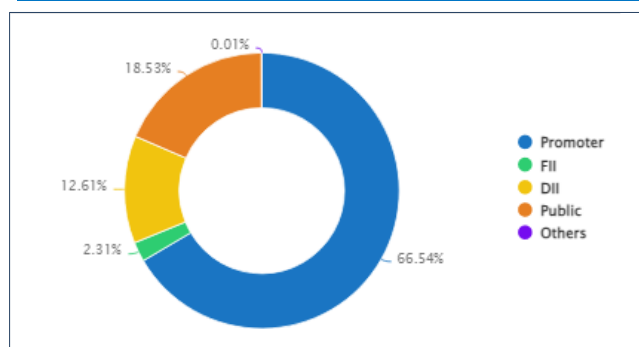


April 2022

**VALUE PARAMETERS**

Face Value (Rs.)	2.00
EPS (TTM)	34.8
52-Week High/Low	858/254
M.Cap (Rs. in Cr.)	5150
P/E Ratio (TTM)	19
Sector P/E	72
P/B Ratio (calc at CMP)	3.98
Dividend Yield (%)	0.38
Enterprise value	5247

**SHAREHOLDING PATTERN**



**FINANCIAL PERFORMANCE**

	ACTUAL	FORECAST	
	FY Mar-21	FY Mar-22	FY Mar-23
Sales (Rs. Cr)	2802.4	3250	3800
EBITDA (Rs. Cr)	261.2	337	407
EBITDA margin	9.3	10.37	10.71
PAT (Rs. Cr)	160.2	300	320
EPS (Rs)	20.8	37	40
ROE	12	21.2	20
ROCE	12.5	18.5	17.9
DPS	2.5	2.0	2.0
P/E	30.1	17	18

**Price performance over 1-year**



**Our Recommendation:** Given the present scenario of recovery and revival in economic activity after lockdown, reforms like GST and e-way bill, and Govt’s boost to infra sector and recent solid Q3 results, the company will outperform in coming quarters. Thus, we recommend BUY in price range Rs. 630-660 with targetprice 760 (upside 20%).

**Investment Rationale:**

**About Company:** Transport Corporation of India Limited is India's leading integrated supply chain and logistics provider and is the leader in cargo transportation segment in India. The company offers multimodal transportation solutions. TCIL is the flagship company of TCI Group and provides full truck load and less-than-full-truck load transportation to over 3000 destinations in India. TCI moves 2.5% of India’s GDP by value and is the market leader of Indian Logistics Industry. The company has network of 1200 company owned offices and big fleet of customized vehicles. The company manages warehouse of more than 12 million sq ft. Other group companies are- TCI Express, TCI Developers Ltd, TCI concor and TCI Institute of Logistics.

**Q3FY22 results highlights:** TCIL reported strong quarterly earnings beating earnings estimates.

- Revenue stood at Rs 759.34 crore in December 2021 up 6.17% from Rs. 715.19 crore in December 2020.
- Net Profit rose to Rs. 77.59 crore in December 2021 up 93.73% from Rs. 40.05 crore in December 2020.
- EBITDA stands at Rs. 114.01 crore in December 2021 up 35.61% from Rs. 84.07 crore in December 2020.
- EPS has increased to Rs. 10.05 in December 2021 from Rs. 5.20 in December 2020.

**Key Highlights:**

- Rs 250-Cr Capex is planned for FY23. Of which 125 Cr will be spent on ships and containers and rest will be spent on getting new trucks and expansion of warehouses.
- Govt’s Gati Shakti initiative will provide boost to logistics industry and reduce logistics cost and increase turnaround time.
- TCIL entered in joint venture with MITSU through its subsidiary TCI Cold Chain Solutions to tap in the benefits of increased demand for temperature-controlled logistics solutions.

**Industry Overview & TCIL growth:**

- After easing of COVID led lockdown, entire logistics industry faced tailwinds in 2FQFY22 and 3FQFY22 and will this trend will continue in Q4.
- Road freight will be strongly benefited by Govt’s reforms like GST and e-way bill. These steps will help shift business to organised player and improve turnaround and connectivity.
- Seaway segment will get boost from 250 Cr Capex planned in FY23 with buying of new ships and containers.
- The company reported record high margin of 13% in 2FQFY22 and 3QFY22. Increased freight rate and high value return load from Myanmar helped Seaways segment record strong margin.

**Risks:** Continued hikes in diesel prices could affect margin, slow pick-up in auto-sector and semi-conductor shortage issue.

## Financials and Valuations

### Consolidated Income Statement (Rs. Cr)

Particulars	FY18	FY19	FY20	FY21
<b>Revenue</b>	<b>2349.9</b>	<b>2753.6</b>	<b>2717.8</b>	<b>2802.4</b>
Change (%)	21	17.2	-1.3	3.1
Gross Margin (%)	18.9	18.2	18.5	18
<b>EBITDA</b>	<b>216.5</b>	<b>249.5</b>	<b>240.5</b>	<b>261.2</b>
Margin (%)	9.2	9.1	8.9	9.3
Depreciation	68.6	77.4	82.5	92.8
<b>EBIT</b>	<b>147.8</b>	<b>172.1</b>	<b>158</b>	<b>168.4</b>
Interest and Finance Charges	32.2	37.4	34.3	26.7
Other Income	14.4	19.5	20.1	25.5
<b>PBT</b>	<b>130.1</b>	<b>154.2</b>	<b>143.8</b>	<b>167.2</b>
Tax	28.7	33.3	15.9	23.8
Tax Rate (%)	22	21.6	11.1	14.3
PAT before adjustments	101.4	120.9	127.9	143.4
Share of profit/loss of Associates & JV	22.4	25.1	25.2	20.1
Minority Interest	0	0	-0.8	-0.33
Extraordinary Items	0	0.7	0.99	13.1
Reported PAT	123.8	145.3	142.4	147.1
<b>Adjusted PAT</b>	<b>123.8</b>	<b>146</b>	<b>152.2</b>	<b>160.2</b>
Change (%)	52.4	17.9	4.3	5.2
Margin (%)	5.3	5.3	5.6	5.7

### Consolidated Balance Sheet (Rs. Cr)

	FY18	FY19	FY20	FY21
<b>Source of Fund</b>				
Share Capital	15.3	15.3	15.4	15.4
Total Reserves	747	877	1,009	1,154
<b>Shareholder's Fund</b>	<b>762</b>	<b>892</b>	<b>1,024</b>	<b>1,170</b>
Minority Interest	4.7	5.2	5.7	8.6
Deferred Tax Liabilities	44.5	39	30.2	27.3
Total Loans	440	470	419	277
<b>Capital Employed</b>	<b>1,251</b>	<b>1,407</b>	<b>1,478</b>	<b>1,482</b>
Gross Block	787	950	1,060	1,068
Less: Depreciation	162	224	311	328
<b>Fixed Assets</b>	<b>625</b>	<b>727</b>	<b>748</b>	<b>741</b>
Capital work-in-progress	56.3	4	45	69
<b>Total Investments</b>	<b>104</b>	<b>117</b>	<b>135</b>	<b>150</b>
<b>Current Assets</b>	<b>611</b>	<b>768</b>	<b>755</b>	<b>779</b>
Inventory	3.3	5.3	6.6	7.1
Account Receivables	425	515	487	511
Cash and Bank Balances	14.2	15.5	25.9	39.5
Loans and Advances	23.5	26.8	26.8	12.4
Others	145	206	208	209
<b>Current Liabilities</b>	<b>147</b>	<b>210</b>	<b>205</b>	<b>257</b>
Account Payables	59.7	67.4	63.9	75.9
Other Current Liabilities	82	136	131	172
Provisions	5.5	6.5	10.2	8.6
<b>Net Current Assets</b>	<b>464</b>	<b>559</b>	<b>550</b>	<b>523</b>
<b>Total Application of Funds</b>	<b>1,251</b>	<b>1,407</b>	<b>1,478</b>	<b>1,482</b>

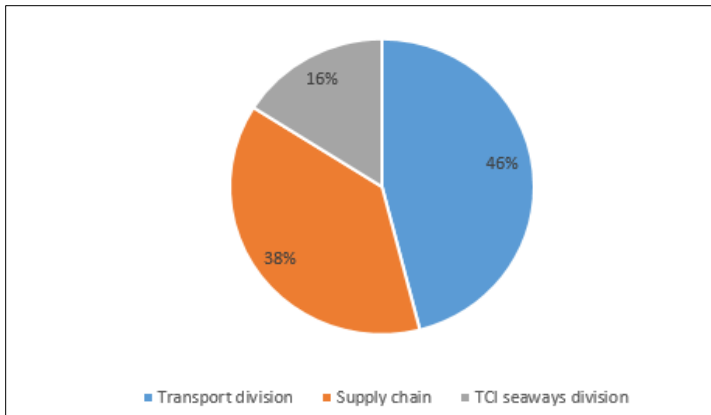
## Consolidated Cash Flow Statement (Rs. Cr)

Y/E March	FY18	FY19	FY20	FY21
Operating Profit	152.5	178.6	159.1	174.3
Depreciation	68.6	77.4	82.5	92.8
Direct Taxes Paid	-36.8	-34.2	-41.0	5.2
(Inc)/Dec in WC	-57.6	-75.8	18.1	23.2
Other Items	30.1	33.1	24.2	9.3
<b>Cash Flow from Operations</b>	<b>156.8</b>	<b>179.1</b>	<b>242.8</b>	<b>304.7</b>
(Inc)/Dec in FA	-151.1	-125.9	-132.1	-124.1
<b>Free Cash Flow</b>	<b>5.7</b>	<b>53.2</b>	<b>110.8</b>	<b>180.7</b>
Change in Investments	-0.8	-4.9	-5.5	-1.7
Others	20.9	-26.8	2.2	19.6
<b>Cash Flow from Investments</b>	<b>-130.9</b>	<b>-157.6</b>	<b>-135.3</b>	<b>-106.2</b>
Change in Equity	0.0	1.2	2.4	4.0
Inc/(Dec) in Debt	18.4	30.7	-52.3	-141.9
Dividends Paid	-16.3	-18.2	-20.1	-9.6
Others	-32.3	-33.8	-34.3	-30.2
<b>Cash Flow from Financing Activity</b>	<b>-30.3</b>	<b>-20.2</b>	<b>-104.4</b>	<b>-177.6</b>
Inc/(Dec) in Cash	-4.4	1.3	3.1	20.9
Opening Balance	18.7	14.2	10.1	13.2
<b>Closing Balance</b>	<b>14.2</b>	<b>15.5</b>	<b>13.2</b>	<b>34.1</b>

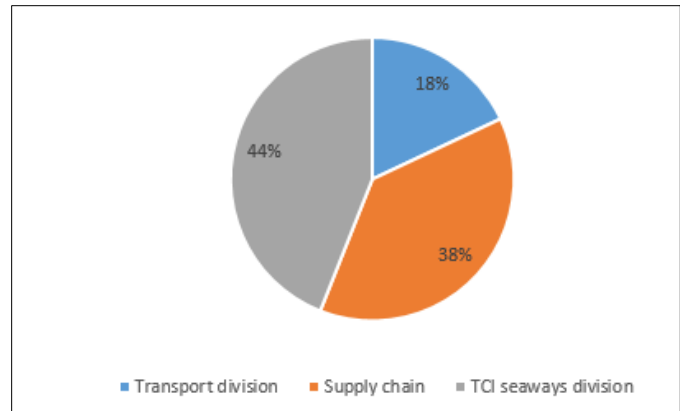
## Key Ratios

Particulars	FY18	FY19	FY20	FY21
<b>Return Ratios (%)</b>				
ROE	14.44	14.63	12.43	11.96
ROCE	14.3	14.89	12	12.52
ROA	7.72	8	7.16	7.61
<b>Efficiency Ratios (%)</b>				
EBITDA margin	9.83	9.77	9.59	10.23
PAT margin	4.31	4.37	4.34	4.65
EPS	16.1	18.9	19.7	20.8
EPS growth (%)	52.4	17.9	4.3	5.2
BV/Share	98.8	115.7	132.8	151.7
DPS	1.6	1.8	2	2.5
<b>Valuation (x)</b>				
P/E	38.9	33	31.7	30.1
EV/EBITDA	23.7	20.7	21.1	18.8
EV/Sales	2.2	1.9	1.9	1.8
P/BV	6.3	5.4	4.7	4.1
Dividend Yield (%)	0.3	0.3	0.3	0.4
<b>Solvency Ratios</b>				
Total debt/Equity ratio	0.58	0.53	0.41	0.24
Total debt/asset ratio	31.45	29.1	24.87	15.91
Current ratio	1.3	1.41	1.5	1.77
Quick ratio	1.29	1.4	1.49	1.75

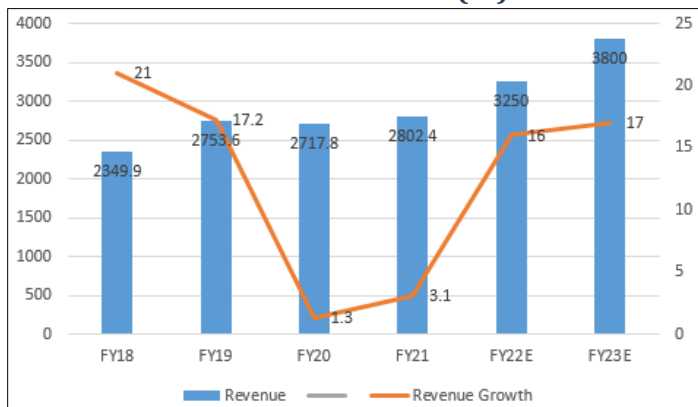
### Segmental Revenues--FY21



### EBITDA Segment wise – FY21

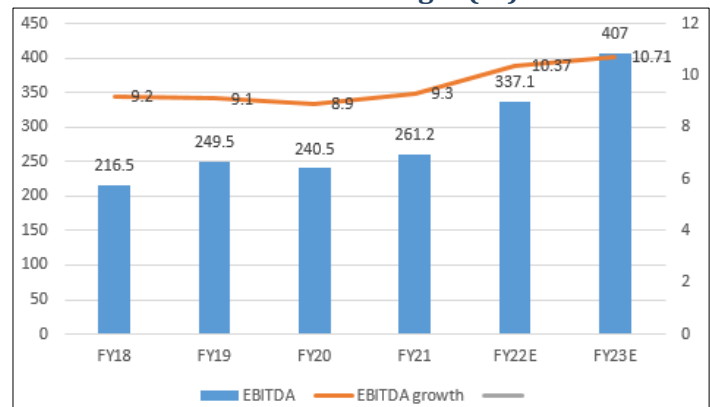


### Revenue & Revenue Growth (%)



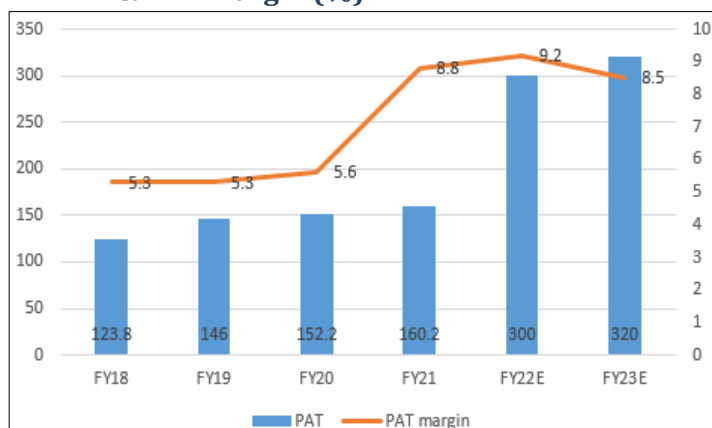
Revenue to grow at the rate of 16-17% after easing In lockdown/restriction led by strong demand in logistics industry.

### EBITDA & EBITDA margin (%)



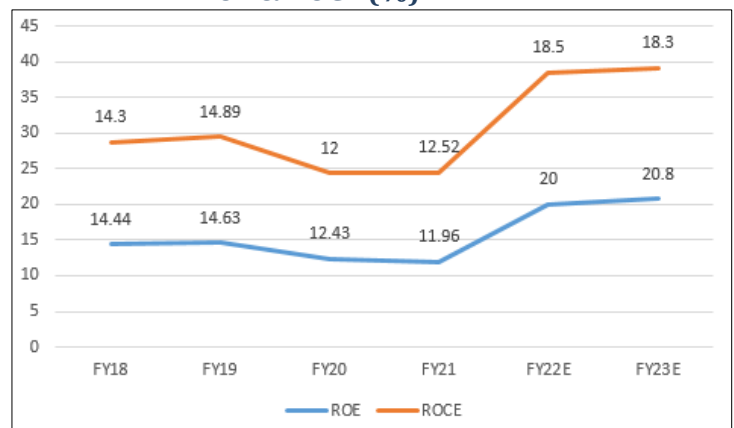
EBITDA Margin will continue to be high in FY22 and forward.

### PAT & PAT margin (%)



PAT will grow on the basis on robust operating margin.

### ROE & ROCE (%)



Strong economic activity in logistics after easing lockdown will drive ROE and ROCE up.

## QUERIES &amp; FEEDBACK

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