

# Transport Corporation of India Ltd (TCI)

September 17, 2022  
Time Horizon – 12 Months

CMP: ₹757  
Target: ₹920

ANAND RATHI  
INVESTMENT SERVICES

VALUE

PICK

Key Data	
Bloomberg Code	TRPC IN
NSE Code	TCI
BSE Code	532349
Industry	Logistics
Face Value (₹)	2.0
BV per share (₹)	192
Dividend Yield (%)	0.87
52 Week L/H(₹)	858 / 403
Market Cap. (₹ Mn.)	58,549

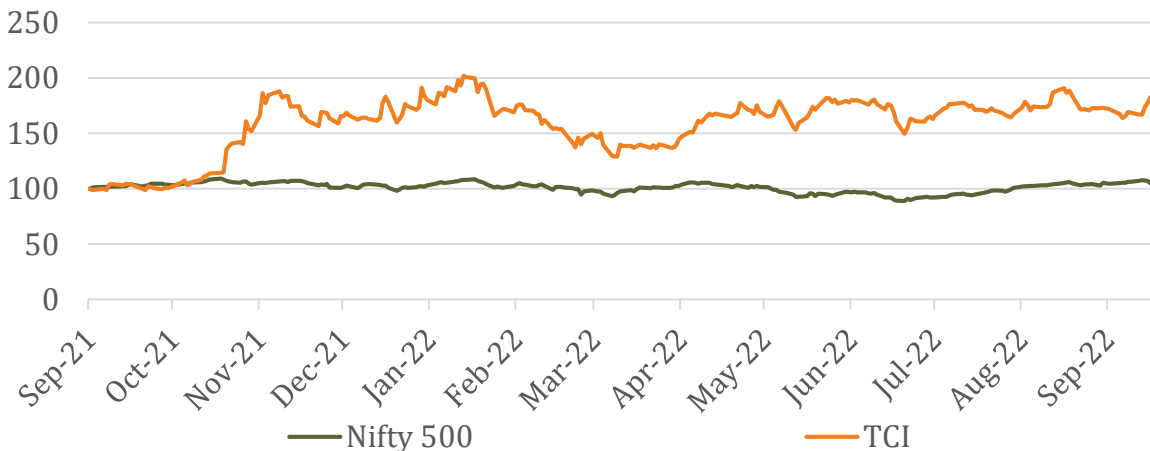
## Shareholding Pattern (as on June'22)

Particulars	Sep-21	Dec-21	Mar-22	Jun-22
Promoter	66.54%	66.54%	66.57%	66.57%
Institutions	14.76%	14.93%	14.91%	15.15%
Others	18.70%	18.53%	18.52%	18.28%
Total	100%	100%	100%	100%

Source: Company, Anand Rathi Research, Bloomberg

(In ₹ mn)	FY-21	FY-22	FY-23E	FY-24E
Net Sales	28,024	32,567	36,475	41,581
EBITDA	2,612	4,087	4,975	5,572
EBITDA Margin	9.3%	12.6%	13.6%	13.4%
PAT	1,471	2,896	3,366	3,762
PAT Margin	5.3%	8.9%	9.2%	9.0%
EPS (₹)	19.0	37.5	43.5	48.6
P/E (x)	39.8	20.2	17.4	15.6

## Relative stock performance (Sep'21=100)










## Leading integrated multimodal logistics and supply chain solutions provider

- ❖ Transport Corporation of India (TCI) is India's leading integrated multimodal logistics and supply chain solutions provider. With expertise spanning over six decades and infrastructure comprising an extensive network of 1400+ company owned offices, 13 million sq. ft. of warehousing space, a strong team of 6000+ trained employees and a strong foundation, TCI group has expanded boundaries to offers seamless multimodal transportation solutions in both Indian and International markets.
- ❖ TCI has a strong presence with 12000+ trucks in operation, 8000+ general purpose containers, 1400 IT-enabled own offices, 650+ ISO liquid tank containers, 6 coastal cargo ship, 150+ reefer vehicles, 13,000+ cold pallets position, 13 million sq ft warehouse space and 6000+ trained employees.
- ❖ TCI provides services and solutions to various industries including automobiles, retail, hi-tech, health care and life sciences, energy and renewables, e-commerce, chemicals, iron and steel, agriculture, aviation and defence. It does so by providing customers a single window solution, operational cost efficiencies, trusted delivery and fulfilment, economies of scale.
- ❖ TCI provides solutions such as surface transport solutions, supply chain solutions, end-to-end coastal shipping solutions, cost effective integrated rail-road service in joint venture with CONCOR, integrated cold chain solutions, warehousing, chemical logistics solutions.
- ❖ TCI is making a Capex of around ₹2500 million in the FY23. Out of this, about ₹1000-1250 million will be spent on ships and containers and another ₹300-500 million will be utilized for trucks. It will also be spending ₹750 million towards building warehouses. The company has been able to manage its liquidity well and almost debt free.
- ❖ TCI is likely to benefit from the government's thrust on the Gati Shakti initiative to reduce logistics costs and enhance multimodal shift. The programme will be critical in coordinating all of the efforts and activities around the construction of this multimodal infrastructure. The Government's vision of Gati Shakti coupled with customers demand for contract logistics and technology driven value-added services augur well for the Company in the coming years.
- ❖ We believe TCI is well placed in India's logistics industry given its strength and capability. Various government initiatives and key strategies will drive the growth of the logistics sector. . Logistic industry is key contributor to the country's vision of being \$5 trillion economy by 2024-25. The rise in e-commerce, growing omni-channels, China+1 strategy will also add to the growth of the industry. We initiate our coverage on TCI with a **BUY** rating with a target price of **₹920 per share**.

Source: Annual Report, Investor Presentation

## Diverse Business Offerings

	<b>TCI Freight</b> TCI Freight is the largest business segment of TCI. It can manage any size and dimension of cargo or product such as FTL (Full Load Truck), LTL (Less than Truck Load), ODC (Over Dimensional Cargoes), PHH (Project Heavy Haul), and Foldable Large Containers (FLCs).
	<b>TCI Supply Chain Solutions (TCI SCS)</b> TCI offers supply chain design and reengineering, logistics support to third party, warehousing management and other similar services.
	<b>TCI Seaways</b> TCI Seaways connects India with its western, eastern, and southern ports. The division has vast experience and knowledge in providing seamless end-to-end coastal shipping solutions.
	<b>TCI CONCOR</b> An end-to-end multimodal logistics solutions provider, it is a joint venture between TCI and CONCOR. This segment synergises the strengths, infrastructure and capabilities of TCI Group with rail infrastructure of CONCOR. It establishes a cost effective integrated rail-road service.
	<b>TCI Cold Chain Solutions</b> Integrated cold chain service provider to meet the needs of temperature controlled warehousing and distribution services.
	<b>Transystem</b> Complete logistics solution provider from inbound to outbound logistics.
	<b>TCI Chemical Logistics Solutions</b> A subdivision of TCI which provides storage of chemicals – liquid, dry and gases in compliant warehouses and movement in ISO tank containers, gas tankers and flexi tanks by Rail, Road and Coastal.

Source: Annual Report, Investor Presentation

## Multimodal Network Capabilities

### Rail



Own Trains : 3 AFTO (Trains)

- High End CBU Logistics
- End-to-End container movement
- Cross Border movement

Full rake movements  
409 (Q1 2022-23)  
272 (Q1 2021-22)

### Coastal



Ship Deployed :6  
DWT : 79,000  
GP containers : 8000+  
ISO TTR – 650+

### Containers management



- Intl/Exim
- Baffle/ISO
- Marine

TEUs handled:  
35915 (Q1 2022-23)  
26001 (Q1 2021-22)

### Yards & Terminals



No. of Yards & Terminals  
managed /Operated

Yards : 55  
Terminals:60



## Freight Division: Competencies and Capabilities

- One of India's premier organized freight services provider with pan India presence & to SAARC
- 700 IT Enabled Owned offices, 25 Strategic Hubs
- Truck under Operation : 4500+ :Owned : 120

- On demand use of Foldable Large Containers (FLCs) to safeguard goods.
- Single window Key Account Management (KAM) solutions for managing information flow and tracking.



### Services

- Provides full truck load (FTL), less than truck load (LTL)
- Customized Solutions
- ODC and Project Heavy Haul



### IT Capabilities

- Mobile App controlled loading, unloading and dispatch of goods.
- Centralized vehicle tracking through geofenced system and customer service by quick response team.



## Supply Chain Division: Strong Competencies and Capabilities

- ✓ Integrated Logistics & Supply Chain Solutions – from **conceptualization to execution**
- ✓ Vehicles under Operation : 4000 + Owned : 960
- ✓ Yards managed : 55
- ✓ IBL Pickup per day: 5000+
- ✓ Managing diverse logistics operations for mobility sector (passenger, industrial, agri)

### Strong Distribution Network Optimization capabilities



**Healthcare**

**Chemical**

**Hi-tech**

**Retail &CP**

**Auto**



## Seaways Division: Strong Competencies and Capabilities

### Reach & Services

- One of the leading multimodal coastal players having presence along the **Western, Eastern & Southern ports of India**
- Expertise in coastal shipping services, container & bulk cargo movements, and transportation services
- First-mile and last-mile connectivity via rail & road
- Multi-modal solutions with reduced carbon footprint (Green logistics)



Owens **8000+** marine containers (multipurpose)

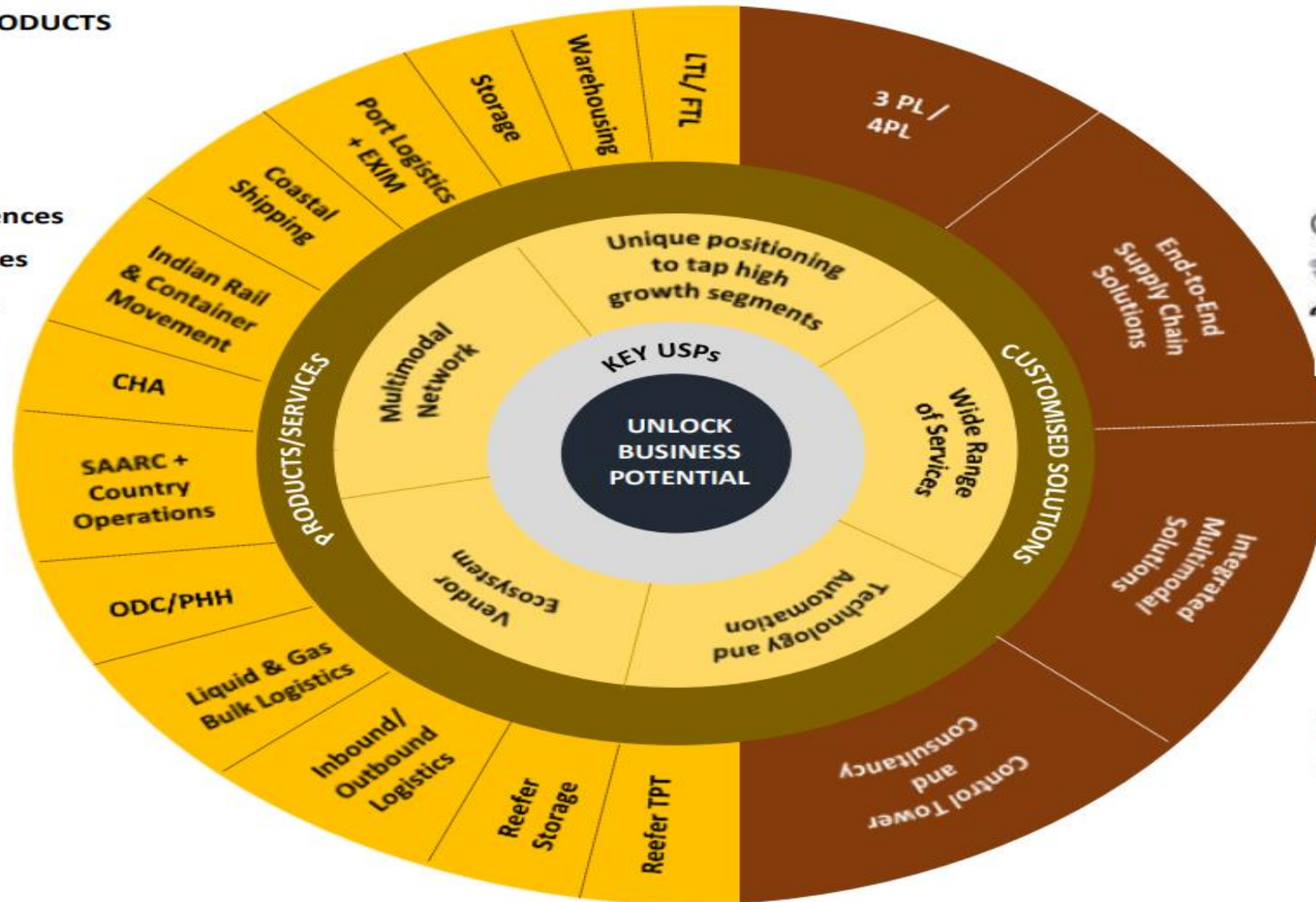
**06 domestic coastal ships** with a total capacity of **77,957 DWT**

Serves **7** of India out 13 pots

## Diverse Industries Served

### VERTICALS SERVED/ PRODUCTS

-  Automobiles
-  Retail and CP
-  Hi-tech (ICE)
-  Healthcare/ Lifesciences
-  Energy & Renewables
-  Aviation & Defense
-  E-Commerce
-  Chemicals
-  Iron and Steel
-  Agri



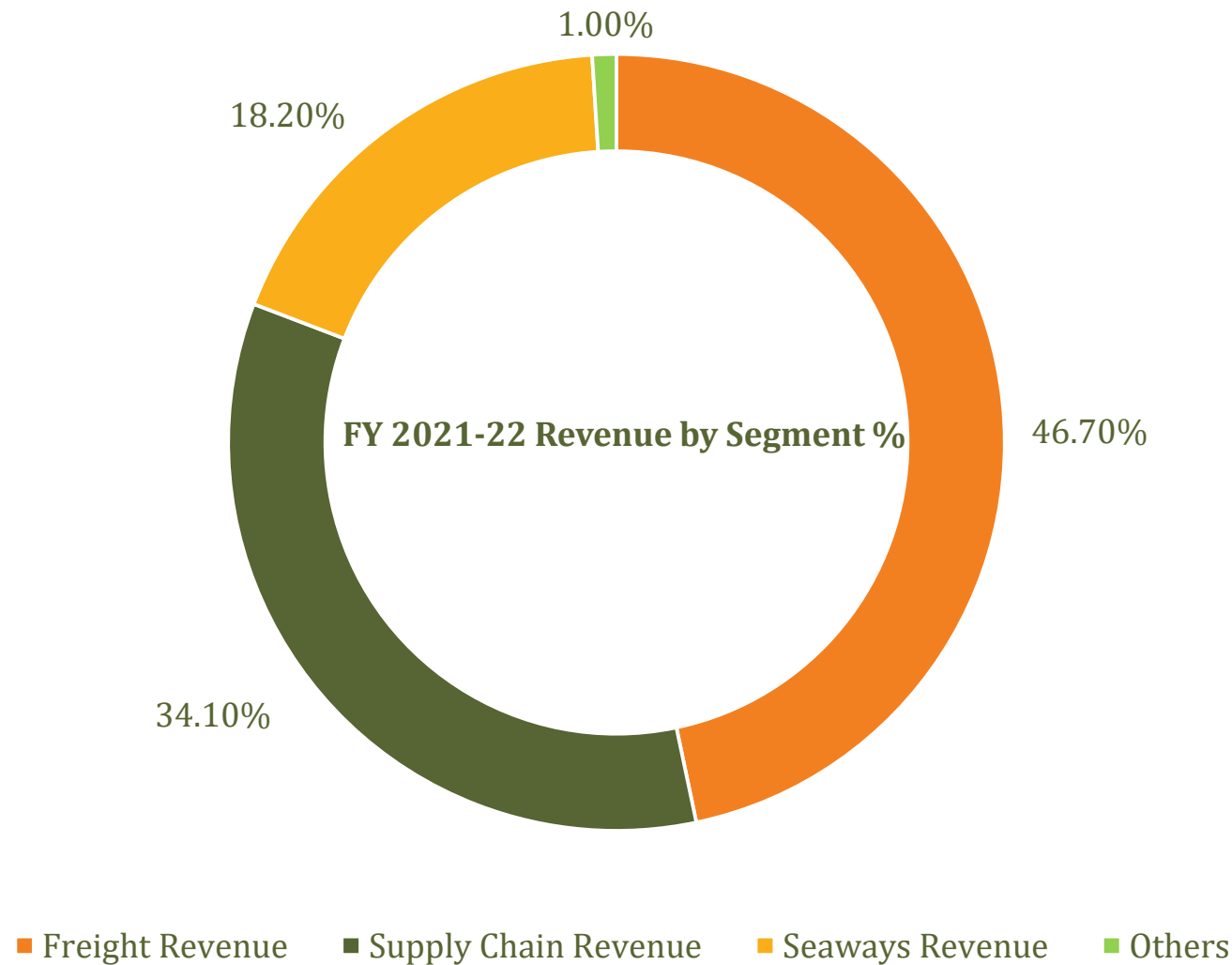
### BENEFITS FOR CUSTOMERS

-  Single Window Solution
-  Operational Cost Efficiencies
-  Trusted Delivery & Fulfillment
-  Economies of Scale

### HORIZONTAL SERVICES

-  Cold Chain
-  SAARC+ CHA





## Key Strengths

**Technology and automation driven operations**

**Integrated multimodal network capabilities and wide range of services**

**Unique positioning of 3PL/4PL supply chain management business**

**Large-scale modern warehousing**

**ICRA A+ rating for TCI's commercial paper & CRISIL AA/Stable (Reaffirmed) Bank credit facilities**

**Capability to offer both LTL & FTL at national level**

**Modern equipment assets & Deep national network**

Source: Annual Report, Investor Presentation

## Strong Macro Tailwinds

**Regulatory & government initiatives such as National Logistics Policy (NLP), PM Gati Shakti, Bharat Mala**

**Boost to domestic supply chain , PLI, Atmanirbhar Bharat.**

**GST, E-way bill and E-Invoicing driven governance push and formalization.**

**Increasing trends in online shopping & digital transactions.**

**Demand for warehousing & value added services**

**Logistics industry at \$250 billion & very fragmented**

**China +1 strategy has made India an attractive option for businesses as an emerging market.**

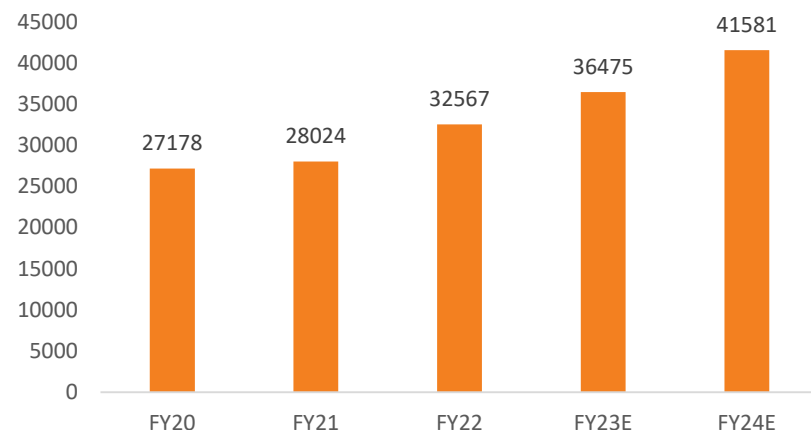
Source: Annual Report, Investor Presentation



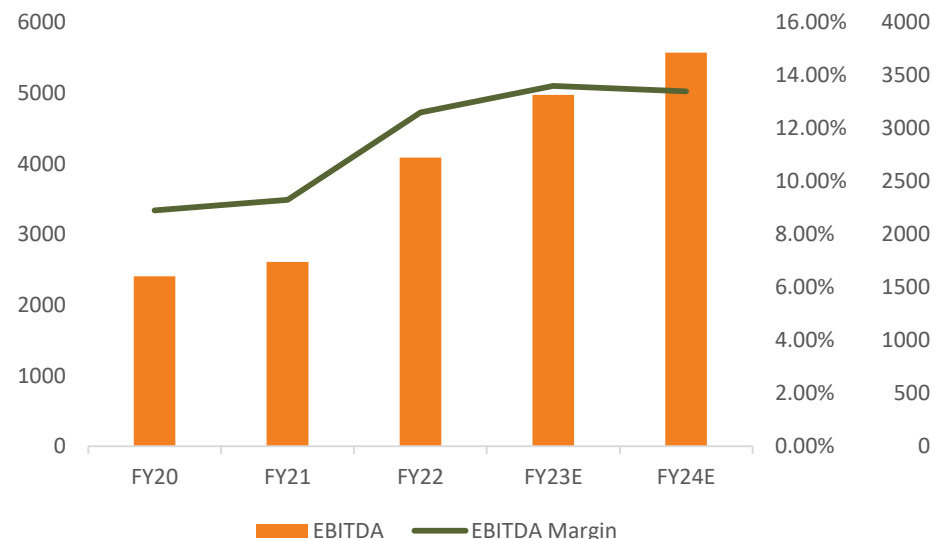
## Financial Highlights

### Revenue

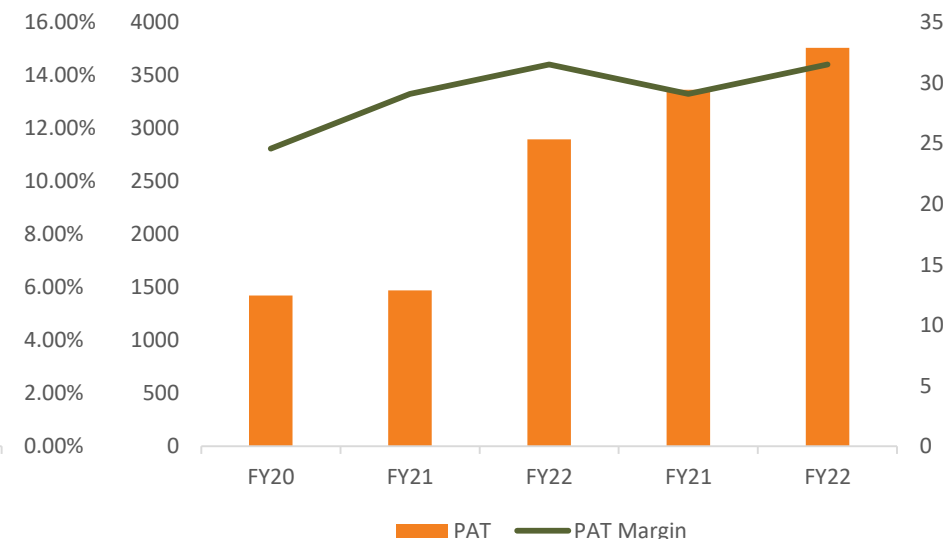
Rs. Million



### EBITDA & Margin



### PAT & Margin



- ❖ TCI consolidated income from operations for the quarter ended June 30, 2022, rose 29.7% to ₹9,029 million, compared with ₹6,961 million in the corresponding quarter of the previous year. TCI consolidated income from operations for the year March 31, 2022, rose 16.2% to ₹32,567 million, compared with ₹28,024 million in the corresponding period of the previous year
- ❖ Profit before exceptional items and tax for the quarter ended June 30, 2022, increased 55.1% to ₹782 million, compared with ₹504 million in the corresponding quarter of the previous year. Profit before exceptional items and tax for the year ended March 31, 2022, increased 59.9% to ₹4,158 million, compared with ₹2,600 million in the corresponding period of the previous year.
- ❖ We estimate that the company's revenue will grow by ~12% CAGR over the coming two years & estimate the operating margins to remain stable.

Source: Annual Report, Investor Presentation

## Key Risks

- ❖ Volatile crude oil prices
- ❖ Port congestions and inefficiencies
- ❖ Blockage in major trade routes
- ❖ Shortage of ships and containers
- ❖ High international freight rates

Source: Annual Report, Investor Presentation

(In ₹ mn)	FY-21	FY-22	FY-23E	FY-24E
Net Sales	28,024	32,567	36,475	41,581
Operating Expense	25,412	28,479	31,500	36,009
EBITDA	2,612	4,087	4,975	5,572
Other Income	255	199	223	254
Depreciation	928	1,130	1,222	1,393
EBIT	1,939	3,156	3,976	4,434
Interest	267	128	132	138
PBT	1,541	3,028	3,844	4,296
Tax	238	376	478	534
PAT	1,471	2,896	3,366	3,762

Margins	FY-21	FY-22	FY-23E	FY-24E
Sales Growth %	3.1%	16.2%	12.0%	14.0%
Operating Margin %	9.3%	12.6%	13.6%	13.4%
Net Margin %	5.3%	8.9%	9.2%	9.0%

(In ₹ mn)	FY-21	FY-22	FY-23E	FY-24E
<b><u>Liabilities</u></b>				
Equity Share Capital	220	233	233	233
Reserves & Surplus	11,477	14,070	17,435	21,197
Total Shareholder's Funds	11,697	14,303	17,669	21,430
Long-Term Liabilities	86	274	274	274
Other Long-term Liabilities	1,091	228	228	228
Deferred Tax Liability	183	330	330	330
Short-term Liabilities	273	276	276	276
<b>Total</b>	<b>4,057</b>	<b>2,861</b>	<b>3,204</b>	<b>3,652</b>
<b><u>Assets</u></b>				
	<b>17,388</b>	<b>18,270</b>	<b>21,979</b>	<b>26,191</b>
Net Fixed Assets	8,098	8,087	7,933	8,537
Long-Term L&A	401	228	228	228
Non Current Investments	1,500	1,780	1,780	1,780
Other Non-Current Assets	28	23	23	23
Current Asset	7,362	8,153	12,015	15,623
<b>Total</b>	<b>17,388</b>	<b>18,270</b>	<b>21,979</b>	<b>26,191</b>

Source: Company, Anand Rathi Research



TCI rating history & price chart



TCI rating details

Date	Rating	Target Price (₹)	Share Price (₹)
17-Sep-22	BUY	920	757

NOTE: Prices are as on 17 September 2022 close.

Source: Bloomberg, Anand Rath Research

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