

### Better numbers with improvement in industry utilisation rate

Revenue up by 25.7% YoY to ₹ 6052.5mn; grew 9% QoQ from ₹ 5,553.1mn. EBITDA grew by 53.6% YoY to ₹ 604.2mn, up 14.8% QoQ from ₹ 526.2mn. EBITDA margins grew 182bps YoY to 10%; grew 51bps QoQ. Net Profit grew by 76% YoY to ₹ 326mn, grew 16.9% QoQ from ₹ 279.1mn. Net profit margin grew 154 bps YoY to 5.4%; grew 37bps QoQ. Freight revenues were up 15.2% YoY to ₹ 2,984.1mn; grew 15.4% QoQ from ₹ 2,585.9mn because of improved revenues from LTL business and better receivable increasing capital efficiency. As per the management the increase in industry utilisation rate from 67% to 75% YoY improved the topline and bottom-line numbers. Port GST & E-way bill organised sector is performing better but will take ~2 years to stabilise.

### SCM and Coastal Shipping driving the growth

The sharp uptick in supply chain & coastal shipping business with revenues growth of 32.8% & 61% YoY, with margins for SCM & Coastal shipping at 7.8% and 30.8% respectively was due to new and increase in contracts size from existing and new customers. One-third of the revenue for SCM business came from new customers. Present count of SCM customers at ~60 with automotive clients having 80% share of the business. As per the management the contract size has become larger and complex with the expectation of improved services and continues to see demand from auto and its ancillary industry including inbound logistics. The focus is increasing the current market share from SCM business to more than 10%. Seaways business likely to see revenue growth of 35-40% YoY in FY19 as the company has 80% exclusive clients and will see operationalisation of a 6th ship in Jun-Jul'18 taking the total capacity to 2600 TEUs. Plans to buy one more ship by FY19-end.

**View** - We have a positive view on the company with growth drivers to continue from SCM (42-45% of total revenue mix) and Coastal shipping business providing multi modal transportation services for longer distances and higher tonnages post GST and E-way bill implementation. Also, with Demand from Engg, Auto Ancillary, FMCG and project cargoes segment increasing, we are likely to see earnings CAGR growth of 18-20% FY18-20E. We continue to maintain our Accumulate rating with TP ₹ 345.

### Q4FY18 Result (₹ Mn)

Particulars	Q4FY18	Q4FY17	YoY (%)	Q3FY18	QoQ (%)
<b>Operating Income</b>	<b>6,053</b>	<b>4,816</b>	<b>25.7</b>	<b>5,553</b>	<b>9.0</b>
Operating Cost	4,833	3,903	23.8	4,501	7.4
Employee Cost	330	280	18.1	295	11.8
Other Expenditure	285	240	18.4	231	23.2
<b>EBITDA</b>	<b>604</b>	<b>393</b>	<b>53.6</b>	<b>526</b>	<b>14.8</b>
Other Income	93	64	44.3	72	28.3
Depreciation	162	148	9.2	176	(8.2)
Interest	68	64	7.1	79	(13.8)
<b>PBT</b>	<b>427</b>	<b>246</b>	<b>73.8</b>	<b>422</b>	<b>24.4</b>
Tax	101	60	66.9	64	57.3
<b>Net Profit</b>	<b>326</b>	<b>185</b>	<b>76.0</b>	<b>279</b>	<b>16.9</b>
			bps		bps
Operating Cost (%)	79.9	81.0	(118)	81.0	(119)
Staff Cost (%)	5.5	5.8	(35)	5.3	14
Other Expenditure (%)	4.7	5.0	(29)	4.2	54
EBITDA (%)	10.0	8.2	182	9.5	51
NPM (%)	5.4	3.8	154	5.0	37

CMP	₹ 292
Target / Upside	₹ 345/18%
BSE Sensex	34,989
NSE Nifty	10,640

### Scrp Details

Equity / FV	₹ 153mn/₹ 2
Market Cap	₹ 22bn
	USD 0.32bn
52-week High/Low	₹ 349/246
Avg. Volume (no)	67,379
NSE Symbol	TCI
Bloomberg Code	TRPC IN

### Shareholding Pattern Mar'18 (%)

Promoters	66.1
MF/Banks/FIs	10.4
FIIIs	2.3
Public / Others	21.2

### Valuation (x)

	FY18	FY19E	FY20E
P/E	21.6	18.3	14.7
EV/EBITDA	12.6	10.5	8.6
ROE	16.5	16.6	17.6
ROCE	15.8	15.8	16.9

### Estimates (₹ mn)

	FY18	FY19E	FY20E
Net Sales	21,771	26,271	31,605
EBITDA	2,077	2,496	3,066
PAT	1,037	1,225	1,523
EPS	14.1	16.0	19.9

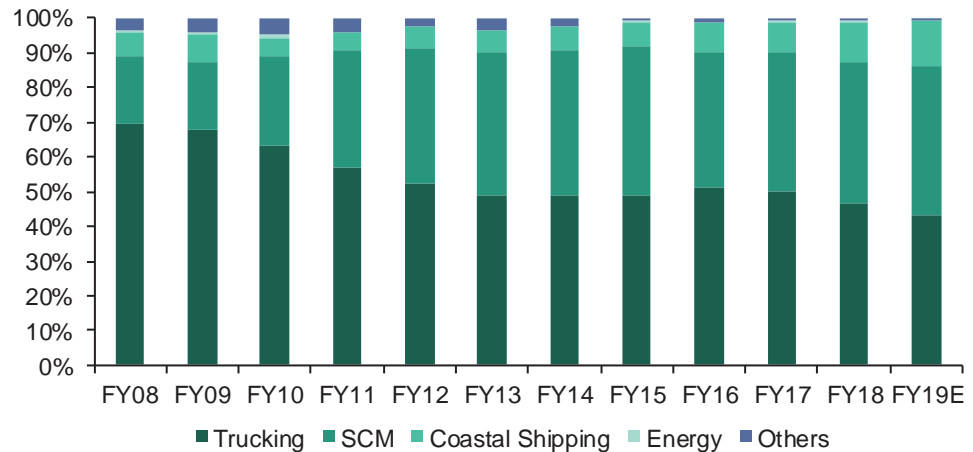
**Sr. Analyst:** Vinod Chari  
Tel: +9122 4096 9776  
E-mail: vinodc@dolatcapital.com

**Analyst:** Jayakanth Kasthuri  
Tel: +9122 4096 9771  
E-mail: jayakanthk@dolatcapital.com

### Addition in New vehicles and larger size warehouses as hubs

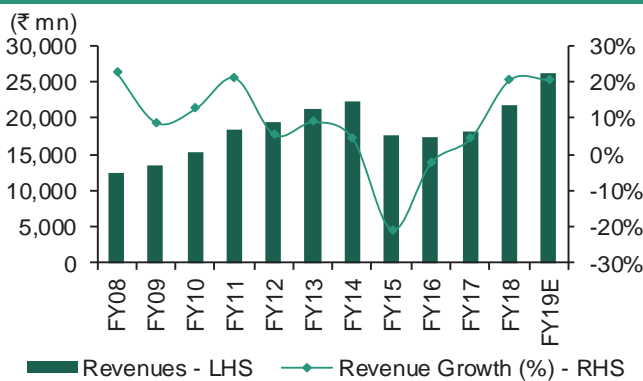
The management plans to do capex of ₹ 2000mn of which ₹ 860mn is planned for warehouses as hubs and purchase of new vehicles of higher tonnage more of pre-buying for BS6 norms as the management sees a spike in trucks price of 10-15% in ensuing 2 years. Currently, it owns 1350 trucks of different tonnage and 2mn sq.ft of owned warehousing capacity.

**Exhibit 1: Revenue Mix**



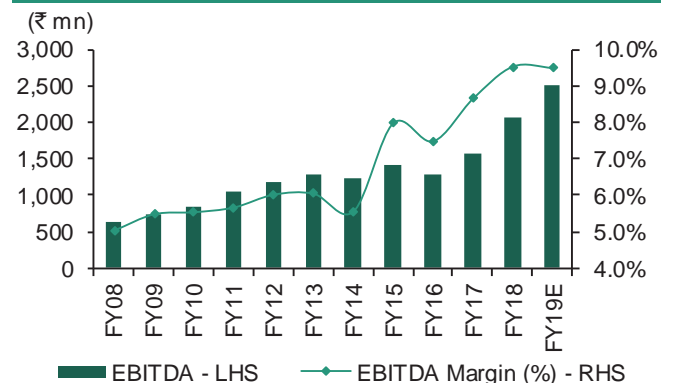
Source: DART, Company

**Exhibit 2: Revenue & Growth YoY**



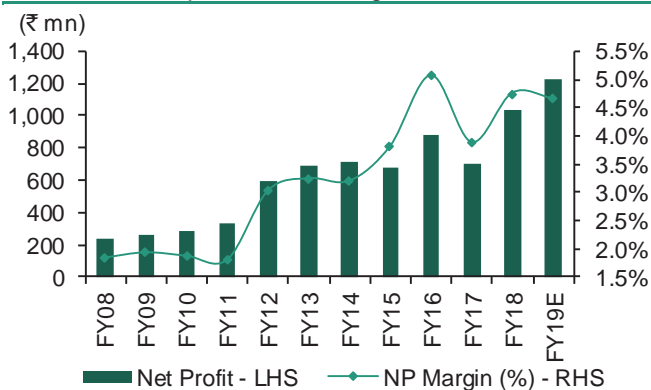
Source: DART, Company

**Exhibit 3: EBITDA & EBITDA Margin YoY**



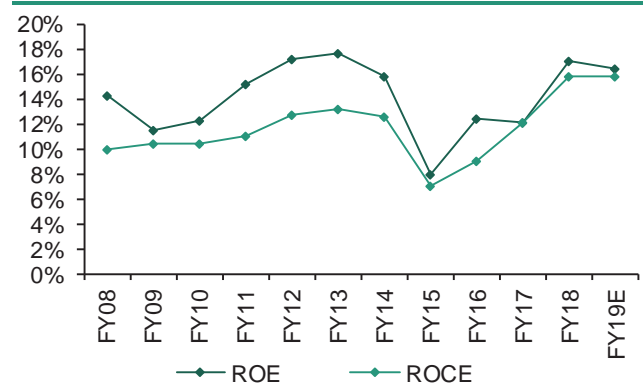
Source: DART, Company

**Exhibit 4: Net profit & NP Margin YoY**



Source: DART, Company

**Exhibit 5: Return Ratios**



Source: DART, Company

**Income Statement (₹ mn)**

Particulars	Mar17	Mar18	Mar19E	Mar20E
<b>Net Sales</b>	<b>18,043</b>	<b>21,771</b>	<b>26,271</b>	<b>31,605</b>
Total Expenditure	16,480	19,695	23,776	28,541
Operating Expenses	14,541	17,490	21,148	25,380
Employee Expenses	1,035	1,208	1,445	1,738
Other Expenses	904	997	1,182	1,422
Other Income	177	252	263	316
<b>EBIDTA (Excl. OI)</b>	<b>1,563</b>	<b>2,077</b>	<b>2,496</b>	<b>3,066</b>
<b>EBIDTA (Incl. OI)</b>	<b>1,740</b>	<b>2,328</b>	<b>2,758</b>	<b>3,382</b>
Interest	274	299	319	345
Depreciation	578	673	886	1,106
Profit Before Tax	887	1,316	1,554	1,931
Tax	185	278	329	408
<b>Net Profit</b>	<b>703</b>	<b>1,037</b>	<b>1,225</b>	<b>1,523</b>

**Balance Sheet (₹ mn)**

Particulars	Mar17	Mar18	Mar19E	Mar20E
<b>Sources of Funds</b>				
Equity Capital	153	153	153	153
Other Reserves	5,656	6,616	7,848	9,187
<b>Net Worth</b>	<b>5,809</b>	<b>6,769</b>	<b>8,001</b>	<b>9,341</b>
Secured Loans	3,680	3,839	4,139	4,489
<b>Loan Funds</b>	<b>3,680</b>	<b>3,839</b>	<b>4,139</b>	<b>4,490</b>
Deferred Tax Liability	392	443	443	443
<b>Total Capital Employed</b>	<b>9,881</b>	<b>11,051</b>	<b>12,582</b>	<b>14,274</b>
<b>Applications of Funds</b>				
Gross Block	6,441	7,919	9,841	11,641
Less: Accu. Depreciation	1,010	1,683	2,569	3,675
<b>Net Block</b>	<b>5,431</b>	<b>6,236</b>	<b>7,272</b>	<b>7,966</b>
Capital Work in Progress	568	563	573	583
<b>Investments</b>	<b>980</b>	<b>764</b>	<b>714</b>	<b>1,014</b>
<b>Current Assets, Loans &amp; Advances</b>				
Inventories	25	33	38	45
Sundry Debtors	3,317	3,897	4,247	4,936
Cash and Bank Balance	184	130	325	445
Loans and Advances	918	1,173	1,368	1,472
<i>sub total</i>	4,444	5,232	5,978	6,900
<b>Less: Current Liabilities &amp; Provisions</b>				
Current Liabilities	1,437	1,745	1,954	2,189
<i>sub total</i>	1,437	1,745	1,954	2,190
Net Current Assets	3,007	3,487	4,023	4,709
<b>Total Assets</b>	<b>9,881</b>	<b>11,051</b>	<b>12,582</b>	<b>14,274</b>

E – Estimates

**Cash Flow (₹ mn)**

Particulars	Mar17	Mar18	Mar19E	Mar20E
<b>Profit before tax</b>	<b>887</b>	<b>1,356</b>	<b>1,554</b>	<b>1,931</b>
Depreciation & w.o.	578	673	886	1,106
Net Interest Exp	274	299	319	345
Direct taxes paid	(185)	(278)	(329)	(408)
Change in Working Capital	(321)	(535)	(341)	(566)
<b>(A) CF from Opt. Activities</b>	<b>1,233</b>	<b>1,515</b>	<b>2,089</b>	<b>2,409</b>
Capex	(1,046)	(1,473)	(1,932)	(1,810)
<b>Free Cash Flow</b>	<b>187</b>	<b>42</b>	<b>157</b>	<b>599</b>
Inc./ (Dec.) in Invt.	223	216	50	(300)
<b>(B) CF from Invt. Activities</b>	<b>(823)</b>	<b>(1,257)</b>	<b>(1,881)</b>	<b>(2,108)</b>
Inc./ (Dec.) in Debt	534	159	300	351
Interest exp net	(274)	(299)	(319)	(345)
Dividend Paid (Incl. Tax)	(102)	(123)	(147)	(183)
<b>(C) CF from Financing</b>	<b>159</b>	<b>(263)</b>	<b>(166)</b>	<b>(177)</b>
Net Change in Cash	79	(54)	195	120
Opening Cash balances	105	184	130	325
Closing Cash balances	184	130	325	445

**Important Ratios**

Particulars	Mar17	Mar18	Mar19E	Mar20E
<b>(A) Measures of Performance (%)</b>				
EBIDTA Margin (excl. O.I.)	8.7	9.5	9.5	9.7
Interest / Sales	1.5	1.4	1.2	1.1
Gross Profit Margin	8.1	9.3	9.3	9.6
Tax/PBT	20.8	21.1	21.1	21.1
Net Profit Margin	3.9	4.9	4.7	4.8
<b>(B) As Percentage of Net Sales</b>				
Operating Expenses	80.6	80.3	80.5	80.3
Employee Expenses	5.7	5.6	5.5	5.5
Other Expenses	5.0	4.6	4.5	4.5
<b>(C) Measures of Financial Status</b>				
Debt / Equity (x)	0.6	0.6	0.5	0.5
Interest Coverage (x)	6.3	7.8	8.6	9.8
Average Cost Of Debt (%)	8.0	8.0	8.0	8.0
Debtors Period (days)	67.1	65.3	59.0	57.0
Closing stock (days)	0.5	0.6	0.5	0.5
Inventory Turnover Ratio (x)	719	658	698	699
Fixed Assets Turnover (x)	2.8	2.7	2.7	2.7
WC Turnover (x)	6.0	6.2	6.5	6.7
Non-Cash WC (₹ Mn)	2,823	3,358	3,699	4,265
<b>(D) Measures of Investment</b>				
EPS (₹) (excl EO)	9.2	14.1	16.0	19.9
CEPS (₹)	16.7	22.3	27.6	34.3
DPS (₹)	1.1	1.4	1.6	2.0
Dividend Payout (%)	12.4	10.1	10.3	10.3
Profit Ploughback (%)	87.6	89.9	89.7	89.7
Book Value (₹)	75.8	88.4	104.4	121.9
RoANW (%)	12.2	16.5	16.6	17.6
RoACE (%)	12.2	15.8	15.8	16.9
RoAIC (%)	12.4	16.1	16.2	17.4
<b>(E) Valuation Ratios</b>				
CMP (₹)	292	292	292	292
P/E (x)	31.9	21.6	18.3	14.7
Market Cap. (₹ Mn)	22,379	22,379	22,379	22,379
MCap/ Sales (x)	1.2	1.0	0.9	0.7
EV (₹ Mn)	25,875	26,088	26,192	26,424
EV/Sales (x)	1.4	1.2	1.0	0.8
EV/EBDITA (x)	16.6	12.6	10.5	8.6
P/BV (x)	3.9	3.3	2.8	2.4
FCFF Yield (%)	2.0	(0.4)	0.6	2.7
Dividend Yield (%)	0.4	0.5	0.6	0.7

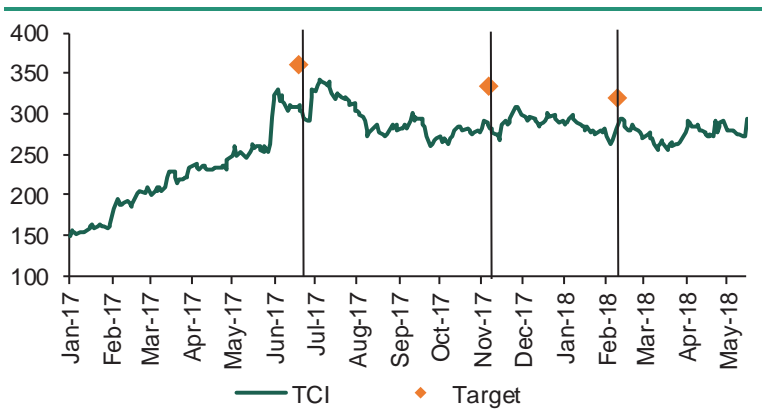
E – Estimates

## DART RATING MATRIX

Total Return Expectation (12 Months)

<b>Buy</b>	<b>&gt; 20%</b>
<b>Accumulate</b>	<b>10 to 20%</b>
<b>Reduce</b>	<b>0 to 10%</b>
<b>Sell</b>	<b>&lt; 0%</b>

## Rating and Target Price History



Month	Rating	TP (₹)	Price (₹)*
June-17	Accumulate	361	325
Nov-17	Accumulate	336	289
Feb-18	Accumulate	320	283

\* As on Recommendation Date

## DART Team

<b>Purvag Shah</b>	<b>Managing Director</b>	<b>purvag@dolatcapital.com</b>	<b>+9122 4096 9747</b>
<b>Amit Khurana, CFA</b>	<b>Head of Equities</b>	<b>amit@dolatcapital.com</b>	<b>+9122 4096 9745</b>

## CONTACT DETAILS

Equity Sales	Designation	E-mail	Direct Lines
Dinesh Bajaj	VP - Equity Sales	dineshb@dolatcapital.com	+9122 4096 9709
Kartik Sadagopan	VP - Equity Sales	kartiks@dolatcapital.com	+9122 4096 9762
Kapil Yadav	VP - Equity Sales	kapil@dolatcapital.com	+9122 4096 9735
Derivatives Strategist	Designation	E-mail	
Bhavin Mehta	VP - Derivatives Strategist	bhavinm@dolatcapital.com	+9122 4096 9705
Equity Trading	Designation	E-mail	
P. Sridhar	VP and Head of Sales Trading	sridhar@dolatcapital.com	+9122 4096 9728
Chandrakant Ware	AVP - Equity Sales Trading	chandrakant@dolatcapital.com	+9122 4096 9707
Derivatives Trading	Designation	E-mail	
Shirish Thakkar	AVP - Derivatives	shirisht@dolatcapital.com	+9122 4096 9702
Hardik Mehta	Sales Trader	hardikm@dolatcapital.com	+9122 4096 9748

**Dolat Capital Market Private Limited.**

20, Rajabhadur Mansion, 1st Floor, Ambalal Doshi Marg, Fort, Mumbai - 400 001

---

### **Analyst(s) Certification**

The research analyst(s), with respect to each issuer and its securities covered by them in this research report, certify that: All of the views expressed in this research report accurately reflect his or her or their personal views about all of the issuers and their securities; and No part of his or her or their compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this research report.

---

### **I. Analyst(s) and Associate (S) holding in the Stock(s): (Nil)**

### **II. Disclaimer:**

This research report has been prepared by Dolat Capital Market Private Limited. to provide information about the company(ies) and sector(s), if any, covered in the report and may be distributed by it and/or its affiliated company(ies) solely for the purpose of information of the select recipient of this report. This report and/or any part thereof, may not be duplicated in any form and/or reproduced or redistributed without the prior written consent of Dolat Capital Market Private Limited. This report has been prepared independent of the companies covered herein. Dolat Capital Market Private Limited. and its affiliated companies are part of a multi-service, integrated investment banking, brokerage and financing group. Dolat Capital Market Private Limited. and/or its affiliated company(ies) might have provided or may provide services in respect of managing offerings of securities, corporate finance, investment banking, mergers & acquisitions, financing or any other advisory services to the company(ies) covered herein. Dolat Capital Market Private Limited. and/or its affiliated company(ies) might have received or may receive compensation from the company(ies) mentioned in this report for rendering any of the above services. Research analysts and sales persons of Dolat Capital Market Private Limited. may provide important inputs to its affiliated company(ies) associated with it. While reasonable care has been taken in the preparation of this report, it does not purport to be a complete description of the securities, markets or developments referred to herein, and Dolat Capital Market Private Limited. does not warrant its accuracy or completeness. Dolat Capital Market Private Limited. may not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. This report is provided for information only and is not an investment advice and must not alone be taken as the basis for an investment decision. The investment discussed or views expressed herein may not be suitable for all investors. The user assumes the entire risk of any use made of this information. The information contained herein may be changed without notice and Dolat Capital Market Private Limited. reserves the right to make modifications and alterations to this statement as they may deem fit from time to time. Dolat Capital Market Private Limited. and its affiliated company(ies), their directors and employees may; (a) from time to time, have a long or short position in, and buy or sell the securities of the company(ies) mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions. This report is neither an offer nor solicitation of an offer to buy and/or sell any securities mentioned herein and/or not an official confirmation of any transaction. This report is not directed or intended for distribution to, or use by any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject Dolat Capital Market Private Limited. and/or its affiliated company(ies) to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to a certain category of investors. Persons in whose possession this report may come, are required to inform themselves of and to observe such restrictions.

**For U.S. Entity/ persons only:** This research report is a product of Dolat Capital Market Private Limited., which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

This report is intended for distribution by Dolat Capital Market Private Limited. only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a 6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person or entity.

In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors, Dolat Capital Market Private Limited. has entered into an agreement with a U.S. registered broker-dealer Ltd Marco Polo Securities Inc. ("Marco Polo"). Transactions in securities discussed in this research report should be effected through Marco Polo or another U.S. registered broker dealer/Entity as informed by Dolat Capital Market Private Limited. from time to time.

---

### **Dolat Capital Market Private Limited.**

Corporate Identity Number: U65990DD1993PTC009797  
Member: BSE Limited and National Stock Exchange of India Limited.  
SEBI Registration No: BSE - INB010710052 & INF010710052, NSE - INB230710031& INF230710031, Research: INH000000685  
Registered office: Office No. 141, Centre Point, Somnath, Daman – 396 210, Daman & Diu  
Board: +9122 40969700 | Fax: +9122 22651278 | Email: research@dolatcapital.com | www.dolatcapital.com