

## Q4FY21 Result Update

**Hold**

| Industry                       | Logistics      |
|--------------------------------|----------------|
| <b>CMP (Rs)</b>                | <b>424</b>     |
| <b>FY23E Target Price (Rs)</b> | <b>452</b>     |
| <b>52 Week H/L (Rs)</b>        | <b>423/148</b> |
| <b>Volumes (BSE+NSE)*</b>      | <b>28,243</b>  |
| <b>Shares O/S (mn)</b>         | <b>76.6</b>    |
| <b>Market Cap (Rs bn)</b>      | <b>32.0</b>    |
| <b>Free Float (%)</b>          | <b>33.2</b>    |
| <b>Bloomberg Code</b>          | <b>TRPC IN</b> |
| <b>Reuters Code</b>            | <b>TCIL.BO</b> |

\* Three Month Daily Average

### Share Holding Pattern (31/03/2021)

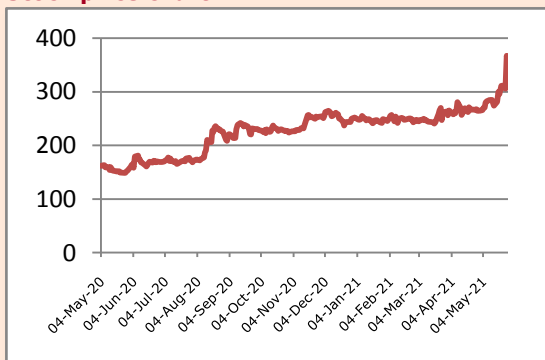
| Particulars  | Shares (mn) | Holding (%)  |
|--------------|-------------|--------------|
| Promoters    | 51.2        | 66.8         |
| FIIIs        | 1.2         | 1.6          |
| DIIIs        | 9.4         | 12.2         |
| Others       | 14.8        | 19.4         |
| <b>Total</b> | <b>76.6</b> | <b>100.0</b> |

Source : BSE

### Financial Highlights - Consolidated

| Particulars (Rs mn) | FY21   | FY22E  | FY23E  |
|---------------------|--------|--------|--------|
| Sales               | 28,024 | 30,266 | 34,806 |
| EBITDA              | 2,612  | 2,875  | 3,446  |
| EBITDA Margin       | 9.3%   | 9.5%   | 9.9%   |
| Net Profit          | 1,586  | 1,843  | 2,308  |
| EPS (Rs)            | 21.0   | 24.1   | 30.1   |
| EV/EBITDA (x)       | 13.0   | 11.6   | 9.2    |
| P/E (x)             | 19.9   | 17.4   | 13.9   |
| RoE                 | 14.7%  | 15.0%  | 16.5%  |

### Stock price chart


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Transport Corporation of India (TCI) reported consolidated revenues of Rs 8.9bn, a y-o-y increase of 33.7%. We were expecting a revenue growth of 28.0% y-o-y.

The various Divisions (consolidated) revenues performed thus :

- Transport Division: 29.8% growth y-o-y.
- Supply Chains Solution Division: 42.0% growth y-o-y. This was led by a recovery in autos which contributes to 80% of revenues. Also helping growth was client addition in FMCG & e-commerce.
- Seaways Division: 24.4% y-o-y growth.

EBITDA margins recorded 110bps y-o-y increase because of growth across key divisions. EBIT margins of the various Divisions are :

- 70bps y-o-y increase in margin in Transport Division to 4.0%.
- 190bps y-o-y growth in margin in the Supply Chain Solutions Division to 6.9%.
- 200bps y-o-y increase in Seaways Division to 23.5%

Net profit increase was at 86.5% y-o-y to Rs 672mn, better than our expectation of a growth of 56.4% y-o-y. This was due to better profit from JV, higher EBITDA margin.

### Changing product mix in favour of the Supply Chain Solution business, which largely caters to the auto sector

Supply Chain Solution has higher EBIT margins as compared to the Transport division. Another division which TCI is focusing on is the Seaways division, which has the highest EBIT margins amongst all the divisions.

### Seaways division topline growth was a bit muted

This is because, of the seven ships that it has, three ships were under dry dock and 1 ship was sold in mid February 2021.

### TCI's JVs have generated good profit

TCI has JVs with Concor (to provide multi modal solutions) and Mitsui & Co (for auto supply chain solutions for Toyota and other Japanese companies present in India). The TCI-Concor JV is building upon its capabilities in chemical logistics and multimodal integrated logistic solutions.

### Board has approved raising upto Rs 2bn via debt instruments.

### Has entered into a JV with Mitsui for cold chain logistics

TCI's subsidiary, TCI Cold Chain Solutions Ltd, has entered into this JV.

### Outlook and Valuations

TCI trades at a P/E of 17.4x and 13.9x FY22E and FY23E earnings respectively. We value TCI at 15x FY23E EPS. On that basis, we assign a fair price of Rs 452 and recommend a Hold rating on TCI.

**Segmental Performance (Consolidated)**

| Particulars                     | Q4FY21       | Q4FY20       | Y-o-Y Change | Q3FY21       | Q-o-Q Change | FY21          | FY20          | Y-o-Y Change  |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|---------------|
| <b>Revenue (Rs mn)</b>          |              |              |              |              |              |               |               |               |
| Transport                       | 4,763        | 3,671        | 29.8%        | 3,549        | 34.2%        | 14,763        | 14,334        | 3.0%          |
| Supply Chain Solutions          | 3,041        | 2,142        | 42.0%        | 2,513        | 21.0%        | 9,711         | 9,490         | 2.3%          |
| Seaways Division                | 1,301        | 1,046        | 24.4%        | 932          | 39.6%        | 3,953         | 3,677         | 7.5%          |
| Power Division                  | 5            | 6            | -10.2%       | 17           | -68.5%       | 38            | 55            | -30.2%        |
| Un-allocable & Corporate        | 81           | -40          | NA           | 62           | 30.3%        | 196           | 107           | 83.8%         |
| Less: Intersegment Revenue      | 152          | 79           | 92.8%        | 39           | 286.0%       | 382           | 283           | 34.9%         |
| Less: Other Income              | 113          | 68           | 66.6%        | 66           | 72.0%        | 255           | 201           | 26.7%         |
| <b>Total Revenue</b>            | <b>8,927</b> | <b>6,678</b> | <b>33.7%</b> | <b>6,969</b> | <b>28.1%</b> | <b>28,024</b> | <b>27,179</b> | <b>3.1%</b>   |
|                                 |              |              |              |              |              |               |               |               |
| <b>PBT (Rs mn)</b>              |              |              |              |              |              |               |               |               |
| Transport                       | 173          | 123          | 54.5%        | 120          | 58.0%        | 334           | 300           | 11.2%         |
| Supply Chain Solutions          | 200          | 107          | 96.2%        | 166          | 25.5%        | 398           | 439           | -9.3%         |
| Seaways Division                | 235          | 225          | 35.8%        | 155          | 97.7%        | 430           | 508           | -15.4%        |
| Power Division                  | -3           | 0            | NA           | 11           | NA           | 15            | 24            | -37.7%        |
| Less : Interest                 | 63           | 85           | -27.9%       | 69           | -11.9%       | 206           | 259           | -20.3%        |
| Less: Un-allocable Expense      | 22           | 28           | 144.5%       | 34           | 102.3%       | 71            | 80            | -11.1%        |
| Add: Un-allocable Income        | 27           | 20           | 324.0%       | 62           | 37.4%        | 114           | 145           | -21.4%        |
| Add: Share of Profit/loss of JV | 52           | 57           | 82.1%        | 47           | 123.7%       | 97            | 194           | -50.0%        |
| Less : Exceptional Items        | -104         | 0            | NA           | 0            | NA           | -104          | -99           | -5.6%         |
| <b>Total PBT</b>                | <b>495</b>   | <b>418</b>   | <b>75.8%</b> | <b>457</b>   | <b>61.1%</b> | <b>1,007</b>  | <b>1,173</b>  | <b>-14.1%</b> |
|                                 |              |              |              |              |              |               |               |               |
| <b>EBIT Margins</b>             |              |              |              |              |              |               |               |               |
| Transport                       | 4.0%         | 3.3%         | +70 bps      | 3.4%         | +60 bps      | 3.5%          | 3.1%          | +40 bps       |
| Supply Chain Solutions          | 6.9%         | 5.0%         | +190 bps     | 6.6%         | +30 bps      | 6.3%          | 6.0%          | +30 bps       |
| Seaways Division                | 23.5%        | 21.5%        | +200bps      | 16.6%        | +690bps      | 18.6%         | 20.5%         | -190 bps      |

## Quarterly Financials (Consolidated)

| Particulars (Rs mn)        | Q4FY21       | Q4FY20       | Y-o-Y Change | Q3FY21       | Q-o-Q Change | FY21          | FY20          | Y-o-Y Change |
|----------------------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|--------------|
| <b>Operating Income</b>    | <b>8,927</b> | <b>6,678</b> | <b>33.7%</b> | <b>6,969</b> | <b>28.1%</b> | <b>28,024</b> | <b>27,179</b> | <b>3.1%</b>  |
| Less: Expenditures         |              |              |              |              |              |               |               |              |
| Operating Cost             | 7,295        | 5,406        | 35.0%        | 5,763        | 26.6%        | 22,972        | 22,143        | 3.7%         |
| Staff Costs                | 440          | 420          | 4.6%         | 341          | 29.0%        | 1,455         | 1,572         | -7.4%        |
| Other Operating Costs      | 305          | 266          | 14.8%        | 243          | 25.8%        | 984           | 1,058         | -7.0%        |
| <b>EBITDA</b>              | <b>886</b>   | <b>586</b>   | <b>51.3%</b> | <b>622</b>   | <b>42.4%</b> | <b>2,612</b>  | <b>2,405</b>  | <b>8.6%</b>  |
| EBITDA Margin              | 9.9%         | 8.8%         | +110 bps     | 8.9%         | +240 bps     | 9.3%          | 8.8%          | +50 bps      |
| Exceptional Items          | -26          | 0            | NA           | 0            | NA           | -104          | -99           | 5.6%         |
| Other Income               | 113          | 68           | 66.6%        | 66           | 72.0%        | 255           | 201           | 26.7%        |
| Depreciation               | 280          | 208          | 35.1%        | 209          | 34.2%        | 928           | 825           | 12.5%        |
| <b>EBIT</b>                | <b>693</b>   | <b>446</b>   | <b>55.3%</b> | <b>479</b>   | <b>44.5%</b> | <b>1,835</b>  | <b>1,682</b>  | <b>9.1%</b>  |
| Interest                   | 61           | 85           | -27.9%       | 69           | -11.9%       | 267           | 343           | -22.2%       |
| Profit/Loss of JV          | 104          | 57           | 82.3%        | 47           | NA           | 201           | 251           | -19.8%       |
| Profit Before tax          | 736          | 418          | 75.8%        | 457          | 61.1%        | 1,743         | 1,590         | 9.6%         |
| Tax                        | 81           | 57           | 41.8%        | 84           | -3.8%        | 238           | 159           | 49.9%        |
| <b>Profit After Tax</b>    | <b>655</b>   | <b>362</b>   | <b>81.2%</b> | <b>373</b>   | <b>75.7%</b> | <b>1,504</b>  | <b>1,431</b>  | <b>5.1%</b>  |
| Non Controlling Interest   | 9            | 1            | 790.0%       | 3            | NA           | 23            | 15            | 52.3%        |
| <b>Adjusted Net Profit</b> | <b>672</b>   | <b>361</b>   | <b>86.5%</b> | <b>369</b>   | <b>82.0%</b> | <b>1,612</b>  | <b>1,515</b>  | <b>6.4%</b>  |
| EPS (Rs)                   | 8.8          | 4.7          | 86.5%        | 4.8          | 82.0%        | 21.0          | 19.8          | 6.4%         |

## Income Statement (Consolidated)

| Y/E March (Rs mn)             | FY19          | FY20          | FY21          | FY22E         | FY23E         |
|-------------------------------|---------------|---------------|---------------|---------------|---------------|
| <b>Income from operations</b> | <b>27,537</b> | <b>27,178</b> | <b>28,024</b> | <b>30,266</b> | <b>34,806</b> |
| <i>Growth y-o-y</i>           | 17.4%         | -1.3%         | 3.1%          | 8.0%          | 15.0%         |
| Less:                         |               |               |               |               |               |
| Operating costs               | 22,515        | 22,143        | 22,972        | 24,667        | 28,227        |
| Staff costs                   | 1,408         | 1,572         | 1,455         | 1,665         | 1,914         |
| Other operating & admin costs | 1,124         | 1,058         | 984           | 1,059         | 1,218         |
| <b>EBITDA</b>                 | <b>2,489</b>  | <b>2,405</b>  | <b>2,612</b>  | <b>2,875</b>  | <b>3,446</b>  |
| <i>EBITDA margin</i>          | 9.0%          | 8.8%          | 9.3%          | 9.5%          | 9.9%          |
| Exceptional items             | 7             | -104          | -104          | 0             | 0             |
| Other income                  | 195           | 201           | 255           | 272           | 313           |
| Depreciation                  | 774           | 825           | 928           | 930           | 1,000         |
| <b>EBIT</b>                   | <b>1,917</b>  | <b>1,781</b>  | <b>1,835</b>  | <b>2,218</b>  | <b>2,759</b>  |
| Interest                      | 374           | 343           | 267           | 258           | 258           |
| Share in net profit of JV     | 251           | 251           | 201           | 200           | 200           |
| Profit before tax             | 1,794         | 1,689         | 1,743         | 2,159         | 2,701         |
| Tax                           | 333           | 159           | 238           | 302           | 378           |
| <b>Profit after tax</b>       | <b>1,460</b>  | <b>1,530</b>  | <b>1,504</b>  | <b>1,857</b>  | <b>2,323</b>  |
| <b>Adjusted net profit</b>    | <b>1,445</b>  | <b>1,515</b>  | <b>1,586</b>  | <b>1,843</b>  | <b>2,308</b>  |
| <i>Growth y-o-y</i>           | 17.3          | 4.9           | 4.7           | 16.2          | 25.2          |
| EPS (Rs)                      | 18.9          | 19.8          | 21.0          | 24.1          | 30.1          |

**Balance Sheet Statement (Consolidated)**

| Y/E March (Rs mn)                      | FY19          | FY20          | FY21          | FY22E         | FY23E         |
|--|---------------|---------------|---------------|---------------|---------------|
| Share capital                          | 153           | 154           | 154           | 154           | 154           |
| Reserves and surplus                   | 8,766         | 10,085        | 11,543        | 12,679        | 14,867        |
| <b>Shareholders' funds</b>             | <b>8,920</b>  | <b>10,239</b> | <b>11,697</b> | <b>12,833</b> | <b>15,021</b> |
| Borrowed funds                         | 4,142         | 2,686         | 2,347         | 2,347         | 2,347         |
| Lease liability                        | 0             | 31            | 118           | 118           | 118           |
| Minority interest                      | 52            | 57            | 86            | 86            | 86            |
| Deferred tax liability (Net)           | 390           | 102           | 273           | 273           | 273           |
| <b>Total Liabilities</b>               | <b>13,504</b> | <b>13,114</b> | <b>14,521</b> | <b>15,657</b> | <b>17,845</b> |
| <b>Net fixed assets</b>                | <b>7,308</b>  | <b>7,933</b>  | <b>8,046</b>  | <b>8,093</b>  | <b>8,094</b>  |
| Investments                            | 1,168         | 1,354         | 1,500         | 1,440         | 1,380         |
| Current assets, loans & advances       | 7,683         | 6,321         | 7,750         | 9,122         | 11,819        |
| Less: Current liabilities & provisions | 2,656         | 2,493         | 2,776         | 2,998         | 3,448         |
| <b>Net current assets</b>              | <b>5,027</b>  | <b>3,828</b>  | <b>4,974</b>  | <b>6,124</b>  | <b>8,371</b>  |
| <b>Total Assets</b>                    | <b>13,504</b> | <b>13,114</b> | <b>14,521</b> | <b>15,657</b> | <b>17,845</b> |

**Cash Flow Statement (Consolidated)**

| Y/E March (Rs mn)                   | FY19         | FY20         | FY21         | FY22E        | FY23E        |
|-------------------------------------|--------------|--------------|--------------|--------------|--------------|
| <b>Profit before tax</b>            | <b>1787</b>  | <b>1690</b>  | <b>1743</b>  | <b>2159</b>  | <b>2562</b>  |
| Depreciation                        | 774          | 825          | 928          | 930          | 1000         |
| Interest expense                    | 374          | 343          | 267          | 258          | 258          |
| Change in receivables               | 0            | 0            | 0            | 0            | 0            |
| Change in inventories               | -902         | 278          | -237         | -409         | -828         |
| Change in other current assets      | -20          | -13          | -5           | -3           | -11          |
| Change in other current liabilities | -949         | 1201         | -1061        | -175         | -354         |
| Taxes paid, net                     | -333         | -159         | -238         | -302         | -359         |
| <b>CF from operations</b>           | <b>1480</b>  | <b>4010</b>  | <b>2703</b>  | <b>2696</b>  | <b>2736</b>  |
| Capex, net                          | -1980        | -1533        | -1469        | -1678        | -1679        |
| (Purchase)/sale of investments      | 189.4        | -185.3       | -146.4       | 60           | 60           |
| Others                              | 644.6        | 0            | 0            | 0            | 0            |
| <b>Cash from investing</b>          | <b>-1146</b> | <b>-1719</b> | <b>-1615</b> | <b>-1618</b> | <b>-1619</b> |
| Interest paid                       | -374         | -343         | -267         | -258         | -258         |
| Change in borrowings, net           | 188.9        | -1456.2      | -1338.8      | 0            | 0            |
| Dividends paid                      | -159         | -530         | -530         | -707         | 0            |
| Equity issuance                     | 0.10         | 0.40         | 0.00         | 0.00         | 0.00         |
| <b>Cash from financing</b>          | <b>-321</b>  | <b>-2188</b> | <b>-961</b>  | <b>-294</b>  | <b>387</b>   |
| Net change in cash and equivalents  | 13           | 103          | 126          | 784          | 1504         |
| Opening cash balance                | 142          | 155          | 259          | 385          | 1170         |
| <b>Closing cash balance</b>         | <b>155</b>   | <b>259</b>   | <b>385</b>   | <b>1170</b>  | <b>2673</b>  |

## Key Ratios (Consolidated)

| Y/E March                    | FY19  | FY20  | FY21  | FY22E | FY23E |
|------------------------------|-------|-------|-------|-------|-------|
| <b>Profitability</b>         |       |       |       |       |       |
| ROE                          | 17.5% | 15.8% | 14.7% | 15.0% | 16.5% |
| ROCE                         | 15.0% | 12.2% | 12.8% | 14.7% | 16.4% |
| <b>Margins</b>               |       |       |       |       |       |
| EBITDA                       | 9.0%  | 8.8%  | 9.3%  | 9.5%  | 9.9%  |
| Net Profit                   | 5.2%  | 5.6%  | 5.8%  | 6.1%  | 6.6%  |
| <b>Leverage and Coverage</b> |       |       |       |       |       |
| Interest Coverage            | 19.5% | 20.4% | 14.6% | 11.6% | 9.4%  |
| Debt/Equity                  | 0.5   | 0.4   | 0.2   | 0.2   | 0.2   |
| <b>Per Share</b>             |       |       |       |       |       |
| EPS (Rs)                     | 18.9  | 19.8  | 21.0  | 24.1  | 30.1  |
| Book Value Per Share (Rs)    | 116.4 | 133.7 | 152.7 | 167.5 | 197.7 |
| <b>Valuation</b>             |       |       |       |       |       |
| P/E                          | 22.2  | 21.2  | 19.9  | 17.4  | 13.9  |
| P/BV                         | 3.6   | 3.1   | 2.7   | 2.5   | 2.1   |
| EV/Sales                     | 1.3   | 1.3   | 1.2   | 1.1   | 0.9   |
| EV/EBITDA                    | 14.5  | 14.8  | 13.0  | 11.6  | 9.2   |

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