

**Q4FY13 Result Update**
**Buy**

<b>Industry</b>	<b>Logistics</b>
<b>CMP (Rs)</b>	<b>60</b>
<b>FY14E Target Price (Rs)</b>	<b>88</b>
<b>52 Week H/L (Rs)</b>	<b>90/51</b>
<b>Volumes (BSE+NSE)*</b>	<b>10,205</b>
<b>Shares O/S (mn)</b>	<b>72.8</b>
<b>Market Cap (Rs bn)</b>	<b>4.4</b>
<b>Free Float (%)</b>	<b>30.7</b>
<b>Bloomberg Code</b>	<b>TRPC IN</b>
<b>Reuters Code</b>	<b>TCIL.BO</b>

\* Three Months Average

**Share Holding Pattern (31/03/2013)**

Particulars	Shares (mn)	% Holding
Promoters	50.5	69.3
FIIIs	5.2	7.1
DIIIs	0.1	0.1
Others	17.0	23.5
<b>Total</b>	<b>72.8</b>	<b>100.0</b>

Source : BSE

**Financial Highlights**

(Rs mn)	FY13E	FY14E	FY15E
Sales	21,320.9	23,822.4	26,287.0
EBITDA	1,747.6	1,953.4	2,155.5
EBITDA Margin	8.2%	8.2%	8.2%
Net Profit	695.1	797.5	973.8
EPS (Rs)	9.5	10.9	13.4
EV/EBITDA (x)	3.8	3.3	2.8
P/E (x)	5.7	5.3	4.3
RoE	30.7%	29.7%	28.9%

Transport Corporation of India (TCIL) reported Q4Y13 results n-line with our expectations. It reported a y-o-y growth of 7.3% in revenues to Rs 5.3bn (QS estimate Rs 5.2bn). EBITDA margins remained more or less stable at 7.5% as compared to 7.7% in the corresponding quarter of the previous year. Lower depreciation and interest outlay boosted the net profit to Rs 138.7mn (QS estimates Rs 140). For full FY13, it reported consolidated sales of Rs 21.3bn, y-o-y growth of 9% and net profit grew by a 16.8% to Rs 695.1mn. EBITDA margins remained stable at 8.2% as against 8.1% in FY12.

**XPS maintained its growth trajectory; sluggish performance from SCM**

XPS division continued to report a healthy performance and achieved a y-o-y growth of 12.8% to Rs 1.5bn mainly on account of increase in delivery network. The SCM division achieved a y-o-y growth of 4% to Rs 1.4bn. Growth in the SCM division has been impacted a bit due to the ongoing moderation in the Indian auto industry as the SCM division derives ~2/3<sup>rd</sup> of its revenues from this industry. We believe SCM will be back to its growth trajectory with the revival in the auto sector. We expect SCM to see CAGR of ~13% over the next three years.

**Transport division remained sluggish**

TCIL's largest revenue contributor, the transportation division, continued to report poor showing and witnessed a y-o-y growth of 3.6% in revenues to Rs 2.2bn. According to the management, the sluggish performance of the trucking division is self-restricted as the same requires high working capital and high volumes could deteriorate the overall working capital of the company. We expect, the transport division to continue to report lackluster performance over the coming few quarters.

**EBITDA margin remained stable at 7.5%**

During the quarter, EBITDA margins remained stable at 7.5% as compared to 7.7% in the corresponding quarter of the previous year. On a segmental basis, coastal shipping and XPS divisions reported a y-o-y margin expansion. Coastal shipping division reported an EBIT margin of 18.5% as against 2.1% in Q4FY12. Though the same is not comparable as the base quarter includes dry docking expenditures which were not there in the current quarter. The XPS division witnessed a y-o-y 100bps expansion in the EBIT margins. On the other hand SCM and trucking divisions reported a y-o-y fall of 30bps and 300bps in EBIT margins respectively.

**Stable margins coupled with lower depreciation and interest outlay fueled the net profit**

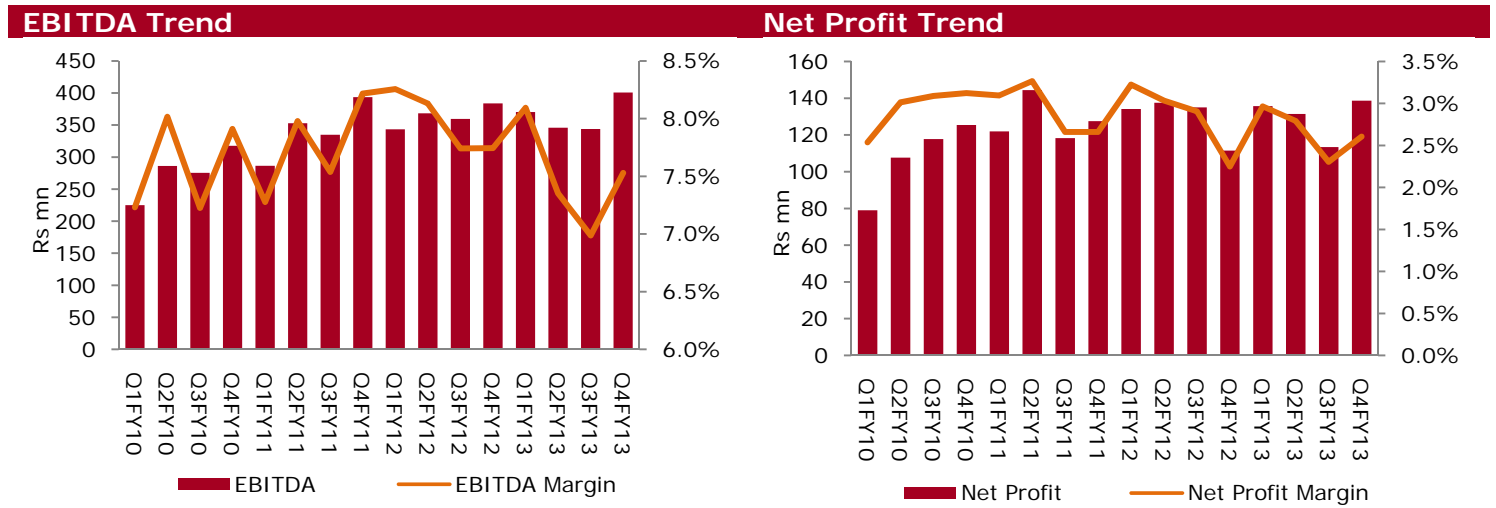
Net profit witnessed a y-o-y growth of 24.4% to Rs 138.7mn mainly on account of stable margins coupled with lower depreciation and interest outlay. Depreciation and interest cost witnessed a y-o-y growth of 2.4% and -11.5% respectively.

**Outlook and Valuations**

Recent moderation in the industrial activities has impacted TCIL's growth trajectory, particularly its Transportation and SCM divisions. We believe it will return to its growth path with improvement in the Indian economy. TCIL is trading at a PE multiple of 5.3x and 4.3x based on FY14E and FY15E earnings respectively. On EV/EBITDA basis, TCIL trades at 3.8x and 3.3x FY14E and FY15E earnings respectively. **We maintain our 'Buy' rating on TCIL with a price target of Rs 88, which is based on 8x FY14E earnings.**

**Segmental Performance (Standalone)**

Particulars	Q4FY13	Q4FY12	Y-o-Y Change	Q3FY13	Q-o-Q Change	FY13	FY12	Y-o-Y change
<b>Revenue (Rs mn)</b>								
Transport	2,173.5	2,098.7	3.6%	1,960.7	10.9%	7,779.5	7,857.6	-1.0%
XPS	1,465.7	1,299.1	12.8%	1,451.9	1.0%	5,564.0	4,953.2	12.3%
Supply Chain Solutions	1,417.7	1,362.7	4.0%	1,303.3	8.8%	5,200.6	4,525.9	14.9%
Coastal Shipping	264.6	221.9	19.2%	216.7	22.1%	949.5	930.7	2.0%
Wind Power	9.2	8.9	3.4%	7.0	31.4%	74.6	72.9	2.3%
Global	-	2.1	na	-	na	-	48.9	na
Inter Segmental/ Others	(9.5)	(36.4)	-73.9%	(19.1)	-50.3%	(48.6)	(99.7)	-51.2%
<b>Total</b>	<b>5,321.2</b>	<b>4,957.0</b>	<b>7.3%</b>	<b>4,920.5</b>	<b>8.1%</b>	<b>19,519.6</b>	<b>18,289.5</b>	<b>6.7%</b>
<b>EBIT (Rs mn)</b>								
Transport	31.0	96.8	-68.0%	35.7	-13.2%	149.8	247.2	-39.4%
XPS	98.2	74.1	32.5%	117.3	-16.3%	410.5	381.8	7.5%
Supply Chain Solutions	123.9	122.2	1.4%	78.1	58.6%	381.3	363.0	5.0%
Coastal Shipping	49.0	4.7	942.6%	5.9	730.5%	85.9	117.0	-26.6%
Wind Power	(0.6)	(1.3)	-53.8%	(2.7)	-77.8%	35.3	32.6	8.3%
Global	-	(11.9)	na	-	na	-	(34.6)	na
<b>Total</b>	<b>301.5</b>	<b>284.6</b>	<b>5.9%</b>	<b>234.3</b>	<b>28.7%</b>	<b>1,062.8</b>	<b>1,107.0</b>	<b>-4.0%</b>
<b>EBIT Margins</b>								
			<b>bps</b>		<b>bps</b>			<b>bps</b>
Transport	1.4%	4.6%	-320	1.8%	-40	1.9%	3.1%	-120
XPS	6.7%	5.7%	+100	8.1%	-140	7.4%	7.7%	-30
Supply Chain Solutions	8.7%	9.0%	-30	6.0%	+270	7.3%	8.0%	+70
Coastal Shipping	18.5%	2.1%	1640	2.7%	1580	9.0%	12.6%	360
Wind Power	-6.5%	-14.6%	na	-38.6%	na	47.3%	44.7%	+260
<b>Total</b>	<b>5.7%</b>	<b>5.7%</b>	<b>0</b>	<b>4.8%</b>	<b>90</b>	<b>5.4%</b>	<b>6.1%</b>	<b>-70</b>



**Q4FY13 Results Highlights (Standalone)**

Particulars (Rs mn)	Q4FY13	Q4FY12	Y-O-Y change	Q3FY13	Q-O-Q change	FY13	FY12	Y-O-Y change
<b>Total income</b>	<b>5,321.2</b>	<b>4,957.0</b>	<b>7.3%</b>	<b>4,920.5</b>	<b>8.1%</b>	<b>19,519.6</b>	<b>18,289.5</b>	<b>6.7%</b>
Less: Expenditures								
Operating cost	4,309.0	3,991.0	8.0%	4,020.2	7.2%	15,803.4	14,738.3	7.2%
Staff cost	256.8	238.4	7.7%	265.1	-3.1%	1,068.3	913.2	17.0%
Other operating costs	354.7	343.7	3.2%	291.4	21.7%	1,187.3	1,182.8	0.4%
<b>EBITDA</b>	<b>400.7</b>	<b>383.9</b>	<b>4.4%</b>	<b>343.8</b>	<b>16.6%</b>	<b>1,460.6</b>	<b>1,455.2</b>	<b>0.4%</b>
EBITDA Margin	7.5%	7.7%	-20bps	7.0%	+50bps	7.5%	8.0%	-50bps
Other income	23.4	4.0	485.0%	(1.4)	NA	42.1	32.0	31.6%
Depreciation	113.3	110.6	2.4%	107.6	5.3%	421.0	378.7	11.2%
<b>EBIT</b>	<b>310.8</b>	<b>277.3</b>	<b>12.1%</b>	<b>234.8</b>	<b>32.4%</b>	<b>1,081.7</b>	<b>1,108.5</b>	<b>-2.4%</b>
Interest	74.7	84.4	-11.5%	77.4	-3.5%	321.7	331.6	-3.0%
Profit before tax	236.1	192.9	22.4%	157.4	50.0%	760.0	776.9	-2.2%
Tax	90.4	53.9	67.7%	44.0	105.5%	237.1	218.8	8.4%
<b>Profit after tax</b>	<b>145.7</b>	<b>139.0</b>	<b>4.8%</b>	<b>113.4</b>	<b>28.5%</b>	<b>522.9</b>	<b>558.1</b>	<b>-6.3%</b>
Extraordinary items	(7.0)	(27.5)	-74.5%	-	NA	(3.7)	(40.0)	
<b>Net profit</b>	<b>138.7</b>	<b>111.5</b>	<b>24.4%</b>	<b>113.4</b>	<b>22.3%</b>	<b>519.2</b>	<b>518.1</b>	<b>0.2%</b>
<b>EPS (Rs)</b>	<b>1.9</b>	<b>1.5</b>	<b>-16.0%</b>	<b>1.6</b>	<b>-13.7%</b>	<b>7.2</b>	<b>7.1</b>	<b>0.2%</b>

**Income Statement (Consolidated)**

Particulars (Y/E March) (Rs mn)	FY11	FY12	FY13	FY14E	FY15E
<b>Income from operations</b>	<b>18,526.6</b>	<b>19,552.9</b>	<b>21,320.9</b>	<b>23,822.4</b>	<b>26,287.0</b>
Less: Expenditures					
Operating cost	13,704.0	14,292.3	15,638.0	17,438.0	19,242.1
Staff cost	833.2	958.3	1,120.9	1,310.2	1,445.8
Other operating & admin cost	2,589.6	2,722.4	2,814.4	3,120.7	3,443.6
<b>EBITDA</b>	<b>1,399.8</b>	<b>1,579.9</b>	<b>1,747.6</b>	<b>1,953.4</b>	<b>2,155.5</b>
Other Income	27.6	41.3	63.2	47.6	52.6
Depreciation	353.1	415.7	464.0	483.5	485.3
<b>EBIT</b>	<b>1,074.3</b>	<b>1,205.5</b>	<b>1,346.8</b>	<b>1,517.6</b>	<b>1,722.8</b>
Interest	256.3	350.0	336.3	309.4	247.5
Profit Before Tax	818.0	855.5	1,010.5	1,208.2	1,475.3
Tax	316.8	262.0	315.2	410.7	501.4
<b>Profit after Tax</b>	<b>501.2</b>	<b>593.5</b>	<b>695.3</b>	<b>797.5</b>	<b>973.8</b>
Minority Interest	-	1.6	(0.2)	-	-
<b>Net Profit</b>	<b>501.2</b>	<b>595.1</b>	<b>695.1</b>	<b>797.5</b>	<b>973.8</b>

## Balance Sheet Statement

Particulars (Y/E March) (Rs mn)	FY11	FY12	FY13E	FY14E	FY15E
Share capital	145.1	145.1	145.7	145.7	145.7
Reserves and surplus	3,107.2	3,492.7	4,069.5	4,707.5	5,486.6
<b>Shareholders' funds</b>	<b>3,252.3</b>	<b>3,637.8</b>	<b>4,215.2</b>	<b>4,853.2</b>	<b>5,632.3</b>
Minority interest	30.1	28.5	11.2	11.2	11.2
Borrowed fund	3,146.8	3,017.1	3,093.6	3,093.6	3,093.6
Deferred tax liability (Net)	312.3	317.3	314.8	314.8	314.8
<b>Total Liabilities</b>	<b>6,741.5</b>	<b>7,000.7</b>	<b>7,634.8</b>	<b>8,272.8</b>	<b>9,051.9</b>
<b>Fixed Assets</b>	<b>3,525.6</b>	<b>4,092.7</b>	<b>4,145.7</b>	<b>4,162.2</b>	<b>4,176.8</b>
Goodwill on consolidation	2.4	3.2	2.2	2.2	2.2
Investments	15.4	16.6	16.3	16.3	16.3
Current assets, loans & advances	4,375.2	4,479.2	5,333.8	6,189.2	7,170.5
Less: Current liabilities & Provisions	1,178.4	1,591.0	1,863.2	2,097.0	2,314.0
<b>Net current assets</b>	<b>3,196.8</b>	<b>2,888.2</b>	<b>3,470.6</b>	<b>4,092.2</b>	<b>4,856.6</b>
Misc expenditures	1.2	-	-	-	-
<b>Total Assets</b>	<b>6,741.5</b>	<b>7,000.7</b>	<b>7,634.8</b>	<b>8,272.8</b>	<b>9,051.9</b>

## Key Ratios

Particulars (Y/E March)	FY11	FY12	FY13E	FY14E	FY15E
<b>Profitability</b>					
- Return on Equity	26.5%	31.2%	30.7%	29.7%	28.9%
- Return on Capital Employed	8.0%	9.1%	8.5%	9.1%	9.6%
<b>Margins</b>					
- EBITDA	7.6%	8.1%	8.2%	8.2%	8.2%
- Net Profit	2.7%	3.0%	3.3%	3.3%	3.7%
<b>Leverage and Coverage</b>					
- Current	1.0	0.8	0.7	0.6	0.5
- Debt/Equity	3.7	2.8	2.9	3.0	3.1
<b>Valuation</b>					
- EPS (Rs)	6.9	8.2	9.5	10.9	13.4
- Book Value Per Share (Rs)	44.8	50.1	57.9	66.6	77.3
- EV/Sales	0.6	0.4	0.3	0.3	0.2
- EV/EBITDA	7.7	4.6	3.8	3.3	2.8
- Sales/Assets	2.8	2.8	2.9	3.0	3.0
- P/E	15.5	7.7	5.7	5.3	4.3
- P/BV	2.4	1.3	0.9	0.9	0.8

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