

## Q4FY22 Result Update

**Hold**

|                                |                  |
|--------------------------------|------------------|
| <b>Industry</b>                | <b>Logistics</b> |
| <b>CMP (Rs)</b>                | <b>735</b>       |
| <b>FY24E Target Price (Rs)</b> | <b>805</b>       |
| <b>52 Week H/L (Rs)</b>        | <b>858/388</b>   |
| <b>Volumes (BSE+NSE)*</b>      | <b>28,243</b>    |
| <b>Shares O/S (mn)</b>         | <b>77.3</b>      |
| <b>Market Cap (Rs bn)</b>      | <b>55.3</b>      |
| <b>Free Float (%)</b>          | <b>33.4</b>      |
| <b>Bloomberg Code</b>          | <b>TRPC IN</b>   |
| <b>Reuters Code</b>            | <b>TCIL.BO</b>   |

\* Three Month Daily Average

### Share Holding Pattern (31/03/2022)

| Particulars  | Shares (mn) | Holding (%)  |
|--------------|-------------|--------------|
| Promoters    | 51.4        | 66.6         |
| FIIIs        | 2.1         | 2.7          |
| DIIIs        | 9.5         | 12.2         |
| Others       | 14.3        | 18.5         |
| <b>Total</b> | <b>77.3</b> | <b>100.0</b> |

Source : BSE

### Financial Highlights - Consolidated

| Particulars (Rs mn) | FY22   | FY23E  | FY24E  |
|---------------------|--------|--------|--------|
| Sales               | 32,567 | 36,670 | 40,227 |
| EBITDA              | 4,087  | 4,540  | 4,626  |
| EBITDA Margin       | 12.6%  | 12.4%  | 11.5%  |
| Net Profit          | 2,914  | 3,050  | 3,082  |
| EPS (Rs)            | 38.0   | 39.8   | 40.2   |
| EV/EBITDA (x)       | 13.7   | 12.4   | 11.7   |
| P/E (x)             | 19.3   | 18.5   | 18.3   |
| RoE                 | 22.4%  | 19.8%  | 17.0%  |

### Stock price chart



**Analyst: Prashant Sharma**  
 +91- 22- 40287021  
 prashant@qsmail.com

Transport Corporation of India (TCI) reported consolidated revenues of Rs 8977mn, a y-o-y increase of 0.6%. We were expecting a revenue growth of 5.9% y-o-y.

The various Divisions (consolidated) revenues performed thus :

- Transport Division: 0.7% growth y-o-y. Slower growth was mainly due to high base in Q4FY21.
- Supply Chains Solution Division: 9.7% decline y-o-y. Decline was mainly due to disruption in the automotive segment and sudden drop in demand for farm equipment.
- Seaways Division: 23.5% y-o-y growth. Seaways division regained momentum due to increasing freight rates and high value return cargo from Myanmar.

EBITDA margins recorded 340bps y-o-y increase because of growth across key divisions. EBIT margins of the various Divisions are:

- 10bps y-o-y increase in margin in Transport Division to 4.1%.
- 20bps y-o-y increase in margin in the Supply Chain Solutions Division to 7.1%.
- 620bps y-o-y increase in Seaways Division to 29.7%.

Net profit increase was at 28.5% y-o-y to Rs 864mn, slightly better than our expectation of a growth of 28.1% y-o-y. This was due to better margin in seaways division and lower operating and staff expenses.

### Management Guidance for FY23

The Capex cycle got delayed due to high cost of marine assets. The company had planned to incur a capital expenditure of Rs 3000mn in FY23. The management has given a guidance of 10-15% revenue growth with EBITDA margin expected to remain at current levels.

### Finance costs continue to decline

Finance cost declined by 63.2% due to repayment of loan and continued improvement in the working capital management.

### TCI's JVs have mix results

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). In FY22, the TCI-Concor JV generated revenues of Rs 3010mn, a decline of 7.1% y-o-y. The Transystem (TCI-Mitsui JV) generated revenues of Rs 4665mn, an increase of 29.7%. A TCI cold chain solution which mainly provides temperature controlled warehousing solutions to its customers, reported a revenue growth of 29.7% to Rs 586mn.

### Outlook and Valuations

TCI trades at a P/E of 18.5x and 18.3x FY23E and FY24E earnings respectively. We value TCI at 20x FY24E EPS. On that basis, we assign a fair price of Rs 805 and recommend a Hold rating on TCI.

**Segmental Performance (Consolidated)**

| Particulars (Rs mn)          | Q4FY22       | Q4FY21       | Y-o-Y Change | Q3FY22       | Q-o-Q Change | FY22          | FY21          | Y-o-Y Change |
|------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|--------------|
| Transport Division           | 4,797        | 4,763        | 0.7%         | 4,323        | 11.0%        | 16,895        | 14,763        | 14.4%        |
| Supply Chain Solutions       | 2,745        | 3,041        | -9.7%        | 2,788        | -1.5%        | 10,639        | 9,711         | 9.6%         |
| Seaways Division             | 1,607        | 1,301        | 23.5%        | 1,479        | 8.6%         | 5,578         | 3,894         | 43.3%        |
| Energy Division              | 12           | 5            | 117.0%       | 6            | 109.1%       | 53            | 38            | 37.9%        |
| Unallocable & Corporate      | 51           | 81           | -36.4%       | 23           | 125.4%       | 127           | 196           | -35.1%       |
| Less : Intersegment Revenues | 159          | 152          | 4.9%         | 188          | -15.6%       | 526           | 382           | 37.6%        |
| Less: Other Income           | 76           | 113          | -32.7%       | 53           | 42.7%        | 199           | 195           | 2.3%         |
| <b>Total</b>                 | <b>8,977</b> | <b>8,927</b> | <b>0.6%</b>  | <b>8,377</b> | <b>7.2%</b>  | <b>32,567</b> | <b>28,024</b> | <b>16.2%</b> |
| <b>PBT</b>                   |              |              |              |              |              |               |               |              |
| Transport Division           | 198          | 190          | 4.5%         | 188          | 5.7%         | 675           | 524           | 28.9%        |
| Supply Chain Solutions       | 195          | 209          | -6.7%        | 167          | 16.9%        | 649           | 607           | 6.8%         |
| Seaways Division             | 477          | 306          | 56.1%        | 540          | -11.6%       | 1790          | 736           | 143.3%       |
| Power Division               | 6            | -1           | NA           | -1           | NA           | 30            | 15            | 106.9%       |
| Less : Interest              | 22           | 61           | -63.2%       | 26           | -13.5%       | 128           | 267           | -51.9%       |
| Less: Unallocable Expense    | 27           | 69           | -60.7%       | 27           | 0.4%         | 114           | 140           | -19.0%       |
| Less: Unallocable Income     | 49           | 85           | -42.6%       | 24           | 103.8%       | 127           | 198           | -35.8%       |
| Add : Profit/loss of JV      | 97           | 104          | -6.6%        | 72           | 34.5%        | 277           | 201           | 37.5%        |
| Less : Exceptional Items     | 0            | -26          | NA           | 0            | NA           | 0             | -131          | NA           |
| <b>Total</b>                 | <b>972</b>   | <b>736</b>   | <b>32.2%</b> | <b>936</b>   | <b>3.8%</b>  | <b>3,305</b>  | <b>1,743</b>  | <b>89.7%</b> |
| <b>EBIT Margins (%)</b>      |              |              |              |              |              |               |               |              |
| Transport Division           | 4.1%         | 4.0%         | +10 bps      | 4.3%         | -20 bps      | 4.0%          | 3.5%          | +50 bps      |
| Supply Chain Solutions       | 7.1%         | 6.9%         | +20 bps      | 6.0%         | +110 bps     | 6.1%          | 6.3%          | -20 bps      |
| Seaways Division             | 29.7%        | 23.5%        | +620bps      | 36.5%        | -680bps      | 32.1%         | 18.9%         | +1320 bps    |

**Quarterly Financials (Consolidated)**

| Particulars (Rs mn)           | Q4FY22       | Q4FY21       | Y-o-Y Change | Q3FY22       | Q-o-Q Change | FY22          | FY21          | Y-o-Y Change |
|-------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|--------------|
| <b>Income from operations</b> | <b>8,977</b> | <b>8,927</b> | <b>0.6%</b>  | <b>8,377</b> | <b>7.2%</b>  | <b>32,567</b> | <b>28,024</b> | <b>16.2%</b> |
| Less:                         |              |              |              |              |              |               |               |              |
| Operating Cost                | 7,035        | 7,295        | -3.6%        | 6,575        | 7.0%         | 25,762        | 22,972        | 12.1%        |
| Staff cost                    | 439          | 440          | -0.2%        | 436          | 0.6%         | 1,700         | 1,455         | 16.8%        |
| Other operating expenses      | 310          | 305          | 1.5%         | 273          | 13.6%        | 1,018         | 984           | 3.4%         |
| <b>EBITDA</b>                 | <b>1,193</b> | <b>886</b>   | <b>34.6%</b> | <b>1,092</b> | <b>9.2%</b>  | <b>4,088</b>  | <b>2,612</b>  | <b>56.5%</b> |
| EBITDA margin                 | 13.3%        | 9.9%         | +340 bps     | 13.0%        | +30 bps      | 12.6%         | 9.3%          | +330 bps     |
| Other income                  | 76           | 113          | -32.7%       | 53           | 42.7%        | 199           | 255           | -21.8%       |
| Depreciation                  | 371          | 280          | 32.5%        | 255          | 45.5%        | 1,130         | 928           | 21.8%        |
| <b>EBIT</b>                   | <b>898</b>   | <b>719</b>   | <b>24.9%</b> | <b>890</b>   | <b>0.8%</b>  | <b>3,157</b>  | <b>1,939</b>  | <b>62.8%</b> |
| Financial expenses            | 22           | 61           | -63.2%       | 26           | -13.5%       | 128           | 267           | -51.9%       |
| Profit/loss of JV             | 97           | 104          | -6.7%        | 72           | NA           | 277           | 201           | 37.5%        |
| PBT                           | 972          | 736          | 32.2%        | 936          | 3.8%         | 3,305         | 1,743         | 89.7%        |
| Taxation                      | 109          | 81           | 34.4%        | 108          | 0.5%         | 377           | 238           | 58.0%        |
| <b>PAT</b>                    | <b>864</b>   | <b>655</b>   | <b>31.9%</b> | <b>828</b>   | <b>4.3%</b>  | <b>2,929</b>  | <b>1,504</b>  | <b>94.7%</b> |
| Non Controlling Interest      | 0            | 9            | NA           | -15          | NA           | -9            | 23            | NA           |
| <b>Net Profit</b>             | <b>864</b>   | <b>672</b>   | <b>28.5%</b> | <b>843</b>   | <b>2.4%</b>  | <b>2,938</b>  | <b>1,612</b>  | <b>82.3%</b> |
| EPS (Rs)                      | 11.3         | 8.8          | 28.5%        | 11.0         | 2.4%         | 38.4          | 21.0          | 82.3%        |

**Income Statement (Consolidated)**

| Y/E March (Rs mn)             | FY19          | FY20          | FY21          | FY22          | FY23E         | FY24E         |
|-------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>Income from operations</b> | <b>27,537</b> | <b>27,178</b> | <b>28,024</b> | <b>32,567</b> | <b>36,670</b> | <b>40,227</b> |
| <i>YoY Growth</i>             | 17.4%         | -1.3%         | 3.1%          | 16.2%         | 12.6%         | 9.7%          |
| Less:                         |               |               |               |               |               |               |
| Operating cost                | 22,515        | 22,143        | 22,972        | 25,766        | 29,013        | 32,182        |
| Staff cost                    | 1,408         | 1,572         | 1,455         | 1,700         | 1,834         | 2,011         |
| Other operating expenses      | 1,124         | 1,058         | 984           | 1,013         | 1,283         | 1,408         |
| <b>EBITDA</b>                 | <b>2,489</b>  | <b>2,405</b>  | <b>2,612</b>  | <b>4,087</b>  | <b>4,540</b>  | <b>4,626</b>  |
| <b>EBITDA Margin</b>          | <b>9.0%</b>   | <b>8.8%</b>   | <b>9.3%</b>   | <b>12.6%</b>  | <b>12.4%</b>  | <b>11.5%</b>  |
| Exceptional items             | 7             | -99           | -104          | 0             | 0             | 0             |
| Other income                  | 195           | 201           | 255           | 199           | 224           | 246           |
| Depreciation & amortization   | 774           | 825           | 928           | 1,130         | 1,273         | 1,343         |
| <b>EBIT</b>                   | <b>1,917</b>  | <b>1,682</b>  | <b>1,835</b>  | <b>3,156</b>  | <b>3,492</b>  | <b>3,529</b>  |
| Financial expenses            | 374           | 343           | 267           | 128           | 128           | 128           |
| Share in Net Profit of JV     | 251           | 251           | 201           | 277           | 200           | 201           |
| PBT                           | 1,794         | 1,590         | 1,743         | 3,305         | 3,563         | 3,602         |
| Taxation                      | 333           | 159           | 238           | 377           | 499           | 504           |
| <b>PAT</b>                    | <b>1,460</b>  | <b>1,431</b>  | <b>1,504</b>  | <b>2,928</b>  | <b>3,065</b>  | <b>3,098</b>  |
| Minority interest             | 9             | 15            | 23            | 14            | 15            | 16            |
| <b>Adjusted Net Profit</b>    | <b>1,445</b>  | <b>1,515</b>  | <b>1,586</b>  | <b>2,914</b>  | <b>3,050</b>  | <b>3,082</b>  |
| <i>YoY Growth</i>             | 17.3%         | 4.9%          | 4.7%          | 83.8%         | 4.6%          | 1.0%          |
| EPS (Rs)                      | 18.9          | 19.8          | 21.0          | 38.0          | 39.8          | 40.2          |

**Balance Sheet Statement (Consolidated)**

| Y/E March (Rs mn)                      | FY19          | FY20          | FY21          | FY22          | FY23E         | FY24E         |
|--|---------------|---------------|---------------|---------------|---------------|---------------|
| Share capital                          | 153           | 154           | 154           | 155           | 155           | 155           |
| Reserves and surplus                   | 8,766         | 10,085        | 11,543        | 14,148        | 16,397        | 19,479        |
| <b>Shareholders' funds</b>             | <b>8,920</b>  | <b>10,239</b> | <b>11,697</b> | <b>14,303</b> | <b>16,552</b> | <b>19,633</b> |
| Borrowed fund                          | 4,142         | 3,686         | 2,347         | 619           | 619           | 619           |
| Lease liability                        | 0             | 31            | 118           | 343           | 343           | 343           |
| Minority interest                      | 52            | 57            | 86            | 274           | 274           | 274           |
| Deferred tax liability (Net)           | 390           | 102           | 273           | 276           | 276           | 276           |
| <b>Total Liabilities</b>               | <b>13,504</b> | <b>14,115</b> | <b>14,521</b> | <b>15,814</b> | <b>18,063</b> | <b>21,145</b> |
| <b>Net fixed assets</b>                | <b>7,308</b>  | <b>7,933</b>  | <b>8,046</b>  | <b>8,087</b>  | <b>9,863</b>  | <b>9,605</b>  |
| Investments                            | 1,168         | 1,354         | 1,500         | 2,051         | 2,256         | 2,481         |
| Current assets, loans & advances       | 7,683         | 6,321         | 7,750         | 8,153         | 8,733         | 12,117        |
| Less: Current liabilities & provisions | 2,656         | 1,493         | 2,776         | 2,476         | 2,788         | 3,058         |
| <b>Net current assets</b>              | <b>5,027</b>  | <b>4,828</b>  | <b>4,974</b>  | <b>5,677</b>  | <b>5,945</b>  | <b>9,059</b>  |
| <b>Total Assets</b>                    | <b>13,504</b> | <b>14,115</b> | <b>14,521</b> | <b>15,814</b> | <b>18,063</b> | <b>21,145</b> |

**Cash Flow Statement (Consolidated)**

| Y/E March (Rs mn)                  | FY19         | FY20         | FY21         | FY22         | FY23E        | FY24E        |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Profit before tax                  | 1794         | 1590         | 1743         | 3305         | 3563         | 3602         |
| Depreciation                       | 774          | 825          | 928          | 1130         | 1273         | 1343         |
| Interest expense                   | 374          | 343          | 267          | 128          | 128          | 128          |
| Change in receivables              | 0            | 0            | 0            | 0            | 0            | 0            |
| Change in inventories              | -902         | 278          | -237         | 4            | -640         | -555         |
| Change in other current assets     | -20          | -13          | -5           | -13          | -6           | -9           |
| Change in current liabilities      | -949         | 1201         | -1061        | -231         | -282         | -245         |
| Taxes paid, net                    | -333         | -159         | -238         | -494         | -499         | -504         |
| <b>CF from operations</b>          | <b>1486</b>  | <b>2917</b>  | <b>2703</b>  | <b>3680</b>  | <b>3867</b>  | <b>4051</b>  |
| Capex, net                         | -1980        | -1480        | -1469        | -707         | -3920        | -2005        |
| (Purchase)/sale of investments     | 189          | -185         | -146         | -3           | -205         | -226         |
| Others                             | 645          | 0            | 0            | -53          | 0            | 0            |
| <b>Cash from investing</b>         | <b>-1146</b> | <b>-1665</b> | <b>-1615</b> | <b>-762</b>  | <b>-4126</b> | <b>-2231</b> |
| Interest paid                      | -374         | -343         | -267         | -105         | -128         | -128         |
| Change in borrowings, net          | 189          | -456         | -1339        | -2148        | 0            | 0            |
| Dividend paid                      | -159         | -530         | -96          | -410         | -451         | -496         |
| Equity issuance                    | 0            | 0            | 0            | 194          | 0            | 0            |
| <b>Cash from financing</b>         | <b>-328</b>  | <b>-1149</b> | <b>-961</b>  | <b>-2558</b> | <b>-90</b>   | <b>756</b>   |
| Net change in cash and equivalents | 13           | 103          | 126          | 359          | -349         | 2576         |
| Opening cash balance               | 142          | 155          | 259          | 385          | 744          | 396          |
| <b>Closing cash balance</b>        | <b>155</b>   | <b>259</b>   | <b>385</b>   | <b>744</b>   | <b>396</b>   | <b>2971</b>  |

**Key Ratios (Consolidated)**

| Y/E March                    | FY19  | FY20  | FY21  | FY22  | FY23E | FY24E |
|------------------------------|-------|-------|-------|-------|-------|-------|
| <b>Profitability</b>         |       |       |       |       |       |       |
| ROE                          | 17.5% | 15.8% | 14.7% | 22.4% | 19.8% | 17.0% |
| ROCE                         | 15.0% | 12.2% | 12.8% | 20.8% | 20.6% | 18.0% |
| <b>Margins</b>               |       |       |       |       |       |       |
| EBITDA                       | 9.0%  | 8.8%  | 9.3%  | 12.6% | 12.4% | 11.5% |
| Net Profit                   | 5.2%  | 5.6%  | 5.8%  | 8.9%  | 8.3%  | 7.7%  |
| <b>Leverage and Coverage</b> |       |       |       |       |       |       |
| Interest Coverage            | 19.5% | 20.4% | 14.6% | 4.1%  | 3.7%  | 3.6%  |
| Debt/Equity                  | 0.5   | 0.4   | 0.2   | 0.0   | 0.0   | 0.0   |
| <b>Per Share</b>             |       |       |       |       |       |       |
| EPS (Rs)                     | 18.9  | 19.8  | 21.0  | 38.0  | 39.8  | 40.2  |
| Book Value Per Share (Rs)    | 116.4 | 133.7 | 152.7 | 186.7 | 216.1 | 256.3 |
| <b>Valuation</b>             |       |       |       |       |       |       |
| P/E                          | 39.0  | 37.2  | 34.9  | 19.3  | 18.5  | 18.3  |
| P/BV                         | 6.3   | 5.5   | 4.8   | 3.9   | 3.4   | 2.9   |
| EV/Sales                     | 2.2   | 2.2   | 2.1   | 1.7   | 1.5   | 1.3   |
| EV/EBITDA                    | 24.2  | 24.8  | 22.3  | 13.7  | 12.4  | 11.7  |

**Disclaimer:** Quantum Securities Pvt. Ltd. (QSPL) offers discount and full Service brokerage services and is not involved in any investment banking or merchant banking activities. This document is based on information obtained from sources believed to be reliable and due diligence has been conducted to that effect. We do not have any other material conflict of interest at the time of publication of the research report. Opinions & theories expressed are based on present circumstances & judgment and are subject to change without notice. Quantum Securities Pvt. Ltd. accepts no liability whatsoever for any direct or consequential loss arising from any use of this document or further communication given in relation to this document.

If annualized returns are greater than 15%, then the stock is rated as BUY, between a range of 10-15% is rated as Accumulate. If annualized returns are lower than -15%, then the stock is rated as SELL and between a range of -10% to -15% is rated as Reduce. In the range of +/- (-) 10%, the stock is rated as Hold. However, within this zone we may choose to give an Accumulate, Reduce or Hold rating.

Quantum Securities Pvt. Ltd. does not have any financial interest in the subject company and has not been engaged in market making activity for the subject company; QSPL or any of its associates have not received any compensation or other benefits from the subject company or third party in connection with the research report or any other compensation from the subject company in the past twelve months. Further, Prashant Sharma has not served as an officer, director or employee of the subject company; QSPL does not have actual/beneficial ownership of one per cent or more of securities of the subject company, at the end of the month immediately preceding the date of publication of the research report.