PL Capital
PRABHUDAS LILLADHER

TCI Express (TCIEXP IN)

Rating: BUY | CMP: Rs791 | TP: Rs1,021

February 7, 2025

Q3FY25 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	BUY		BUY	
Target Price	1,021		1,027	
Sales (Rs. m)	13,211	14,885	14,084	16,010
% Chng.	*(6.2)*	*(7.0)*		
EBITDA (Rs. m)	1,960	2,372	2,069	2,688
% Chng.	*(5.3)*	*(11.8)*		
EPS (Rs.)	35.1	42.5	36.7	48.0
% Chng.	*(4.2)*	*(11.3)*		

Key Financials - Consolidated

Y/e Mar	FY24	FY25E	FY26E	FY27E
Sales (Rs. m)	12,538	12,165	13,211	14,885
EBITDA (Rs. m)	1,872	1,365	1,960	2,372
Margin (%)	*14.9*	*11.2*	*14.8*	*15.9*
PAT (Rs. m)	1,317	935	1,347	1,631
EPS (Rs.)	34.3	24.4	35.1	42.5
Gr. (%)	*(5.6)*	*(29.0)*	*44.0*	*21.1*
DPS (Rs.)	8.0	8.0	8.0	8.0
Yield (%)	*1.0*	*1.0*	*1.0*	*1.0*
RoE (%)	*20.3*	*12.7*	*16.4*	*17.4*
RoCE (%)	*25.8*	*15.7*	*20.8*	*22.1*
EV/Sales (x)	2.3	2.4	2.2	2.0
EV/EBITDA (x)	15.6	21.4	15.0	12.3
PE (x)	23.0	32.4	22.5	18.6
P/BV (x)	4.3	4.0	3.5	3.0

Key Data	TCIE.BO | TCIEXP IN
52-W High / Low	Rs.1,363 / Rs.721
Sensex / Nifty	78,133 / 23,628
Market Cap	Rs.30bn/ $ 347m
Shares Outstanding	38m
3M Avg. Daily Value	Rs.42.41m

Shareholding Pattern (%)

Promoter's	69.53
Foreign	0.93
Domestic Institution	9.69
Public & Others	19.84
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(3.3)	(30.6)	(41.1)
Relative	(3.5)	(30.2)	(45.6)

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Volume growth remains elusive

Quick Pointers:

- Aiming for a volume growth of 10-12% in FY26E.
- Realization declines 1.8% YoY to Rs12,245 per ton.

We cut our EPS estimates by 11%/4%/11% for FY25E/FY26E/FY27E amid 1) rising volume growth challenges 2) continued pressure on pricing and 3) inflationary cost environment. TCI Express reported weak set of results as revenues declined 5.0% YoY to Rs2,963mn (PLe/CE Rs3,140mn/Rs3,228mn) with an EBITDA margin of 10.3% (PLe/CE of 12.3%/12.1%) as volumes declined for 5th quarter in a row to 242,000 MT. Pricing pressure was also evident as realization was down 1.8% YoY to Rs12,245 per ton. While price hike in Jan-25 lends some comfort we believe volume growth challenges are likely to prevail in near term given weak consumer demand. However, as recovery gathers momentum and utilization levels improve to ~84%, operating leverage benefits can be significant resulting in sales/PAT CAGR of 11%/32% over FY25E-FY27E. Retain BUY with a TP of Rs1,021. We have rolled forward our valuation to FY27E and cut our target multiple to 24x (earlier 28x) given the ongoing challenges on volumes & pricing.

Revenue declined by 5.0% YoY: Revenue decreased by 5.0% YoY to Rs2,963mn (PLe Rs3,141mn) on account of lower volumes. Gross margin declined to 28.1% (PLe 31.2%) due to below par fleet utilization (82%).

EBITDA margin at 10.3%: EBITDA decreased by 33.3% YoY to Rs304mn (PLe Rs386mn) due to higher operational expenses like toll tax and labor cost. EBITDA margin compressed to 10.3% (PLe 12.3%) Operational setbacks came from inflationary pressure and lower volumes. PAT declined by 35.8% YoY to Rs207mn (PLe Rs268mn).

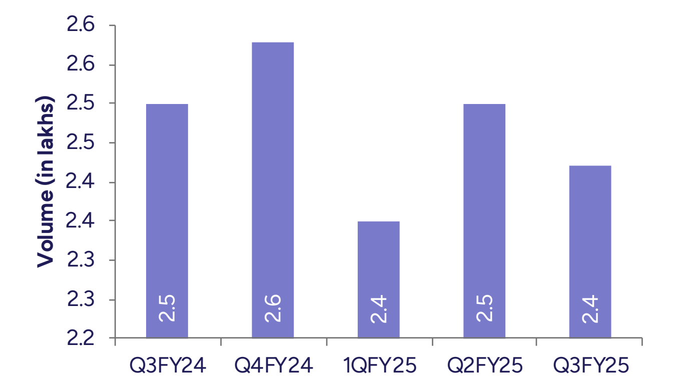
Con-call highlights: 1) Surface express segment experienced cost inflation due to annual toll hikes of ~8-10%. **2)** Share of multi-modal business is expected to reach 20-22% in next 2-3 years. **3)** Delivery time for surface/rail segment is at ~5-7days/2-3 days. **4)** Two automated sorting centers at Kolkata and Ahmedabad are expected to be operational in 1QFY27E, with construction to commence in 4QFY25E. **5)** For FY26E, capex is pegged at Rs1.1bn **6)** Volume growth target for FY26E is ~10-12%, with value growth estimated at ~12-15%. **7)** ~1% price hike is has been taken in Jan-25. **8)** For 3QY25, share of e-comm has come down from 4% to 2.5%. **9)** The customer mix for the quarter is as follows: 53% - SMEs and 47% - Corporates. **10)** Retail sector contributed 9% to the top-line in 3QFY25. **11)** Branch addition for FY26E/FY27E is estimated to be between 50-75/75-100. **12)** SGD of 7.5mn will be disbursed over the next 2 years, in line with the business requirements of TCI Express PTE Ltd, a wholly owned subsidiary of the company.

Exhibit 1: Q3FY25 Result Overview

Y/e March (Rs mn)	3QFY25	3QFY24	YoY gr.	2QFY25	QoQ gr.	3QFY25E	Var.	9MFY25	9MFY24	YoY gr.
Net revenue	**2,963**	**3,119**	***-5.0%***	**3,115**	***-4.9%***	**3,140**	***-5.6%***	**9,008**	**9,367**	***-3.8%***
Variable cost of sales	2,130	2,143	*-0.6%*	2,198	*-3.1%*	2,161	*-1.4%*	6,417	6,416	*0.0%*
% of net sales	*71.9%*	*68.7%*		*70.6%*		*68.8%*		*71.2%*	*68.5%*	
Employee expense	342	336	*2.0%*	343	*-0.3%*	380	*-9.9%*	1,023	1,003	*2.0%*
% of net sales	*11.5%*	*10.8%*		*11.0%*		*12.1%*		*11.4%*	*10.7%*	
Other expense	187	185	*1.0%*	193	*-3.4%*	214	*-12.6%*	548	524	*4.4%*
% of net sales	*6.3%*	*5.9%*		*6.2%*		*6.8%*		*6.1%*	*5.6%*	
Total expense	2659	2,663	*-0.1%*	2734	*-2.7%*	2754	*-3.4%*	7,988	7,943	*0.6%*
EBITDA	**304**	**456**	***-33.3%***	**381**	***-20.2%***	**386**	***-21.3%***	**1,020**	**1,424**	***-28.4%***
EBITDA Margin (%)	*10.3%*	*14.6%*		*12.2%*		*12.3%*		*11.3%*	*15.2%*	
Depreciation	53	48	*10.9%*	53	*-0.4%*	53	*-0.9%*	157	141	*11.3%*
EBIT	**251**	**408**	***-38.5%***	**328**	***-23.4%***	**333**	***-24.6%***	**863**	**1283**	***-32.7%***
Interest expense	3	3	*-21.2%*	3	*4.0%*	5	*-48.0%*	8	11	*-27.1%*
Other income	26	20	*30.5%*	25	*4.5%*	30	*-14.3%*	73	52	*40.0%*
PBT	**274**	**424**	***-35.4%***	**350**	***-21.6%***	**358**	***-23.4%***	**929**	**1325**	***-29.9%***
Total tax	67	103	*-34.3%*	87	*-22.3%*	89	*-24.8%*	227	324	*-29.7%*
PAT	**207**	**322**	***-35.8%***	**263**	***-21.4%***	**268**	***-23.0%***	**701**	**1001**	***-30.0%***
Pat Margin (%)	*7.0%*	*10.3%*		*8.4%*		*8.5%*		*7.8%*	*10.7%*	

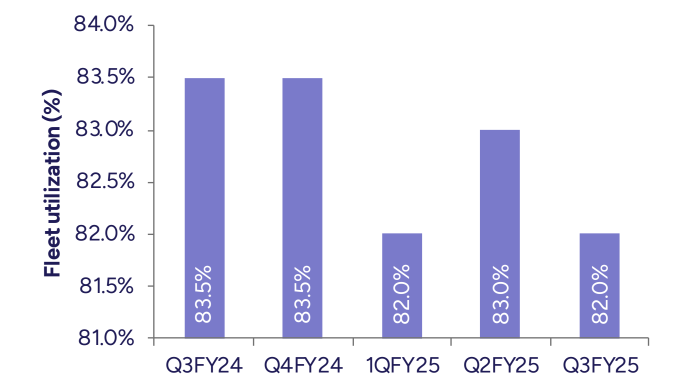
Source: Company, PL

Exhibit 2: Volumes for Q3FY25 stood at 2.4 lakh ton



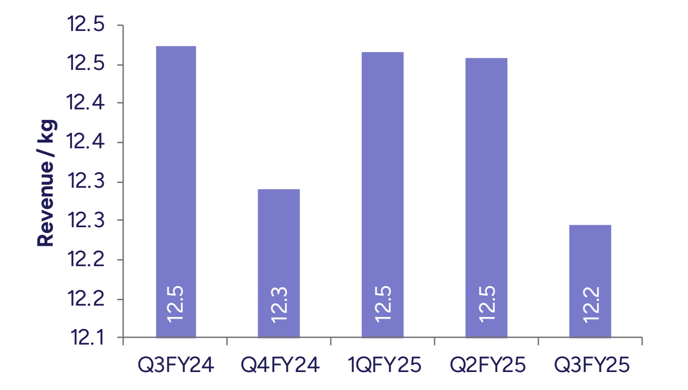
Source: Company, PL

Exhibit 3: Fleet utilization stood at 82% for Q3FY25



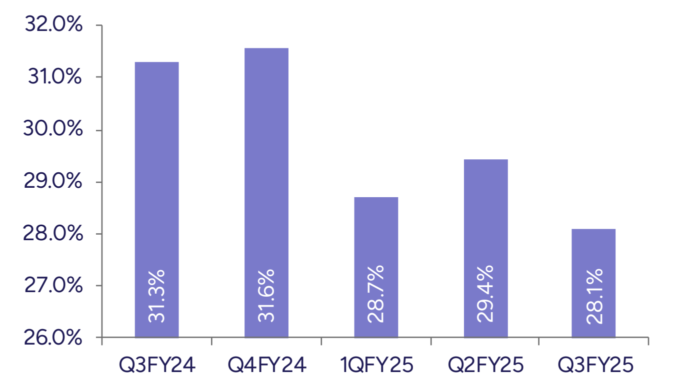
Source: Company, PL

Exhibit 4: Rev/kg was at Rs12.2 for Q3FY25



Source: Company, PL

Exhibit 5: GMs for 3QFY25 were at 28.1%



Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
Net Revenues	**12,538**	**12,165**	**13,211**	**14,885**
YoY gr. (%)	*1.0*	*(3.0)*	*8.6*	*12.7*
Cost of Goods Sold	8,586	8,689	9,027	10,126
Gross Profit	3,953	3,475	4,184	4,759
Margin (%)	*31.5*	*28.6*	*31.7*	*32.0*
Employee Cost	1,339	1,381	1,471	1,583
Other Expenses	741	730	753	804
EBITDA	**1,872**	**1,365**	**1,960**	**2,372**
YoY gr. (%)	*(3.7)*	*(27.1)*	*43.6*	*21.0*
Margin (%)	*14.9*	*11.2*	*14.8*	*15.9*
Depreciation and Amortization	190	204	248	291
EBIT	**1,683**	**1,160**	**1,712**	**2,081**
Margin (%)	*13.4*	*9.5*	*13.0*	*14.0*
Net Interest	15	15	24	35
Other Income	72	105	113	133
Profit Before Tax	**1,740**	**1,250**	**1,800**	**2,179**
Margin (%)	*13.9*	*10.3*	*13.6*	*14.6*
Total Tax	423	315	453	548
Effective tax rate (%)	*24.3*	*25.2*	*25.2*	*25.2*
Profit after tax	**1,317**	**935**	**1,347**	**1,631**
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	**1,317**	**935**	**1,347**	**1,631**
YoY gr. (%)	*(5.4)*	*(29.0)*	*44.0*	*21.1*
Margin (%)	*10.5*	*7.7*	*10.2*	*11.0*
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	**1,317**	**935**	**1,347**	**1,631**
YoY gr. (%)	*(5.4)*	*(29.0)*	*44.0*	*21.1*
Margin (%)	*10.5*	*7.7*	*10.2*	*11.0*
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	1,317	935	1,347	1,631
Equity Shares O/s (m)	**38**	**38**	**38**	**38**
EPS (Rs)	**34.3**	**24.4**	**35.1**	**42.5**

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
Non-Current Assets				
Gross Block	**4,854**	**5,209**	**6,414**	**7,619**
Tangibles	4,809	5,159	6,359	7,559
Intangibles	46	50	55	61
Acc: Dep / Amortization	**624**	**789**	**992**	**1,234**
Tangibles	624	789	992	1,234
Intangibles	-	-	-	-
Net fixed assets	**4,231**	**4,420**	**5,422**	**6,385**
Tangibles	4,185	4,370	5,367	6,325
Intangibles	46	50	55	61
Capital Work In Progress	161	225	292	263
Goodwill	-	-	-	-
Non-Current Investments	5	305	305	305
Net Deferred tax assets	(135)	(134)	(145)	(164)
Other Non-Current Assets	287	310	327	336
Current Assets				
Investments	900	900	900	900
Inventories	-	-	-	-
Trade receivables	2,318	2,300	2,534	2,855
Cash & Bank Balance	204	277	120	318
Other Current Assets	293	300	321	369
Total Assets	**8,504**	**9,147**	**10,353**	**11,881**
Equity				
Equity Share Capital	77	77	77	77
Other Equity	6,963	7,592	8,632	9,956
Total Networth	**7,040**	**7,669**	**8,709**	**10,033**
Non-Current Liabilities				
Long Term borrowings	-	-	-	-
Provisions	-	-	-	-
Other non current liabilities	39	41	43	45
Current Liabilities				
ST Debt / Current of LT Debt	30	40	50	60
Trade payables	917	900	1,013	1,142
Other current liabilities	344	365	393	438
Total Equity & Liabilities	**8,504**	**9,147**	**10,353**	**11,881**

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
PBT	1,740	1,250	1,800	2,179
Add. Depreciation	190	204	248	291
Add. Interest	15	15	24	35
Less Financial Other Income	72	105	113	133
Add. Other	(8)	-	-	-
Op. profit before WC changes	1,936	1,469	2,072	2,505
Net Changes-WC	(174)	10	(124)	(194)
Direct tax	(402)	(315)	(453)	(548)
Net cash from Op. activities	**1,360**	**1,165**	**1,495**	**1,763**
Capital expenditures	(458)	(350)	(1,200)	(1,200)
Interest / Dividend Income	41	-	-	-
Others	(634)	(432)	(133)	(35)
Net Cash from Invt. activities	**(1,051)**	**(782)**	**(1,333)**	**(1,235)**
Issue of share cap. / premium	22	-	-	-
Debt changes	18	10	10	10
Dividend paid	(307)	(307)	(307)	(307)
Interest paid	(15)	(15)	(24)	(35)
Others	-	2	2	2
Net cash from Fin. activities	**(282)**	**(310)**	**(319)**	**(330)**
Net change in cash	**28**	**73**	**(157)**	**198**
Free Cash Flow	900	815	295	563

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY24	FY25E	FY26E	FY27E
Per Share(Rs)				
EPS	34.3	24.4	35.1	42.5
CEPS	39.3	29.7	41.6	50.1
BVPS	183.6	200.0	227.1	261.6
FCF	23.5	21.2	7.7	14.7
DPS	8.0	8.0	8.0	8.0
Return Ratio(%)				
RoCE	25.8	15.7	20.8	22.1
ROIC	23.8	14.1	18.0	19.2
RoE	20.3	12.7	16.4	17.4
Balance Sheet				
Net Debt : Equity (x)	(0.2)	(0.2)	(0.1)	(0.1)
Net Working Capital (Days)	41	42	42	42
Valuation(x)				
PER	23.0	32.4	22.5	18.6
P/B	4.3	4.0	3.5	3.0
P/CEPS	20.1	26.6	19.0	15.8
EV/EBITDA	15.6	21.4	15.0	12.3
EV/Sales	2.3	2.4	2.2	2.0
Dividend Yield (%)	1.0	1.0	1.0	1.0

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q4FY24	Q1FY25	Q2FY25	Q3FY25
Net Revenue	**3,171**	**2,930**	**3,115**	**2,963**
YoY gr. (%)	*(2.8)*	*(3.9)*	*(2.7)*	*(5.0)*
Raw Material Expenses	2,170	2,089	2,198	2,130
Gross Profit	1,001	841	917	833
Margin (%)	*31.6*	*28.7*	*29.4*	*28.1*
EBITDA	**448**	**335**	**381**	**304**
YoY gr. (%)	*(17.2)*	*(27.7)*	*(24.5)*	*(33.3)*
Margin (%)	*14.1*	*11.4*	*12.2*	*10.3*
Depreciation / Depletion	49	51	53	53
EBIT	**400**	**285**	**328**	**251**
Margin (%)	*12.6*	*9.7*	*10.5*	*8.5*
Net Interest	4	3	3	3
Other Income	19	23	25	26
Profit before Tax	**415**	**305**	**350**	**274**
Margin (%)	*13.1*	*10.4*	*11.2*	*9.3*
Total Tax	99	74	87	67
Effective tax rate (%)	*23.9*	*24.1*	*24.8*	*24.6*
Profit after Tax	**316**	**231**	**263**	**207**
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	**316**	**231**	**263**	**207**
YoY gr. (%)	*(17.8)*	*(28.5)*	*(26.0)*	*(35.8)*
Margin (%)	*10.0*	*7.9*	*8.4*	*7.0*
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	**316**	**231**	**263**	**207**
YoY gr. (%)	*(17.8)*	*(28.5)*	*(26.0)*	*(35.8)*
Margin (%)	*10.0*	*7.9*	*8.4*	*7.0*
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	**316**	**231**	**263**	**207**
Avg. Shares O/s (m)	38	38	38	38
EPS (Rs)	**8.3**	**6.0**	**6.9**	**5.4**

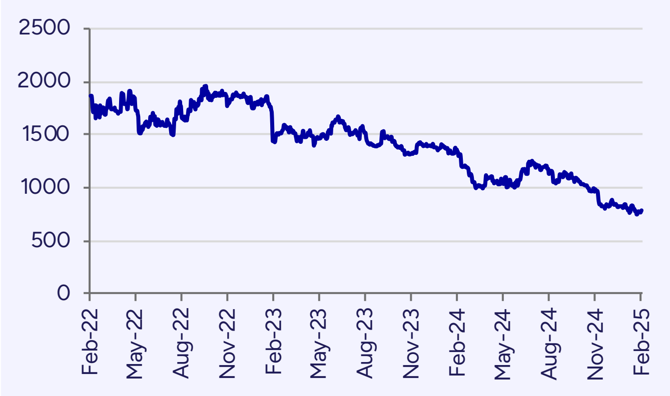
Source: Company Data, PL Research

Key Operating Metrics

Y/e Mar	FY24	FY25E	FY26E	FY27E
Revenue/Tonne	12,538	12,413	12,599	12,788
Revenue/Kg	13	12	13	13
EBITDA/Tonne	1,872	1,392	1,869	2,038

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	09-Jan-25	BUY	1,027	814
2	31-Oct-24	Accumulate	1,119	977
3	08-Oct-24	Accumulate	1,250	1,040
4	13-Aug-24	Accumulate	1,250	1,124
5	05-Jul-24	BUY	1,410	1,248
6	25-Jun-24	BUY	1,410	1,157
7	11-May-24	BUY	1,410	1,105
8	12-Apr-24	BUY	1,430	1,105

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Chalet Hotels	BUY	1,064	767
2	Delhivery	Hold	361	335
3	DOMS Industries	BUY	3,370	2,637
4	Imagicaaworld Entertainment	BUY	108	71
5	Indian Railway Catering and Tourism Corporation	Hold	835	770
6	InterGlobe Aviation	BUY	5,246	4,162
7	Lemon Tree Hotels	BUY	179	147
8	Mahindra Logistics	Hold	399	354
9	Navneet Education	Hold	139	140
10	Nazara Technologies	BUY	1,201	985
11	PVR Inox	Hold	1,319	1,178
12	S Chand and Company	BUY	322	205
13	Safari Industries (India)	BUY	2,783	2,383
14	TCI Express	BUY	1,027	814
15	V.I.P. Industries	BUY	463	374
16	Zee Entertainment Enterprises	Hold	137	121

PL's Recommendation Nomenclature (Absolute Performance)

Buy : > 15%
Accumulate : 5% to 15%
Hold : +5% to -5%
Reduce : -5% to -15%
Sell : < -15%
Not Rated (NR) : No specific call on the stock
Under Review (UR) : Rating likely to change shortly

ANALYST CERTIFICATION

(Indian Clients)

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