

# Transport Corporation of India

## Accumulate



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TCI reported the muted revenue growth for FY20 as the difficult macroeconomic conditions put pressure along with YoY declines in Auto OEM segment. The company's Freight division reported its first YoY decline since FY17 while Supply chain reported multi-year decline in Q4. It had lost Rs 1Bn revenue in Q4 due to COVID. Despite headwinds, the company remain focused on providing customer centric service approach, operational efficiency, cost optimization and continued thrust on technology which has become even more important for the transport companies like TCI during such pandemic time. The company is very optimistic on the huge demand creation in the warehousing and cold storage due to recent changes in the customer habits during COVID.

### Muted operational performance in FY20

The company reported the Sales/EBITDA/PAT growth of -1%/-4%/-1%. The decline in revenue was driven by sharp fall in the revenues in Q4. The Freight/ SCS/Sea witnessed the fall of -1%/-22%/-4% YoY in Q4FY20, thus ending the year with 3%/-7%/2% YoY. EBITDA came at Rs 2.4Bn while margins came at 8.9% vs 9.1% YoY. PAT too remained muted with Rs 1.4Bn. Amid the pandemic, the company remains watchful over the situation and thus not given any guidance for FY21 while capex stood at Rs 1Bn. The CFO stood at Rs 2.5Bn vs Rs 1.8Bn.

### Strong infrastructural capabilities

The company has 900+ own branches which caters the services like LTL/FTL/ODC, Project Heavy Haul and foldable large containers through strong fleet of 9000+ trucks. The SCS division provides supply chain design and reengineering, logistics support to third-party, warehousing, management. Seaway division, leading multimodal coastal players connecting India which owns 6 ships earlier has now acquired TCI Anand, a new ship in October 2019 to boost its presence in the western, eastern and southern coasts of India. Thus TCI cover the entire logistics value chain - from the point of origin to destination through rail, road and sea. Further it also owns 7000+ pallets for cold storage and 12mn Sqft of modern warehouse space under the management. It has 4200+ employee base. It has marked its strong presence in SAARC countries like India, Nepal, Bangladesh, Sri Lanka, Bhutan and Myanmar.

### IT enabled companies to dominate

TCI which provides end-to-end transport solutions backs its ability with strong IT system in place. It expects that going ahead, (1) strong analytics will drive better decision making (2) Digital transformation will make leaner and smarter logistics by ensuring smoother interface (3) Technology based startups will build the system more robust and will improve the efficiency. The technologies such as drones, blockchain, cloud, data analytics, robotics etc will not only help in automation and improved safety but also help in reducing the bottlenecks, errors resulting into increasing efficiency & customer satisfaction.

### COVID -19: A new Normal

TCI's performance was hit in the Q4FY20 with the outburst of COVID-19. Despite facing numerous challenges, the company resumed most of the operations in coastal shipping, warehousing & distribution and goods transportation during the lockdown period, in a phased manner. The company said that it is still ascertaining the medium to long term impact of pandemic. Further MD & CMD will forgo 3 month salary. The management expects new trends post COVID-19 like (1) Decline in touchpoints for cargo and reduced inter-state movements using the multimodal transport (2) Increase in use of online shopping for purchase resulting jump in demand for warehousing and cold storage (3) Risk Management will assume greater significance with higher compliance checks in their distribution pipelines. (4) Massive Technological disruption.

CMP	Rs 171
Target / Upside	Rs 185 / 8%
BSE Sensex	38,209
NSE Nifty	11,216

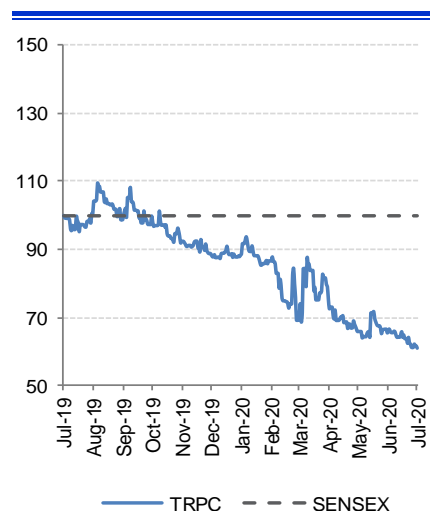
### Scrip Details

Equity / FV	Rs 154mn / Rs 2
Market Cap	Rs 13bn
	USD 175mn
52-week High/Low	Rs 313/Rs 122
Avg. Volume (no)	41,515
NSE Symbol	TCI
Bloomberg Code	TRPC IN

### Shareholding Pattern Mar'20(%)

Promoters	66.9
MF/Banks/FIs	9.3
FIIIs	1.8
Public / Others	22.1

### TRPC Relative to Sensex



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## Annual Report Macro View

<b>Key Management</b>	<b>No change in the management</b>		
<b>Board of Directors</b>	Mr. K S Mehta retired w.e.f. conclusion of AGM held on 29th July, 2020. Ms. Gita Nayyar was appointed with effect from 24th May, 2019 Mr. Ravi Uppal was appointed with effect from 28th October, 2019 Mr. R.U. Singh was appointed as KMP w.e.f. 24th May, 2019.		
<b>Credit Rating</b>	<b>CRISIL:</b> Short Term: A1+; Long Term: AA/Stable (upgraded from AA-) <b>ICRA:</b> Short Term : A1+		
<b>Auditors</b>	Brahmayya & Co., Chartered Accountant		
<b>Pledged Shares</b>	No pledge shares		
<b>Key Holders</b>	<b>Category of Shareholder (%)</b>	<b>FY2019</b>	<b>FY2020</b>
	A. Promoters	<b>66.92</b>	<b>66.87</b>
	B. Public Shareholding	<b>33.08</b>	<b>33.13</b>
	1. Institutions:	<b>10.37</b>	<b>11.84</b>
	a. Mutual Funds	8.42	9.28
	b. Banks/FI	0.06	0.06
	c. Alternative Investments Funds	-	0.72
	d. Insurance Companies	-	-
	e. FII & FPI	1.89	1.78
	2. Non-Institutions:	<b>22.71</b>	<b>21.29</b>
	a. Bodies Corp.	4.8	2.06
	b. Individuals	15.59	14.7
	c. Others	2.32	4.53
	C. Shares held by Custodian for GDRs & ADRs		
	<b>Total</b>	<b>100.00</b>	<b>100.00</b>

Bhoruka International Pvt Ltd and TCI Global Logistics Ltd. have been amalgamated as going concern with Bhoruka Finance Corporation of India Ltd. (BFCIL) as per the Composite Scheme of Arrangement under NCLT order dated 12th June, 2019 and effective from 3rd July, 2019.

## Key Takeaways from the MD&A

### Company Overview

*The demand for sanitizers in India is between ~30-50 mn litres a month whilst capacity is only around 10 mn thereby creating huge opportunities for the road operators like TCI*

#### Logistics to remain strong

Over the past few years, the Indian logistics has been in limelight and has remained strong with the introduction of government reforms like GST, E-way bill, ease in FDI norms. Further, this sector is on the cusp of growth with the government actions and logistics infrastructure like Bharatmala Pariyojana, DFCC, Multi Modal Logistics Parks (MMLPs) across India, Sagarmala and inland waterways. Various actions has been taken with objective to reduce the logistics cost and for ease of doing the business in India. National Logistics Policy has been formulated with the aim to improve the logistics sector in the country with the use of technology and skilled workforce.

#### During COVID-19, various opportunities and new trends has been observed like:

'(1) Focus on improving local supply chain and exports with the rise of domestic sourcing (2) Atmanirbhar Bharat Abhiyan can attract new companies who wanted to reduce the dependence on single country, MSME to grow with government supportive policies (3) Improving shorter lead distance movement and reduce touch points driving growth in Multimodal logistics (4) Improving the speed and efficiency to meet demand-supply through automation and modern handling systems (5) Shift in consumer preferences, benefit for the sectors like agro, chemicals, farm activities. (6) Change in consumer pattern: The closure of malls and shopping complex have led to rise in online shopping resulting need for E-commerce and omni-channels to service the end consumer (7) This move will also drive rise in Warehousing Solution, minimal human intervention and rise of vehicles for middle and last mile delivery.

Sector	Service Rendered
Automobile	Provides innovative solutions for complex logistics requirements covering the entire supply chain from production to after-markets.
Chemicals	Provides multimodal logistics solution for all bulk liquid and dry chemicals includes movement of Hazardous and Non-Hazardous chemicals via road-rail and sea through usage of ISO containers. Seek to build HSE standards in the Chemical industry.
Omni-channel retail	Provides flexible logistics services from distribution and fulfillment centers providing first-mile supplier pickups and last-mile deliveries by all the necessary services together into a complete, optimized package. State-of-the- Art automated systems which covers sorters, conveyors, ASRS, deep shelving are some of the offerings for handling high volume/high throughput requirements.
Textile	Provides transportation, warehousing, consol and deconsol services.
Engineering	Provides logistics solutions for lightweight or heavy-duty consignments and ensure professional handling of goods.
Pharma & Healthcare	Provides end-to-end supply chain and Cold Supply Chain services. This encompasses Ambient and Cold Warehousing, Primary Transportation, 3PL, CFA and DC management. Temperature controlled transportation coupled with last-mile deliveries ensure easy and convenient transportation. Specialized handling & transportation of medical devices including MRI machines and CT Scanners.
FMCG	Provides integrated transportation & multimodal solutions. Manages modern Distribution Center or Cold Storages led by experts.
E-com	Provides fulfillment services and middle-mile transportation.

*“With massive changes in supply chains, the industry will witness an accelerated trend of digital transformation. From planning to execution, every element of the logistics value chain will be reshaped, automated and digitised.”*

- Mr. D.P. Agarwal

## Thrust on information technology

TCI which provides end-to-end transport solutions backs its ability with strong IT system in place. It has (1) TCI has been investing in technology for complete warehouse automation and digitization. (2) advanced GPS tracking of the vehicle (3) Online and tracking system through mobile application, (4) Operation Command Center (OCC) where hubs are monitored from the centralized location (5) Real time cargo movement (6) IoT solutions linked with Telematics. (7) Robots in warehousing It expects that going ahead, (1) strong analytics will drive better decision making (2) Digital transformation will make leaner and smarter logistics by ensuring smoother interface (3) Technology based startups will build the system more robust and will improve the efficiency (4) Technologies such as drones, blockchain, cloud, data analytics, robotics etc will not only help in automation and improved safety but also help in reducing the bottlenecks, errors resulting into increasing efficiency & customer satisfaction.

## Technology at every step



Source: Company, DART

Technology	Impact
Physical Internet	(1) Improved supply chain transparency, safety and efficiency (2) Improved environmental sustainability
IT Standards	(1) Enabling collaboration horizontally (2) More efficiency and transparency
Data Analytics	(1) Improvements in customer experience and operational efficiency in operations (2) Greater inventory visibility and management (3) Improved 'predictive maintenance'
Cloud	(1) Enabling new platform-based business models and increasing efficiency & real-time access to data
Block Chain	(1) Enhanced supply chain security (reduction of fraud) (2) Reduction in bottlenecks (certification by 3rd parties) (3) Reduction of errors (no more paper-based documentation) (4) Increased efficiency
Robotics & Automation	(1) Reduction in human intervention and increased efficiency in delivery and warehousing (2) Lower costs & greater safety
Drones	(1) Increased cost efficiency (2) Workforce reduction
Autonomous Vehicles	Reduction in human workforce (2) Increased efficiency in delivery processes

### COVID-19 impact

The Company started its most of the operations in coastal shipping, warehousing & distribution and goods transportation (essential and non-essentials) during the lockdown period, in a phased manner with low utilisation. The Company faced the challenges like stoppage of production, low demand, restrictions on interstate and intrastate movements of goods & cargo, Labour and drivers shortage etc. The company said that it is still ascertaining the medium to long term impact of pandemic.

### New trends: Post COVID

- Decline in touchpoints for cargo and reduced inter-state movements using the multimodal transport like rail, road and sea.
- Increase in use of online shopping for purchase resulting jump in demand for warehousing and cold storage
- Risk Management will assume greater significance with higher compliance checks in their distribution pipelines.
- Massive Technological disruption and opportunities to create new business

### Other Details:

- TCI Institute of Logistics (TIL), a group venture of TCI, affiliated to National Skill Development Corporation (NSDC) and Logistics Skills Council (LSC) has been set up in order to provide training to the entry level employees in logistics sector. TCI institute of Logistics has established 11 satellite centres at Varanasi, Allahabad, Churu, Jhunjhunu, Hisar, Muzaffarpur, Patna, Berhampur, Cuttack, Siliguri, Hardoi and Balasore. 4 new centers at Pratapgarh, Bharatpur, Jabalpur, Burdman are likely to be opened soon.
- Inauguration of TCI Safe Safar at New Delhi in Sept 2019 by Shri Nitin Gadkari. TCI Safe Safar is health and safety initiative aimed at creating awareness on road safety.



## Segmental Analysis

The company derives its revenue from 3 segments namely: TCI Freight, TCI Supply Chain Solutions, TCI Seaways. The company has JV with CONCOR ie TCI CONCOR Multimodal Logistics Solutions Pvt Ltd and has partnered with Toyota Kirlosk (called Transystem) for the complete logistics solution. The company has also presence in SAARC. It provides logistics services to the neighboring countries like Nepal, Bangladesh, Sri Lanka, Bhutan and Myanmar.

Revenue Break up (Rs mn)	FY17	FY18	FY19	FY20
Freight Division	10,590	11,992	13,988	14,351
Growth YoY (%)	9.1%	13.2%	16.6%	2.6%
SCS	7,374	9,126	10,241	9,490
Growth YoY (%)	16.9%	23.7%	12.2%	-7.3%
Seaways Division	1,639	2,564	3,593	3,677
Growth YoY (%)	16.9%	56.4%	40.1%	2.3%
Energy Division	74	68	69	55
Growth YoY (%)	23.8%	-7.5%	1.5%	-20.8%
<b>Sub Total</b>	<b>19,678</b>	<b>23,750</b>	<b>27,891</b>	<b>27,574</b>
Unallocable & Corporate	83	110	176	89
<b>Total</b>	<b>19,761</b>	<b>23,861</b>	<b>28,068</b>	<b>27,663</b>
Less: Inter Segment	214	218	336	283
<b>Total Revenue</b>	<b>19,547</b>	<b>23,643</b>	<b>27,732</b>	<b>27,380</b>
Growth YoY (%)	12.5%	21.0%	17.3%	-1.3%

Source: Company, DART

## Key Highlights

### Freight Segment

- **Revenue:** It forms ~51%-52% of the total revenue (FY20) which grew by ~3% YoY. Standalone revenue grew by ~4% YoY implying decline of 1% in subsidiary performance. PBT grew by 4% YoY on consol basis. ROCE for FY20 improved to 17% vs 16.4% YoY on the back of better capital management and margins.
- **Infrastructure:** The company caters its freight service through strong fleet of 9000+ trucks in operations and 700 branches and IT-enabled hubs with a dedicated fleet of trucks, hydraulic axles and trailers. It also has 25 strategically located hubs.
- **Services:** It provides the services like FTL (Full Truck Load), LTL (Less than Truck Load), small packages and consignments, ODC (Over Dimensional Cargoes), PHH (Project Heavy Haul) and Foldable Large Containers (FLCs) to minimize risk of damage and pilferage of the goods
- **Technology:** (1) Single window solution for its customers and also gives real-time basis tracking information of cargo movement from multiple locations (2) Online tracking and GPS technology
- **Growth Drivers:** (1) Rising demand of long haul freight and LTL (2) Pharma, Healthcare, Medical Equipment, Chemicals & FMCG could be some sectors that are of more focus due to Pandemic (3) Good presence in SAARC countries.

*The TCI SCSC Division has institutionalized the “TCI SCS 5 Forces Model”, which encompasses crucial factors such as taxation elements, logistics network, proximity to customer base, distance from supplier and overall supply chain cost.*

## Supply Chain segment

- **Revenue:** It forms ~ 35% of the total revenue (FY20) which declined by 7% YoY. Standalone revenue declined by 9% YoY implying growth in subsidiary performance. PBT declined by 20% YoY on consol basis. ROCE for FY20 stood at 18.3%.
- **Infrastructure:** The company provides integrated logistics and supply chain solutions to its customers. Provides supply chain design and reengineering, logistics support to third-party, warehousing management and other similar services. It owns and lease of all modern warehouse storage and handling equipment. It handles ~12mn Sqft modern warehousing space under the management. Also has customized owned fleet of over 1,300 trucks and trailers including refrigerated trucks; stainless steel tanktainers etc
- **Services:** It has expertise in key verticals such as Automobile, Omni-Channel Retail, Hi-tech & Telecom, Chemicals and Healthcare.
- **Technology:** (1) Proprietary ERP in the cloud enabling digitisation of the entire supply chain, using handheld devices, computers, mobile and web applications (2) managing the entire supply chain, which is integrated with software and helps in creating a “Glass Pipeline” of visibility. (3) Robots (4) IoT solutions linked with Telematics.
- **Growth Drivers:** (1) Regulatory and infrastructure development to drive 3PL growth where TCI SCS has presence (2) Rise 3PL demand from e-com, e-grocery, food delivery, and other companies. (3) Thrust on modernization and digitization

## Seaway Division

- **Revenue:** It forms ~ 13% of the total revenue (FY20) which grew by 2% YoY. Consol PBT grew by 2% YoY. ROCE dipped to 19.2% due to ship acquisition.
- **Infrastructure:** The company has expertise in coastal shipping and container cargo movements and transportation services. It has become leading multimodal coastal players connecting India with its western, eastern, and southern ports through 7 ships which it owns. The company has bought its 7<sup>th</sup> ship, TCI Anand, in Oct 2019 to strengthen its presence in the western and southern coasts of India. The division also owns 8,000+ marine containers. These ships are deployed on the following routes:
  - Chennai-Port Blair and Port Blair- Chennai
  - Kakinada- Port Blair and Port Blair-Kakinada
  - Mundra-Tuticorin
  - Mundra-Kochi and Kochi-Mundra
  - Mundra- Mangalore-Kochi and back
  - Kandla-Pipavav-Kochi-Tuticorin & back
- **Service:** TCI Seaways provides the first-mile and last mile connectivity via rail and road. It also does port handling and coastal transportation of loaded/ empty containers and bulk/ break-bulk cargo services. Most containerised cargo consists of a variety of general goods, Defense equipment and movement of vehicles forms a major load.
- **Growth Drivers:** (1) Expected to benefit by connecting the western, eastern and southern coasts of India (2) planned capacity addition (3) Multimodal solutions for cargo originating from the northern to southern states

## Subsidiary/JV/Associate

TCI has 11 subsidiaries including step down, 1 JV and 1 associate Company.

Company Name	Type	Holdings	Company Name	Type	Holdings
TCI-CONCOR Multimodal Solutions	Subsidiary	51.0%	TCI Holdings Asia Pacific Pte Ltd	Subsidiary	100.0%
Transsystem Logistics International	Joint Venture	49.0%	TCI Global Brazil Logistica Ltda.	Step Subsidiary	100.0%
TCI Ventures Ltd.	Subsidiary	100.0%	TCI Holdings Netherlands B.V	Step Subsidiary	100.0%
Stratsol Logistics Pvt. Ltd.	Step Subsidiary	100.0%	TCI Holdings SA & E	Subsidiary	100.0%
TCI Cold Chain Solutions Ltd.	Subsidiary	100.0%	TCI Bangladesh Ltd.	Subsidiary	100.0%
TCI Global Pte (Singapore) Ltd	Step Subsidiary	100.0%	TCI Nepal Pvt. Ltd.	Subsidiary	100.0%
Cargo Exchange India Pvt. Ltd.	Associate	30.8%			

**TCI-CONCOR Multimodal Solutions:** A JV between TCI & CONCOR and provides end-to-end multimodal solutions. TCI CONCOR leverages the infrastructure and capabilities of the TCI Group and creates synergies using the rail infrastructure of CONCOR to establish an integrated multimodal railroad service.

Subsidiary Performance - TCI-CONCOR Multimodal Solutions		
	FY19	FY20
Equity Share capital	70	70
Reserves	37	46
Total Assets	340	335
Total Liability	233	265
Revenue	894	1,892
PBT	25	21
Tax	7	5
PAT	18	17
% shareholding	51%	51%

**Transsystem Logistics International (TLI):** A JV between TCI (49% equity) and Mitsui & Co. Ltd. (51% equity). It is a logistical partner for Toyota Kirloskar and other Japanese companies in India. It has been providing complete logistics solutions, from inbound and Outbound Logistics of Completely Built Units & Spare parts management, warehousing and distribution. Revenue stood at Rs 255mn, -16% YoY due to slowdown in auto. **TCI Cold-chain Solution** grew by 373% YoY during FY20.

### Changes during the year

- During FY20, Cargo Exchange India Pvt. Ltd. became associate of the company
- The Company has transferred the Cold Chain Business to its wholly owned subsidiary i.e TCI Cold Chain Solutions Limited, on a slump sale basis with effect from 1st Jan'19 for a consideration of Rs 635.6mn in the form of equity investment. The Cold Chain business was previously reported as part of Supply Chain Solutions segment of the Company.
- TCI Global (Shanghai) Co. Limited was liquidated during FY19. Accordingly, the entire investment amounting to Rs 34.7mn has been de-recognised.



## Financial Analysis

### Cost Analysis

- **Operating expenses** declined by 1.7% YoY. Freight expenses/vehicle trip expenses declined by 1%/18% YoY while Diesel/warehousing and Stevedoring and Cargo Expenses cost grew by ~1%/1%/6% YoY.
- **Employee cost** grew by 12.1% YoY driven by 12% jump in Salary 40% jump in Gratuity offset by 18%/13% decline in Contribution to Employees' State Insurance and staff welfare.
- **Other expenses** declined by 5.9% YoY driven by -25% in Repairs and Maintenance Expenses followed by -7%/-6%/-1% decline in Office Maintenance/ travel exp/electricity offset by Rent (+15%), insurance (+135%).

### Balance Sheet & Cash Flow Analysis

- **Share capital:** 0.18mn shares added in share capital taking it to 76.8mn in FY20 vs 76.6mn in FY19. This was on account of shares allotted to the employees upon exercise of stock options.
- **Gross Block** Addition including CWIP and Right to use assets stood at Rs 1.67Bn vs Rs 1.1Bn YoY.
- **Gross debt** including current maturity of Rs 500mn declined from ~Rs 4.7Bn to Rs 4.2Bn, primarily driven by decline in Long term borrowings. It saw a decline of Rs 384mn. Short term remained stable however, composition changed. It repaid working capital loan of Rs 522mn and Rs 500mn other unsecured loans offset issue of Rs 1.95Bn commercial paper (Rs 1Bn in FY19).
- **Interest cost** too declined from Rs 374mn to Rs 343mn on back of decline gross debt. The Group have incurred interest cost on weighted average of Effective interest rate during the year 7.30% on short term borrowings (vs 8.11% in FY19).
- **Exceptional item:** Loss of Rs 98.8mn towards impairment test of its wind power plants
- **Capex** (As per CF) for the year stood at Rs 1.33Bn vs Rs 1.3Bn in FY19 respectively. Of which Rs794mn was spend on purchase of ship (Rs 604mn in FY9), Rs 382mn in Supply China division (Rs 579mn in FY19) and Rs34mn by Freight division (Rs 23mn in FY19).
- **FCFF** stood at Rs 1.18Bn in FY20 vs Rs 500mn in FY19.
- **Cash flow from operations** stood at Rs 2.5Bn vs Rs 1.8Bn YoY. The trade receivable days increased from 62 to 67 days, inventory days increased from 0.6 days to 0.8 days while payable stood at ~10 days vs9 days in F19. Thus overall Working Capital days stood at 58 days vs 54 days/49 days in FY19/FY18/FY17.

### Operating cash flow after Working Capital grew in FY20

(Rs mn)	FY18	FY19	FY20
Operating Cash flow before WC changes	2,512	2,892	2,816
Working Capital changes	(576)	(759)	117
Direct Tax paid	(368)	(342)	(410)
<b>Net Cash generated from operating activities</b>	<b>1,568</b>	<b>1,791</b>	<b>2,523</b>

### Future min Lease Rental receivable in relation to non-cancellable operating leases:

Particulars	FY19	FY20
Within One Year	26.0	26.0
Later than one year but not later than five years	29.9	3.7
<b>Total Financial Assets</b>	<b>55.9</b>	<b>29.9</b>

Source: Company, DART

### Group as Lessor

The Group has given its Wind-power plants on lease under non-cancellable operating leases expiring in future. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

### Transaction with Related party

Related Party Transaction	Nature of Relation			FY20
	FY19	JV	Others	
<b>Income</b>				
Freight Income	712	547	74	<b>621</b>
Logistic Services	23	20	-	<b>20</b>
Miscellaneous Income	99	60	42	<b>102</b>
Dividend Income	78	78	-	<b>78</b>
Rent Received	29	-	27	<b>27</b>
<b>Expenditure</b>				
Freight Expenses	30	16	23	<b>40</b>
Fuel Purchase	137	-	94	<b>94</b>
Charity and Donation	58	-	34	<b>34</b>
Vehicle Maintenance	9	10	-	<b>10</b>
Business Support Services	-	-	2	<b>2</b>
Consultancy	1	-	-	<b>-</b>
Rent paid	96	2	93	<b>95</b>
KMP Remuneration & Commission	222	-	214	<b>214</b>
Finance and Investments	91	-	41	<b>41</b>
Advances /Deposit Given	85	-	84	<b>84</b>
Trade Receivables	83	-	108	<b>108</b>
Corporate Guarantees	8	-	-	<b>-</b>
Trade Payables	93	-	56	<b>56</b>

Source: Company, DART

## Management Remuneration

Remuneration of KMP (Rs mn)	Designation	FY19	FY20	YoY (%)	Shares held
Mr. D P Agarwal	Chairman & MD	87.6	83.5	(4.7)	8,28,628
Mr. Vineet Agarwal	MD	77.2	73.7	(4.6)	20,28,498
Mr. Chander Agarwal	Non-Executive	0.7	0.7	-	18,34,262
Ms. Urmila Agarwal	Non-Executive	0.7	0.7	-	18,50,591
Mr. Ashish Tiwari	CFO	6.6	8.4	26.2	
Ms. Archana Pandery	CS	1.5	1.7	11.0	
Mr. Ishwar Singh Sagar	CEO-TCI Freight	7.6	9.8	29.3	
Mr. Jasjit Sethi	CEO-TCI SCS,	23.1	29.2	26.5	
Mr. R.U. Singh	CEO - TCI Seaways	-	10.6	NA	

Source: Company, DART

**Note:** Mr. Vineet and Mr. Chander Agarwal are the brothers and sons of Mr. D.P. Agarwal

- Mr. S N Agarwal and Ms. Urmila Agarwal did not accept any sitting fees.
- Mr. K S Mehta retired w.e.f. conclusion of AGM held on 29th July, 2020.
- Ms. Gita Nayyar was appointed with effect from 24th May, 2019
- Mr. Ravi Uppal was appointed with effect from 28th October, 2019
- Mr. R.U. Singh was appointed as KMP w.e.f. 24th May, 2019.

Particulars	FY18	FY19	FY20
Total employees on the payroll of the Company	4,162	4,486	4,222
% increase in the median remuneration of employees:	13.2%	12.1%	13.0%
Avg percentile increase in the salary of employees other than management personnel	13.2%	13.2%	13.0%
Avg percentile increase in the salary of managerial remuneration	12.4%	12.4%	12.0%

## Management Expertise

Skills/ expertise required	Mr. D P Agarwal	Mr. S N Agarwal	Mr. Ashish Bharat Ram	Mr. Vijay Sankar	Mr. S Madhavan	Ms. Gita Nayyar	Mr. Ravi Uppal	Ms. Urmila Agarwal	Mr. Chander Agarwal	Mr. Vineet Agarwal
Experience in Logistics & Transport-ation sector	√	√	-	-	-	-	-	-	√	√
Management skills	√	√	√	√	√	√	√	√	√	√
Expertise in corporate governance matters	√	√	√	√	√	√	√	√	√	√
Financial knowledge	√	√	√	√	√	√	√	√	√	√
Understanding of regulatory environment	√	√	√	√	√	√	√	√	√	√
Economic knowhow	√	√	√	√	√	√	√	√	√	√
Astute analytical abilities	√	√	√	√	√	√	√	√	√	√

Source: Company, DART

## Contingencies and commitments

### Claims against the Company not acknowledged as Debts

Particulars (Rs mn)	FY19	FY20
<b>Claims Against the Company not Acknowledged as Debt</b>		
Sales Tax/Excise/Entry Tax/ESI/Trade Tax/Octroi/Duty	42	41
Other demands under Dispute not acknowledged as debt	12	14
Guarantees	216	221
<b>Total</b>	<b>270</b>	<b>276</b>
<b>% of PAT</b>	<b>0.98</b>	<b>1.01</b>
Commitments	160	322

Rating

**CRISIL:** Short Term: A1+; Long Term: AA/Stable (upgraded from AA-)

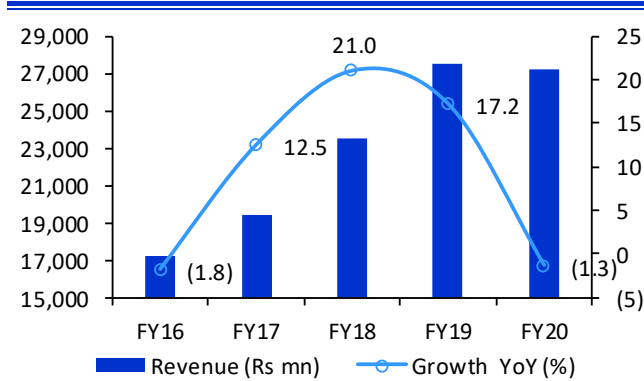
**ICRA:** Short Term: A1+ (Commercial Paper)

## Shareholding of Top Ten Shareholders

Top 10 Shareholders	FY2019	FY2020
IDFC Multi Cap Fund	3.51	3.73
Canara Robeco Mutual Fund	3.67	3.14
Sushma Chamaria	2.64	2.64
Madhulika Agarwal	1.36	1.36
Sangeeta Nirmal Bang-HUF	1.13	1.13
Sundaram Mutual Fund	0.48	1.05
Nanda Kishore Sharma	0.45	1.01
Ashish Agarwal	0.99	0.76
Tata Mutual Fund - Tata Small Cap Fund	0.72	0.72
New Mark Capital India Fund	0.72	0.72

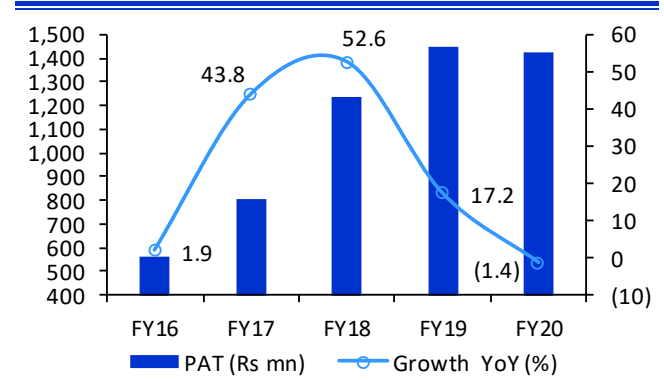
## Financial Metrics and Charts

**Exhibit 1: Revenue and YoY growth**



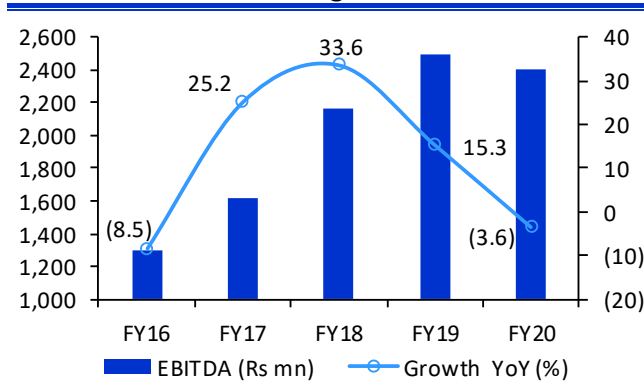
Source: Company, DART

**Exhibit 2: PAT and YoY growth**



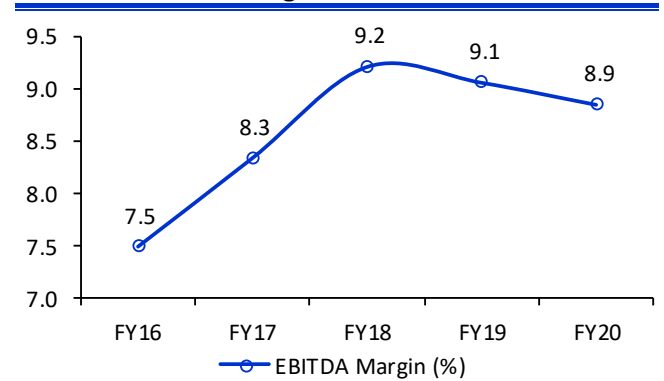
Source: Company, DART

**Exhibit 3: EBITDA and YoY growth**



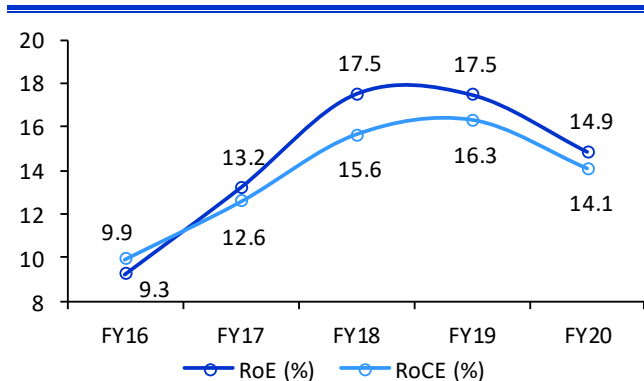
Source: Company, DART

**Exhibit 4: EBITDA Margin**



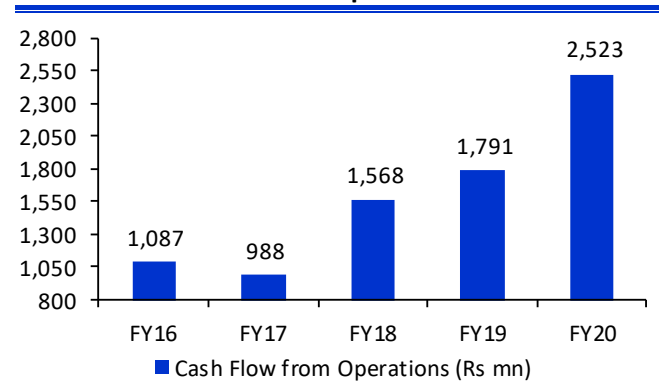
Source: Company, DART

**Exhibit 5: RoE and RoCE**



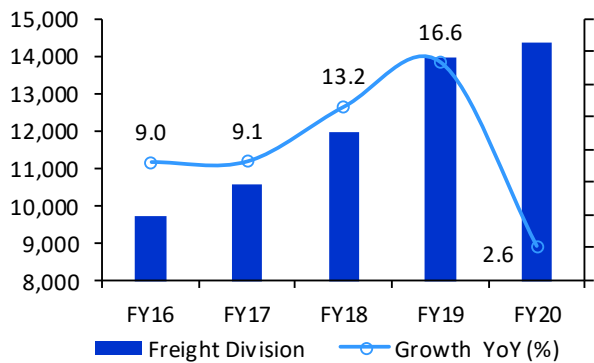
Source: Company, DART

**Exhibit 6: Cash Flow from Operations**

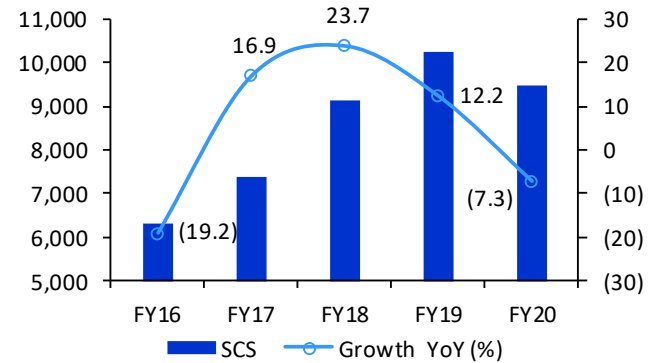


Source: Company, DART

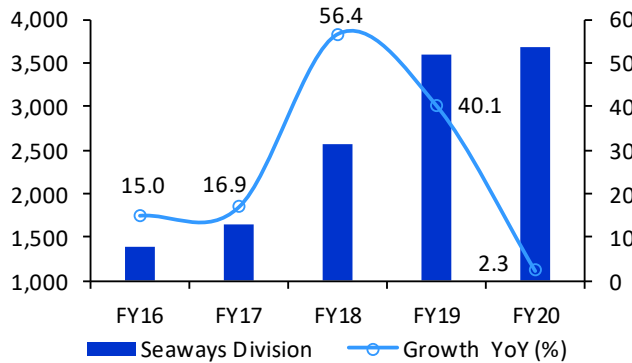


**Exhibit 7: Freight Revenue and YoY growth**


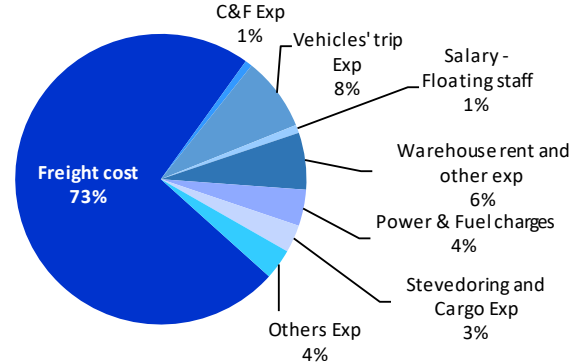
Source: Company, DART

**Exhibit 8: SCS Revenue and YoY growth**


Source: Company, DART

**Exhibit 9: Seaway Revenue and YoY growth**


Source: Company, DART

**Exhibit 10: Operating cost break-up**


Source: Company, DART

### Profit and Loss Account

(Rs Mn)	FY19A	FY20E	FY21E	FY22E
<b>Revenue</b>	<b>27,536</b>	<b>27,178</b>	<b>23,689</b>	<b>26,734</b>
<b>Total Expense</b>	<b>25,041</b>	<b>24,773</b>	<b>21,746</b>	<b>24,274</b>
COGS	22,515	22,143	18,853	21,178
Employees Cost	1,402	1,572	1,729	1,850
Other expenses	1,124	1,058	1,164	1,245
<b>EBIDTA</b>	<b>2,495</b>	<b>2,405</b>	<b>1,942</b>	<b>2,459</b>
Depreciation	774	825	837	891
<b>EBIT</b>	<b>1,721</b>	<b>1,580</b>	<b>1,105</b>	<b>1,569</b>
Interest	374	343	335	323
Other Income	195	201	191	210
Exc. / E.O. items	(7)	(99)	0	0
<b>EBT</b>	<b>1,535</b>	<b>1,340</b>	<b>962</b>	<b>1,456</b>
Tax	333	159	234	331
RPAT	1,444	1,424	991	1,404
Minority Interest	9	8	6	8
<b>Profit/Loss share of associates</b>	<b>251</b>	<b>252</b>	<b>269</b>	<b>288</b>
<b>APAT</b>	<b>1,444</b>	<b>1,424</b>	<b>991</b>	<b>1,404</b>

### Balance Sheet

(Rs Mn)	FY19A	FY20E	FY21E	FY22E
<b>Sources of Funds</b>				
Equity Capital	153	154	154	154
Minority Interest	52	57	57	57
Reserves & Surplus	8,766	10,085	10,999	12,281
<b>Net Worth</b>	<b>8,920</b>	<b>10,239</b>	<b>11,153</b>	<b>12,434</b>
Total Debt	4,703	4,186	3,986	3,886
Net Deferred Tax Liability	390	302	302	302
<b>Total Capital Employed</b>	<b>14,065</b>	<b>14,784</b>	<b>15,498</b>	<b>16,679</b>

### Applications of Funds

Net Block	7,268	7,717	8,096	8,505
CWIP	40	216	0	0
Investments	1,168	1,354	1,623	1,911
<b>Current Assets, Loans &amp; Advances</b>	<b>7,683</b>	<b>7,547</b>	<b>8,001</b>	<b>8,681</b>
Inventories	53	66	65	73
Receivables	5,151	4,873	5,062	5,493
Cash and Bank Balances	155	259	487	689
Loans and Advances	2,324	2,349	2,387	2,426
Other Current Assets	0	0	0	0
<b>Less: Current Liabilities &amp; Provisions</b>	<b>2,095</b>	<b>2,050</b>	<b>2,222</b>	<b>2,418</b>
Payables	674	639	894	998
Other Current Liabilities	1,421	1,411	1,329	1,420
<i>sub total</i>				
Net Current Assets	5,589	5,497	5,779	6,263
<b>Total Assets</b>	<b>14,065</b>	<b>14,784</b>	<b>15,498</b>	<b>16,679</b>

E – Estimates

### Important Ratios

Particulars	FY19A	FY20E	FY21E	FY22E
<b>(A) Margins (%)</b>				
Gross Profit Margin	18.2	18.5	20.4	20.8
EBIDTA Margin	9.1	8.9	8.2	9.2
EBIT Margin	6.2	5.8	4.7	5.9
Tax rate	21.7	11.9	24.3	22.8
Net Profit Margin	5.2	5.2	4.2	5.3
<b>(B) As Percentage of Net Sales (%)</b>				
COGS	81.8	81.5	79.6	79.2
Employee	5.1	5.8	7.3	6.9
Other	4.1	3.9	4.9	4.7
<b>(C) Measure of Financial Status</b>				
Gross Debt / Equity	0.5	0.4	0.4	0.3
Interest Coverage	4.6	4.6	3.3	4.9
Inventory days	1	1	1	1
Debtors days	68	65	78	75
Average Cost of Debt	8.2	7.7	8.2	8.2
Payable days	9	9	14	14
Working Capital days	74	74	89	86
FA T/O	3.8	3.5	2.9	3.1
<b>(D) Measures of Investment</b>				
AEPS (Rs)	18.9	18.6	12.9	18.3
CEPS (Rs)	29.0	29.4	23.9	30.0
DPS (Rs)	2.2	2.4	1.0	1.6
Dividend Payout (%)	11.6	13.1	7.7	8.7
BVPS (Rs)	116.4	133.7	145.6	162.3
RoANW (%)	17.5	14.9	9.3	11.9
RoACE (%)	11.9	11.2	7.0	9.0
RoAIC (%)	13.1	11.1	7.5	10.1
<b>(E) Valuation Ratios</b>				
CMP (Rs)	171	171	171	171
P/E	9.1	9.2	13.2	9.3
Mcap (Rs Mn)	13,114	13,114	13,114	13,114
MCap/ Sales	0.5	0.5	0.6	0.5
EV	17,661	17,040	16,612	16,311
EV/Sales	0.6	0.6	0.7	0.6
EV/EBITDA	7.1	7.1	8.6	6.6
P/BV	1.5	1.3	1.2	1.1
Dividend Yield (%)	1.3	1.4	0.6	0.9
<b>(F) Growth Rate (%)</b>				
Revenue	17.2	(1.3)	(12.8)	12.9
EBITDA	15.3	(3.6)	(19.2)	26.6
EBIT	16.4	(8.2)	(30.1)	41.9
PBT	18.1	(12.8)	(28.2)	51.5
APAT	17.2	(1.4)	(30.4)	41.7
EPS	17.2	(1.4)	(30.4)	41.7

### Cash Flow

(Rs Mn)	FY19A	FY20E	FY21E	FY22E
CFO	1,791	2,523	1,924	2,133
CFI	(1,576)	(1,448)	(1,078)	(1,378)
CFF	(202)	(971)	(618)	(554)
FCFF	500	1,187	924	833
Opening Cash	142	155	259	487
Closing Cash	155	259	487	689

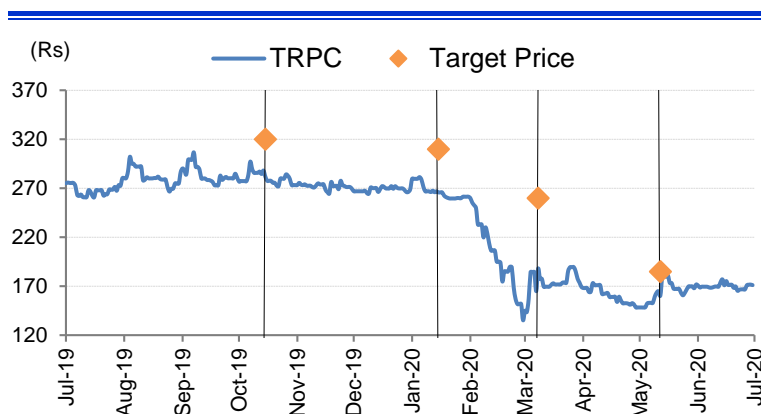
E – Estimates

### DART RATING MATRIX

Total Return Expectation (12 Months)

Buy	> 20%
Accumulate	10 to 20%
Reduce	0 to 10%
Sell	< 0%

### Rating and Target Price History



Month	Rating	TP (Rs.)	Price (Rs.)
Nov-19	Accumulate	320	282
Feb-20	Accumulate	310	266
Mar-20	Accumulate	260	188
Jun-20	Accumulate	185	161

\*Price as on recommendation date

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