

TRANSPORT CORPORATION OF INDIA LTD
Result Update (PARENT BASIS): Q3 FY20

CMP: 269.40

JAN 30th, 2020

Overweight

ISIN:
INE688A01022

Index Details

Stock Data

Sector	Surface Transportation
BSE Code	532349
Face Value	2.00
52wk. High / Low (Rs.)	326.65/255.00
Volume (2wk. Avg.)	1475
Market Cap (Rs. in mn.)	20703.39

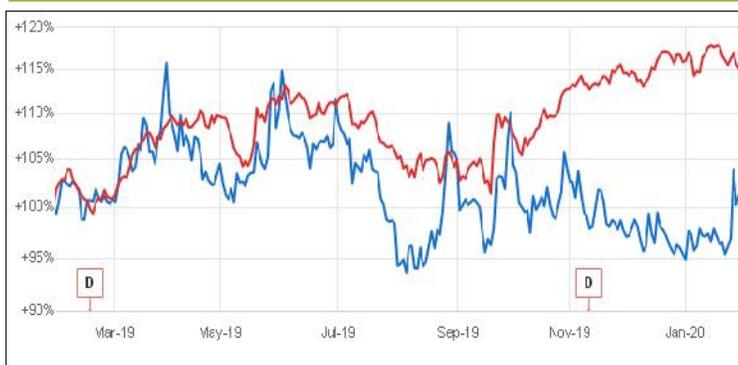
Annual Estimated Results(A*: Actual / E*: Estimated)

Years(Rs. In mn)	FY19A	FY20E	FY21E
Net Sales	25582.90	25868.07	28196.20
EBITDA	2710.50	2719.77	2944.94
Net Profit	1276.40	1325.88	1532.53
EPS	16.65	17.25	19.94
P/E	16.18	15.61	13.51

Shareholding Pattern (%)

	As on Dec 2019	As on Sep 2019
Promoter	66.84	66.84
Public	33.16	33.16
Others	--	--

1 Year Comparative Graph



TRANSPORT CORPORATION OF INDIA LTD

S&P BSE SENSEX

SYNOPSIS

- Transport Corporation of India Limited (TCI), India's leading integrated multimodal logistics service provider.
- The company has achieved a turnover of Rs. 6473.40 million for Q3 FY2019-20 as against Rs. 6624.50 million in Q3 FY2018-19.
- During Q3 FY20, EBIDTA stood at Rs. 684.50 million as against Rs. 686.20 million in the corresponding period of the previous year.
- During Q3 FY20, PBT stood at Rs. 396.20 million from Rs. 379.80 million in Q3 FY19.
- During the quarter, net profit rose by 7.28% and stood at Rs. 321.30 million as compared to Rs. 299.50 million in the corresponding quarter ending of previous year.
- EPS of the company stood at Rs. 4.18 in Q3 FY20 as against Rs. 3.91 in the corresponding quarter of the previous year.
- In 9M FY20, revenue stood at Rs.18876.80 million as against Rs. 18642.50 million in 9M FY19.
- During 9M FY20, PAT of Rs. 951.40 million as against Rs. 840.20 million in 9M FY19, up by 13.23%.
- Net Sales and PAT of the company are expected to grow at a CAGR of 12% and 22% over 2018 to 2021E, respectively.

PEER GROUPS	CMP	MARKET CAP	EPS(TTM)	P/E (X)(TTM)	P/BV(X)	DIVIDEND
Company Name	(Rs.)	Rs. in mn.	(Rs.)	Ratio	Ratio	(%)
Transport Corporation of India Ltd	269.40	20703.39	18.06	14.92	2.47	90.00
ABC India Ltd	72.05	390.30	18.18	3.96	1.33	0.00
Patel Integrated Logistics Ltd	23.70	408.40	6.49	3.65	0.32	5.00

QUARTERLY HIGHLIGHTS (PARENT BASIS)

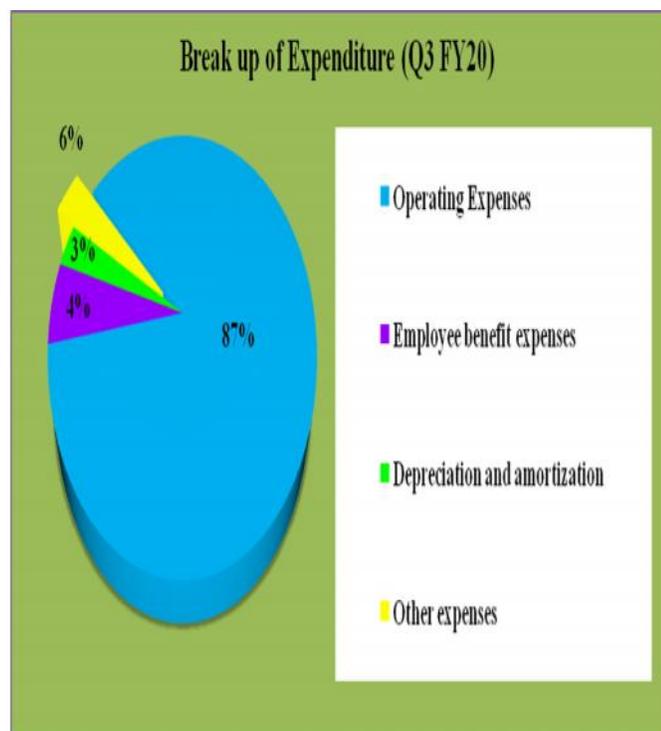
Results updates- Q3 FY20,

(Rs. In Million)	Dec-19	Dec-18	% Change
Revenue	6473.40	6624.50	-2.28%
PAT	321.30	299.50	7.28%
EPS	4.18	3.91	7.00%
EBITDA	684.50	686.20	-0.25%

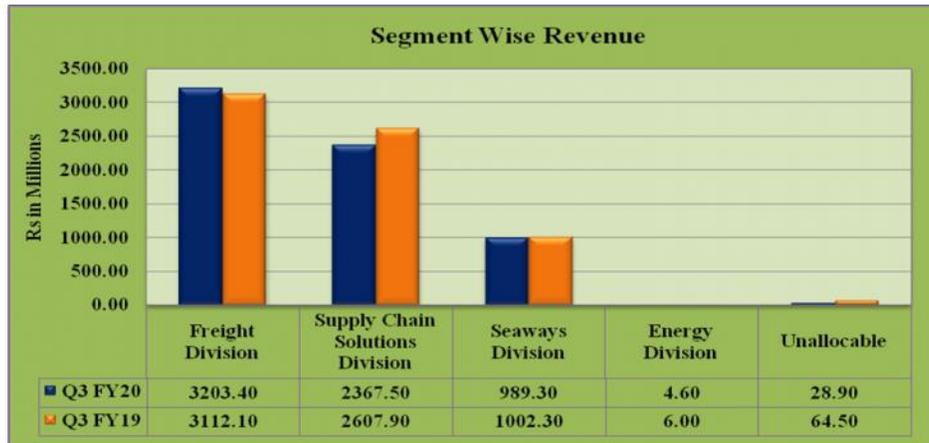
Transport Corporation of India Ltd has achieved a turnover of Rs. 6473.40 million for the 3rd quarter of the FY 2019-20 as against Rs. 6624.50 million in the corresponding quarter of the previous year. During the quarter, net profit rose by 7.28% and stood at Rs. 321.30 million as compared to Rs. 299.50 million in the corresponding quarter ending of previous year. Reported earnings per share of the company stood at Rs. 4.18 in Q3 FY20 as against Rs.3.91 in the corresponding quarter of the previous year. Profit before interest, depreciation and tax stood at Rs. 684.50 million as against Rs. 686.20 million in the corresponding period of the previous year.

Break up of Expenditure

Break up of Expenditure	Value in Rs. Million		
	Q3 FY20	Q3 FY19	% Change
Operating Expenses	5241.40	5438.30	-4%
Employee benefit expenses	370.40	339.70	9%
Depreciation and amortization	204.00	204.60	0%
Other expenses	234.60	241.60	-3%



Segment Revenue



COMPANY PROFILE

Group TCI, with revenues of over Rs. 4,300 Cr, is India's leading integrated supply chain and logistics solutions provider. TCI group with expertise developed over 6 decades has an extensive network of company owned offices, 12 mn. Sq. ft. of Warehousing space and a strong team of trained employees. With its customer-centric approach, world class resources, State-of-Art technology and professional management, the group follows strong corporate governance and is committed to value creation for its stakeholders and social responsibilities. TCI was the first to launch several solutions in the logistics field. Its product offering includes:

TCI Freight: India's leading surface transport entity. This division is fully equipped to provide total transport solutions for cargo of any dimension or product segment. It transports cargo on FTL (Full truck load)/ LTL (Less than truck load)/ Small packages and consignments/ Over Dimensional cargo.

TCI Supply Chain Solutions: TCI SCS is a single window enabler of integrated supply chain solutions right from conceptualization and designing the logistics network to actual implementation. The core service offerings are - Supply Chain Consultancy, Inbound Logistics, Warehousing / Distribution Centre Management & Outbound Logistics.

TCI Seaways: TCI Seaways is well equipped with seven ships in its fleet and caters to the coastal cargo requirements for transporting containers and bulk cargo.

TCI Express Ltd: A leading express distribution specialist that offers a single window door-to-door & time definite solution for customers' express requirements. It serves across 40,000 locations in India and 262 countries abroad.

TCI Developers Ltd: It undertakes development of large modern Warehouses, Logistics Parks etc.

TCI Foundation: As the group's social arm, TCIF fulfils corporate social responsibility and runs charitable hospitals and schools for the under-privileged in the rural areas. It has also collaborated with the Bill & Melinda Gates Foundation &



National Aids Control Organization to run programs on AIDS interventions and education among the vulnerable trucking community.

FINANCIAL HIGHLIGHT (PARENT BASIS)

(A* - Actual, E* -Estimations & Rs. In Millions)

Balance Sheet as of March 31, 2018 -2021E

	FY18A	FY19A	FY20E	FY21E
ASSETS				
1) Non-Current Assets				
a) Property, plant and equipment	6230.10	7050.20	6838.69	7180.63
b) Right Of Use Assets	0.00	0.00	236.40	250.58
c) Capital work in progress	563.20	40.20	935.40	1038.29
d) Intangible assets	5.70	5.00	5.15	5.36
e) Financial Assets				
i) Investments	312.90	938.20	928.82	984.55
ii) Loans	106.20	46.30	67.14	78.55
iii) Other financial assets	29.60	13.10	23.45	26.73
f) Other non-current assets	313.50	667.20	593.81	647.25
Sub - Total Non- Current Assets	7561.20	8760.20	9628.85	10211.94
2) Current Assets				
a) Inventories	33.10	53.20	56.92	60.34
b) Financial Assets				
i) Trade receivables	3896.70	4765.80	4527.51	4889.71
ii) Cash and cash equivalents	114.40	67.00	67.67	71.05
iii) Bank balances	15.30	54.60	57.88	60.77
iv) Loans	125.50	217.90	237.51	254.14
v) Other financial assets	7.40	6.30	6.24	6.36
c) Current tax assets (net)	354.20	306.30	419.63	503.56
d) Other current assets	667.80	963.80	1445.70	1691.47
Sub - Total Current Assets	5214.40	6434.90	6819.06	7537.40
Total Assets (1+2)	12775.60	15195.10	16447.91	17749.34
EQUITY AND LIABILITIES				
1) EQUITY				
a) Equity Share Capital	153.20	153.30	153.70	153.70
b) Other Equity	6616.20	8216.40	9542.28	10925.91
Total Equity	6769.40	8369.70	9695.98	11079.61
2) Non Current Liabilities				
a) Financial Liabilities				
i) Borrowings	1514.40	1804.90	1425.87	1226.25
ii) Lease Liability	0.00	0.00	28.30	29.72
b) Deferred tax liabilities (net)	442.70	390.30	308.34	283.67
c) Government grants	18.00	19.60	20.19	20.79
Sub - Total Non Current Liabilities	1975.10	2214.80	1782.70	1560.43
3) Current Liabilities				
a) Financial Liabilities				
i) Borrowings	2286.20	2148.80	2342.19	2435.88
ii) Trade payables	570.70	649.00	687.94	722.34
iii) Lease Liability	0.00	0.00	3.60	3.71
iv) Other financial liabilities	754.70	1050.70	948.94	881.25
b) Provisions	54.80	64.50	58.70	63.98
c) Government Grant	2.30	0.40	0.60	0.69
d) Other current liabilities	362.40	697.20	927.28	1001.46
Sub - Total Current Liabilities	4031.10	4610.60	4969.24	5109.30
Total Equity and Liabilities (1+2+3)	12775.60	15195.10	16447.91	17749.34

Annual Profit & Loss Statement for the period of 2018 to 2021E

Value(Rs.in.mn)	FY18A	FY19A	FY20E	FY21E
Description	12m	12m	12m	12m
Net Sales	21805.10	25582.90	25868.07	28196.20
Other Income	217.60	268.50	277.83	294.49
Total Income	22022.70	25851.40	26145.90	28490.69
Expenditure	-19685.40	-23140.90	-23426.13	-25545.76
Operating Profit	2337.30	2710.50	2719.77	2944.94
Interest	-308.40	-355.80	-320.41	-301.19
Gross profit	2028.90	2354.70	2399.36	2643.75
Depreciation	-673.30	-751.90	-794.06	-857.58
Exceptional Items	-40.00	0.00	-98.80	0.00
Profit Before Tax	1315.60	1602.80	1506.50	1786.16
Tax	-278.20	-326.40	-180.62	-253.64
Net Profit	1037.40	1276.40	1325.88	1532.53
Equity capital	153.20	153.30	153.70	153.70
Reserves	6643.90	8216.40	9542.28	10925.91
Face value	2.00	2.00	2.00	2.00
EPS	13.54	16.65	17.25	19.94

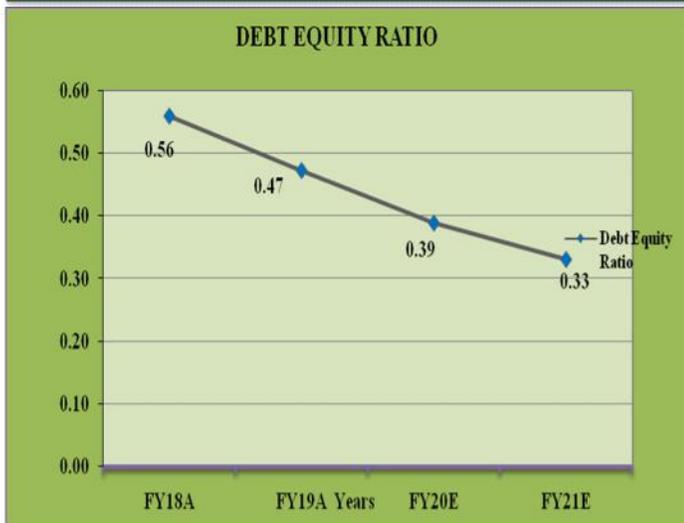
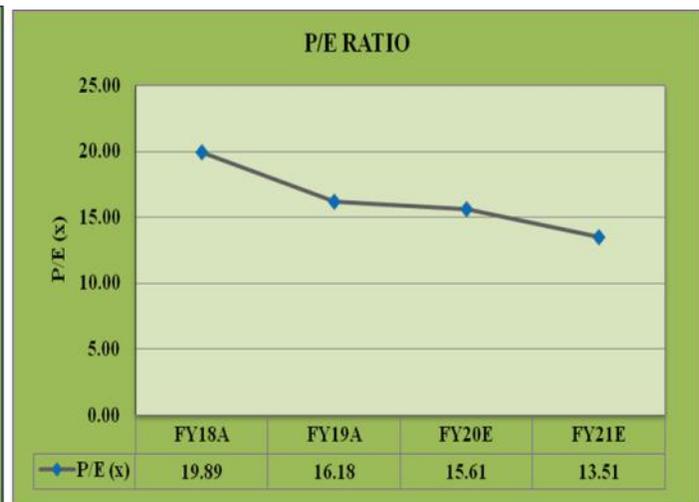
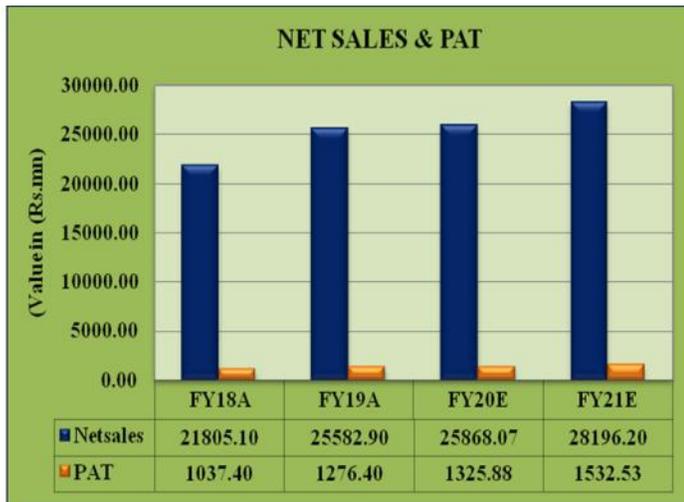
Quarterly Profit & Loss Statement for the period of 30th June, 2019 to 31st Mar, 2020E

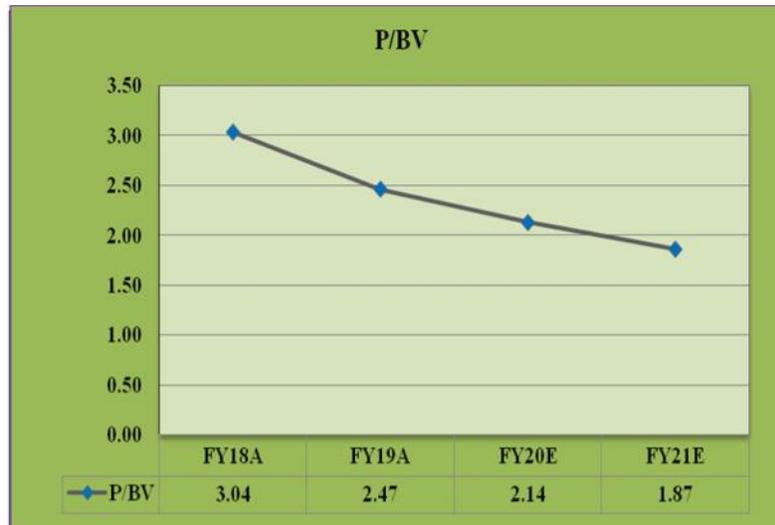
Value(Rs.in.mn)	30-Jun-19	30-Sep-19	31-Dec-19	31-Mar-20E
Description	3m	3m	3m	3m
Net sales	6121.10	6282.30	6473.40	6991.27
Other income	75.30	83.50	57.50	61.53
Total Income	6196.40	6365.80	6530.90	7052.80
Expenditure	-5557.00	-5716.60	-5846.40	-6306.13
Operating profit	639.40	649.20	684.50	746.67
Interest	-82.40	-77.00	-84.30	-76.71
Gross profit	557.00	572.20	600.20	669.96
Depreciation	-188.10	-189.80	-204.00	-212.16
Exceptional Items	0.00	-98.80	0.00	0.00
Profit Before Tax	368.90	283.60	396.20	457.80
Tax	-71.50	49.10	-74.90	-83.32
Net Profit	297.40	332.70	321.30	374.48
Equity capital	153.30	153.70	153.70	153.70
Face value	2.00	2.00	2.00	2.00
EPS	3.88	4.33	4.18	4.87

Ratio Analysis

Particulars	FY18A	FY19A	FY20E	FY21E
EPS (Rs.)	13.54	16.65	17.25	19.94
EBITDA Margin (%)	10.72%	10.59%	10.51%	10.44%
PBT Margin (%)	6.03%	6.27%	5.82%	6.33%
PAT Margin (%)	4.76%	4.99%	5.13%	5.44%
P/E Ratio (x)	19.89	16.18	15.61	13.51
ROE (%)	15.26%	15.25%	13.67%	13.83%
ROCE (%)	15.70%	15.89%	14.30%	14.16%
Debt Equity Ratio	0.56	0.47	0.39	0.33
EV/EBITDA (x)	10.40	9.03	8.95	8.23
Book Value (Rs.)	88.73	109.19	126.17	144.17
P/BV	3.04	2.47	2.14	1.87

Charts





OUTLOOK AND CONCLUSION

- At the current market price of **Rs. 269.40**, the stock P/E ratio is at 15.61 x FY20E and 13.51 x FY21E respectively.
- Earning per share (EPS) of the company for the earnings for FY20E and FY21E is seen at Rs. 17.25 and Rs. 19.94 respectively.
- Net Sales and PAT of the company are expected to grow at a CAGR of 12% and 22% over 2018 to 2021E, respectively.
- On the basis of EV/EBITDA, the stock trades at 8.95 x for FY20E and 8.23 x for FY21E.
- Price to Book Value of the stock is expected to be at 2.14 x and 1.87 x for FY20E and FY21E respectively.
- Hence, we say that, we are **Overweight** in this particular scrip for **Medium to Long term** investment.

INDUSTRY PROFILE

Global Logistics Industry Overview

The global logistic industry is estimated to grow at a CAGR of 7.4% during the 2018 to 2026 and reach a value of US\$ 16445.1. The valuation of global logistics and supply industry has increased with the expansion in e-commerce sector, fuelled by increased penetration of high-speed internet, advancements in technology and a rise in popularity towards online shopping. This will act as a steady driving force for the logistics industry over the next few years.

The Asia-Pacific (APAC) region currently accounts for the largest share in the logistics market. Primary growth factors for the logistics market in APAC include a growing middle-class population, rising disposable income, and increasing adoption of Internet and mobile services, all of which contribute to a significant growth of the region's e-commerce sales.

Depending on these factors, the logistics market in APAC is expected to grow at a CAGR of over 13% during the forecast period.

The key players in the region are entering into mergers and acquisitions to diversify their portfolio and increase their global presence. New trade corridors between Asia and Africa, Asia and South America and within Asia will re-chart global supply chains. Trade volumes will shift towards emerging markets and least developed countries will take their first steps into the global marketplace

Indian Logistics Industry Overview

Indian logistics sector employs around 22 million people across the nation. The logistic sector, especially the road logistics, plays a vital role in facilitating economic activity and trade movement in the country. Post implementation of GST, the sector has witnessed series of developments, which have led to increased efficiency in the entire logistics ecosystem. The sector continues to grow and prosper due to the improvement in retail, e-commerce, manufacturing and various other sectors.

The growth was also backed by an increase in scope for warehousing, transportation, shipping services, express cargo delivery, container services and other similar services. E-commerce logistics has also arisen as a key focus area. Given the integral part that logistics plays in the E-commerce value chain, many established players and specialized start-ups have entered this space. These areas, together with Cold Chain and Warehousing have provided growth opportunities for organized players.

The Indian logistic industry is poised to grow remarkably, due to support of Government initiatives like the E-way bill, GST, the National Logistic Policy amongst many other. This should also lead to improvement in the global metric, Logistic Policy Index (LPI) where India is currently ranked at number 44 and add to the GDP of the country. As a result of the transformations and changes led by the surplus amount of investments, the industry will further stimulate job creation.

Revolutionary Change in Logistics Industry

The logistics industry has been evolving at rapid pace with the advancement of technologies. In order to achieve higher productivity, speed and inventory accuracy at a lower cost, companies are adopted various state-of-the-art technologies such as automation, robotic solution and data analytics. With low barrier to entry in the segment, start-ups are changing the dynamics of the industry. The start-ups have been introducing improved and new technology which has enabled them to offer services at a very low cost and reduced transit time.

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