P/BV	Price to Book Value
P/E	Price to Earnings
PAT	Profit After Tax
PBT	Profit Before Tax
PTL	Part truck load

RoE	Return on Equity
RoCE	Return on Capital Employed
SaaS	Software as a service
SCV	Small Commercial Vehicle
SCS	Supply chain services
SEBI	Securities & Exchange Board of India
SLA	Service level agreement
SME	Small & Medium Enterprises
SOTP	Sum of the Parts
TP	Target Price
UAV	Unmanned aerial vehicle
UV	Utility Vehicle
WMS	Warehouse management system

Transport Corporations of India Outlook Review 3QFY26 | Rating: ADD | TP: Rs. 1,170

Spark Recommendation History



Report Date	CMP (Rs.)	TP (Rs.)	Reco.
31-Oct-25	1,205	1,350	ADD
30-Jul-25	1,200	1,300	ADD
16-May-25	1,128	1,280	BUY
28-Jan-25	991	1,200	BUY
16-Dec-24	1,191	1,330	BUY
28-Oct-24	1,040	1,065	ADD
30-Jul-24	998	1,085	ADD
17-May-24	911	940	ADD
06-Feb-24	958	980	ADD
01-Nov-23	819	900	ADD
02-Aug-23	760	845	BUY
22-May-23	649	800	BUY
22-Mar-23	630	780	BUY
31-Jan-23	625	855	BUY
01-Nov-22	715	855	BUY

Absolute Rating Interpretation

BUY	Stock expected to provide positive returns of >15% over a 1-year horizon
ADD	Stock expected to provide positive returns of >5% – <15% over a 1-year horizon
REDUCE	Stock expected to provide returns of <5% – -10% over a 1-year horizon
SELL	Stock expected to fall >10% over a 1-year horizon

Symbol Interpretation

◄► No Change | ▼ Downgrade | ▲ Upgrade

Avendus SPARK

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