

**Due to the volumes drying up & rising cost pressures– company has seen revenue de-growth as well as margin contraction in consecutively 3 quarters & FY25 in general expected to be a pretty dull year for the company. EBITDA margins in Q3 shrunk another ~200 bps on a sequential basis due to annual revision in toll rates in current quarter. The company aims to re-establish double-digit volume growth as well as topline growth in FY26. The recent union budget 2025-26 has introduce measures to boost consumption & hence TCI express hopes it will bring its ripple effects in their FY26 numbers as well. However after 3 consecutive poor quarters & ever-increasing competition in the logistics market both from the organised as well as unorganised players - we remain skeptical about TCI express performance going forward unless it delivers strong P&L numbers.**

**Financial highlights - Quarterly**

- Revenue at Rs 2990 Mn, down 5% YoY and 5% QoQ.
- EBITDA at Rs 314.8 Mn, down 34% YoY and 20% QoQ.
- EBITDA Margin at 9.75%, down from 14.61% YoY and 11.80% QoQ.
- Adjusted PAT at Rs 191.9 Mn, down 40% YoY and 23% QoQ.
- EPS at Rs 4.98, down from 8.39 YoY and 6.50 QoQ

**Business Highlights**

- Capacity Utilisation levels: 82%(Q3FY25) vs 83.5%(Q3FY24) vs 83% (Q2FY25)
- Capex of ~200 Mn incurred till 9MFY25 on the development of sorting centers, branch expansion & ramping IT Infra. Capex in Q3FY25 amounted to 93.8 Mn.
- Management remains confident that share from multimodal services to increase from the current 17-18% to increase to ~22% to the company’s topline in the next 2-3 years , mainly led by the rail express services segment.

**Financial Summary**

Y/E Mar (Rs mn)	FY 21	FY 22	FY 23	FY 24	FY 25E	FY 26E	FY 27E
Net sales	8,440	10,815	12,410	12,538	12,064	13,270	14,597
EBIDTA	1,343	1,747	1,945	1,872	1,272	1,565	1,797
Margins	15.9	16.2	15.7	14.9	10.5	11.8	12.3
PAT (adj)	1,006	1,288	1,393	1,317	901	1,196	1,375
growth (%)	12.9	28.1	8.1	(5.5)	(31.6)	32.7	15.0
EPS	26.2	33.5	36.4	34.4	23.52	31.2	35.9
P/E (x)	30.3	23.7	21.8	23.0	33.7	25.4	22.1
P/B (x)	7.0	5.7	5.1	4.3	3.9	3.5	3.1
EV/EBITDA (x)	21.9	16.9	15.4	15.6	22.6	18.2	15.5
RoE (%)	23.2	24.0	23.4	18.7	11.6	13.7	14.0
ROCE (%)	28.8	30.7	29.8	23.7	14.3	15.8	16.3

Source: Company, Dalal and Broacha Research

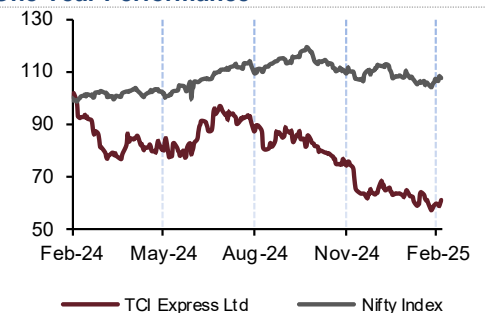
Rating	TP (Rs)	Up/Dn (%)
<b>NEUTRAL</b>	<b>868</b>	<b>9.6</b>

**Market data**

<b>Current price</b>	<b>Rs</b>	<b>792</b>
Market Cap (Rs.Bn)	(Rs Bn)	31
Market Cap (US \$ Mn)	(US \$ Mn)	350
Face Value	Rs	2
52 Weeks High/Low	Rs	1362.65 / 721
Average Daily Volume	('000)	16
BSE Code		540212
<b>Bloomberg</b>		<b>TCIEXP.IN</b>

Source: Bloomberg

**One Year Performance**



Source: Bloomberg

<b>% Shareholding</b>	<b>Dec-24</b>	<b>Sep-24</b>
Promoters	69.54	69.54
Public	30.46	30.46
<b>Total</b>	<b>100</b>	<b>100</b>

Source: BSE

**Kunal Bhatia**  
+91 22 67141442  
[kunal.bhatia@dalal-broacha.com](mailto:kunal.bhatia@dalal-broacha.com)

**Akash Vora**  
+91 22 6714 1449  
[bhavya.gandhi@dalal-broacha.com](mailto:bhavya.gandhi@dalal-broacha.com)

## Conference Call Highlights

### Guidance

#### Revenue.

- The company's topline in Q3 declined by 5% on both YoY & QoQ basis, impacted mainly due to a seasonal reduction in November & December in inventory levels
- Overall volumes have degrown due to a slowdown in Automobile, Consumer goods sector slowing down at PAN India level in the quarter.

#### EBITDA

- Margins have dropped to a new low to ~9.75%, falling by almost ~486 bps YoY & 200 bps on a QoQ basis. Key reasons being increasing labour costs, annual toll revision by 8-10% in and rise in air fleet expenses arising from airline consolidation & airport privatisations.
- Although TCI express has historically posted industry leading margins , inspite of increasing automation & operational efficiency within their operations, margin expansion will come with revival in volume growth & further price hikes .
- Price Hikes: Company has taken price hike to pass on the rising costs to some extent to its customers beginning Jan 2025 hence believes their margins should improve in the coming quarter by 25-30 bp.
- For its large corporate clients , TCI Express expects to be able to take 1 % hike in the coming couple of quarters. However a revival to 15-16% EBITDA margins in the near-term future looks obscure.

#### Volume Details

- Total tonnage for the quarter - 2,42,000 tons vs 2,50,000( in Q3FY24(-3% YoY) & ~2,50,000 tons in Q2FY25 (-3% QoQ)

#### Capex Planned & Details on Sorting centers:

- Capex for FY26 estimated to be ~100-110 Cr.
- Capex done from FY23- till date ~188 Crs; remaining capex of ~312 crores will be spent during FY25 - FY28 for Investment in sorting centers , Automation and enhancing technological capabilities.
- Future capex plans include sorting centers and automation in Kolkata and Ahmedabad.

#### Other Details

- Cash flow from operations(CFO) of ~858 Mn in 9MFY25. CFO for the quarter amounts to 400 Mn.
- 49% revenue coming from SME customers for the company in Q3 & balance 51% from other customers.

---

## Valuation & Outlook

---

Looking at the recent scenario, the company's volume growth has been impacted due to absence of underlying base demand in the sectors they cater to. This coupled with rising cost pressures have resulted in a 30% degrowth in PAT on a 9M basis for TCI Express.

At CMP of Rs 792 the stock trades at 34x FY25e EPS of Rs 23.5 & 25x of FY26E EPS of Rs 31 & 22x FY27E EPS of Rs 36 . We re-iterate caution on the stock – considering the company has shown flattish to negative growth in recent times– investors will have to keep any eye on their volume growth going forward. We have assigned a target price of 868 (9.6% upside) valuing the company at 25x Dec-26e EPS of Rs 34.7, we change our rating from “HOLD” to “NEUTRAL” on the stock.

We expect the stock to move in a narrow range between 750-900 levels, unless the growth trajectory for TCI express improves significantly.

## Quarterly Financials

Rs MNS	Q3FY25	Q3FY24	Q2FY25	YoY Growth	QoQ Growth
<b>Sales</b>	2,964.70	3,118.60	3,115.40	-5%	-5%
Other income	25.70	19.70	24.70	30%	4%
<b>Total Revenue:</b>	2,990.40	3,138.30	3,140.10	-5%	-5%
<b>Expenses:-</b>	-	-	-		
Operating Expenses	2,130.40	2,142.50	2,197.70	-1%	-3%
<b>% to Operating Income</b>	72%	69%	71%	5%	2%
Employee benefit expenses	353.90	335.50	352.90	5%	0%
<b>% to Operating Income</b>	12%	11%	11%	11%	5%
Other expenses	191.30	184.90	197.20	3%	-3%
<b>% to Operating Income</b>	6%	6%	6%	9%	2%
Total Expenses	2,675.60	2,662.90	2,747.80	0%	-3%
<b>EBITDA (exc OI)</b>	289.10	455.70	367.60	-37%	-21%
<b>EBITDA Margin %</b>	9.75%	14.61%	11.80%	-33%	-17%
EBITDA	314.80	475.40	392.30	-34%	-20%
Depreciation	53.00	47.70	53.10	11%	0%
Interest	2.60	3.30	3.30	-21%	-21%
<b>PBT</b>	259.20	424.40	335.90	-39%	-23%
<b>PBT %</b>	9%	14%	11%	-36%	-19%
Tax expenses	67.30	102.50	86.60	-34%	-22%
<i>Tax Rate</i>	0.26	0.24	0.26	8%	1%
<b>PAT</b>	191.90	321.90	249.30	-40%	-23%
-	-	-	-		
<b>Adjusted PAT</b>	191.90	321.90	249.30	-40%	-23%
<b>NPM</b>	6%	10%	8%	-37%	-19%
Equity	76.60	76.60	76.60	0%	0%
<b>EPS</b>	4.98	8.39	6.50	-41%	-23%

Source: Dalal & Broacha Research, Company

## Financials

P&L (Rs mn)	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Net Sales	8,439.9	10,814.6	12,410.1	12,538.2	12,063.5	13,269.9	14,596.9
Raw Materials	(5,667.3)	(7,329.7)	(8,497.0)	(8,585.7)	(8,615.5)	(9,315.5)	(10,144.8)
Employee Cost	(873.4)	(1,099.4)	(1,242.9)	(1,338.7)	(1,408.9)	(1,549.8)	(1,735.8)
Other Expenses	(556.0)	(638.3)	(725.4)	(741.6)	(767.0)	(839.6)	(919.2)
<b>Operating Profit</b>	<b>1,343.2</b>	<b>1,747.2</b>	<b>1,944.8</b>	<b>1,872.2</b>	<b>1,272.1</b>	<b>1,565.1</b>	<b>1,797.1</b>
Depreciation	(89.7)	(99.8)	(153.0)	(189.5)	(156.9)	(177.4)	(191.2)
PBIT	1,253.5	1,647.4	1,791.8	1,682.7	1,115.2	1,387.7	1,605.9
Other income	76.5	81.7	71.7	71.5	100.7	222.1	243.3
Interest	(7.8)	(9.1)	(18.2)	(14.7)	(12.0)	(12.0)	(12.0)
PBT	1,322.2	1,720.1	1,845.3	1,739.5	1,203.9	1,597.7	1,837.2
Exceptionals	-	-	-	-	-	-	-
Profit before tax (post exceptional)	1,322.2	1,720.1	1,845.3	1,739.5	1,203.9	1,597.7	1,837.2
Provision for tax	(316.2)	(431.6)	(452.6)	(422.8)	(303.0)	(402.1)	(462.4)
<b>Reported PAT</b>	<b>1,006.0</b>	<b>1,288.5</b>	<b>1,392.7</b>	<b>1,316.7</b>	<b>900.9</b>	<b>1,195.6</b>	<b>1,374.8</b>
MI	-	-	-	-	-	-	-
<b>Net Profit</b>	<b>1,006.0</b>	<b>1,288.5</b>	<b>1,392.7</b>	<b>1,316.7</b>	<b>900.9</b>	<b>1,195.6</b>	<b>1,374.8</b>
Adjusted Profit (excl Exceptionals)	1,006.0	1,288.5	1,392.7	1,316.7	900.9	1,195.6	1,374.8

Balance Sheet	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Equity capital	76.9	77.0	76.6	76.6	76.6	76.6	76.6
Reserves	4,261.8	5,284.9	5,887.1	6,963.2	7,665.9	8,622.4	9,722.2
<b>Net worth</b>	<b>4,338.7</b>	<b>5,361.9</b>	<b>5,963.7</b>	<b>7,039.8</b>	<b>7,742.5</b>	<b>8,699.0</b>	<b>9,798.8</b>
MI	-	-	-	-	-	-	-
<b>Non Current Liabilities</b>	<b>65.0</b>	<b>81.9</b>	<b>143.3</b>	<b>173.6</b>	<b>173.6</b>	<b>173.6</b>	<b>173.6</b>
<b>Current Liabilities</b>	<b>1,061.6</b>	<b>1,126.5</b>	<b>1,242.4</b>	<b>1,290.6</b>	<b>1,281.5</b>	<b>1,390.3</b>	<b>1,536.8</b>
<b>CAPITAL EMPLOYED</b>	<b>5,465.3</b>	<b>6,570.3</b>	<b>7,349.4</b>	<b>8,504.0</b>	<b>9,197.6</b>	<b>10,262.8</b>	<b>11,509.2</b>
<b>Non Current Assets</b>	<b>2,708.0</b>	<b>3,269.4</b>	<b>4,362.6</b>	<b>4,682.9</b>	<b>5,040.8</b>	<b>5,629.1</b>	<b>5,954.3</b>
Fixed Assets	2,561.3	3,258.9	4,352.1	4,677.7	5,035.1	5,622.8	5,947.4
Goodwill	-	-	-	-	-	-	-
Non Current Investments	146.7	10.5	10.5	5.2	5.7	6.3	6.9
Deferred Tax Asset	-	-	-	-	-	-	-
Long Term Loans and Advances	-	-	-	-	-	-	-
<b>Current Assets</b>	<b>2,757.3</b>	<b>3,300.9</b>	<b>2,986.8</b>	<b>3,821.1</b>	<b>4,156.7</b>	<b>4,633.8</b>	<b>5,554.9</b>
<b>Current investments</b>	<b>587.1</b>	<b>870.0</b>	<b>321.1</b>	<b>900.4</b>	<b>900.4</b>	<b>900.4</b>	<b>900.4</b>
Inventories	-	-	-	-	-	-	-
Trade Receivables	1,694.6	1,895.4	2,114.7	2,317.6	2,055.6	2,261.2	2,487.3
Cash and Bank Balances	272.3	180.0	163.7	203.8	761.4	989.0	1,635.7
Short Term Loans and Advances	-	-	-	-	-	-	-
Other Current Assets	203.3	355.5	387.3	399.3	439.2	483.2	531.5
<b>CAPITAL DEPLOYED</b>	<b>5,465.3</b>	<b>6,570.3</b>	<b>7,349.4</b>	<b>8,504.0</b>	<b>9,197.6</b>	<b>10,262.8</b>	<b>11,509.2</b>

Cash Flow St. (Rs. mn)	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Net Profit	1,006.0	1,288.5	1,392.7	1,316.7	900.9	1,195.6	1,374.8
Add: Dep. & Amort.	89.7	99.8	153.0	189.5	156.9	177.4	191.2
<b>Cash profits (Inc)/Dec in</b>	<b>1,095.7</b>	<b>1,388.3</b>	<b>1,545.7</b>	<b>1,506.2</b>	<b>1,057.8</b>	<b>1,373.0</b>	<b>1,566.0</b>
-Sundry debtors	(36.9)	(200.8)	(219.3)	(202.9)	262.0	(205.6)	(226.1)
-Inventories	-	-	-	-	-	-	-
-Loans/advances	(51.4)	(152.2)	(31.8)	(12.0)	(39.9)	(43.9)	(48.3)
+Current Liab and Provisions	180.3	66.7	116.4	25.9	(9.1)	108.8	146.5
Change in working capital	92.0	(286.3)	(134.7)	(189.0)	212.9	(140.7)	(127.9)
<b>CF from Oper. activities</b>	<b>1,187.7</b>	<b>1,102.0</b>	<b>1,411.0</b>	<b>1,317.2</b>	<b>1,270.7</b>	<b>1,232.3</b>	<b>1,438.1</b>
<b>CF from Inv. activities</b>	<b>(1,005.1)</b>	<b>(944.1)</b>	<b>(697.3)</b>	<b>(1,089.1)</b>	<b>(514.8)</b>	<b>(765.6)</b>	<b>(516.4)</b>
<b>CF from Fin. activities</b>	<b>(36.3)</b>	<b>(250.2)</b>	<b>(730.0)</b>	<b>(188.0)</b>	<b>(198.2)</b>	<b>(239.1)</b>	<b>(275.0)</b>
<b>Cash generated/(utilised)</b>	<b>146.3</b>	<b>(92.3)</b>	<b>(16.3)</b>	<b>40.1</b>	<b>557.6</b>	<b>227.6</b>	<b>646.7</b>
Cash at start of the year	126.0	272.3	180.0	163.7	203.8	761.4	989.0
Cash at end of the year	272.3	180.0	163.7	203.8	761.4	989.0	1,635.7
	-	-	-	-	-	-	-
<b>Ratios</b>	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
OPM	15.9	16.2	15.7	14.9	10.5	11.8	12.3
NPM	11.8	11.8	11.2	10.4	7.4	8.9	9.3
Tax rate	(23.9)	(25.1)	(24.5)	(24.3)	(25.2)	(25.2)	(25.2)
<b>Growth Ratios (%)</b>							
Net Sales	(18.2)	28.1	14.8	1.0	(3.8)	10.0	10.0
Operating Profit	10.7	30.1	11.3	(3.7)	(32.1)	23.0	14.8
PBIT	10.4	31.4	8.8	(6.1)	(33.7)	24.4	15.7
PAT	12.9	28.1	8.1	(5.5)	(31.6)	32.7	15.0
<b>Per Share (Rs.)</b>							
Net Earnings (EPS)	26.16	33.47	36.36	34.38	23.52	31.22	35.89
Cash Earnings (CPS)	28.5	36.1	40.4	39.3	27.6	35.8	40.9
Dividend	4.0	8.0	8.0	7.6	5.2	6.2	7.2
Book Value	112.8	139.3	155.7	183.8	202.2	227.1	255.8
Free Cash Flow	4.7	4.1	18.6	6.0	19.7	12.2	24.1
<b>Valuation Ratios</b>							
P/E(x)	<b>30.3</b>	<b>23.7</b>	<b>21.8</b>	<b>23.0</b>	<b>33.7</b>	<b>25.4</b>	<b>22.1</b>
P/B(x)	7.0	5.7	5.1	4.3	3.9	3.5	3.1
EV/EBIDTA(x)	21.9	16.9	15.4	15.6	22.6	18.2	15.5
Div. Yield(%)	0.5	1.0	1.0	1.0	0.7	0.8	0.9
<b>FCF Yield(%)</b>	<b>0.6</b>	<b>0.5</b>	<b>2.4</b>	<b>0.8</b>	<b>2.5</b>	<b>1.5</b>	<b>3.0</b>
<b>Return Ratios (%)</b>							
RONW	23%	24%	23%	19%	12%	14%	14%
ROCE	29%	31%	30%	24%	14%	16%	16%
Net D/E	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Source: Dalal &amp; Broacha Research, Company

### Disclaimer

**Dalal & Broacha Stock Broking Pvt Ltd, hereinafter referred to as D&B** (CINU67120MH1997PTC111186) was established in 1997 and is an integrated financial services player offering an extensive range of financial solutions and services to a wide spectrum of customers with varied needs ranging from equities to mutual funds to depository services.

D&B is a corporate trading member of Bombay Stock Exchange Limited (BSE), National Stock Exchange of India Limited (NSE). D&B along with its affiliates offers the most comprehensive avenues for investments and is engaged in the securities businesses including stock broking (Institutional and retail), depository participant, portfolio management and services rendered in connection with distribution of primary market issues and financial products like mutual funds, fixed deposits. Details of associates are available on our website i.e. [www.dalal-broacha.com](http://www.dalal-broacha.com)

D&B is registered as Research Analyst with SEBI bearing registration Number INH000001246 as per SEBI (Research Analysts) Regulations, 2014.

D&B hereby declares that it has not defaulted with any stock exchange nor its activities were suspended by any stock exchange with whom it is registered in any time in the past. It has not been debarred from doing business by any Stock Exchange / SEBI or any other authorities; nor has its certificate of registration been cancelled by SEBI at any point of time.

SEBI and Stock Exchanges have conducted the routine inspection and based on their observations have issued advice letters or levied minor penalty on D&B for certain operational deviations in routine course of business.

D&B offers research services to clients as well as prospects. The analyst for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

#### **Other disclosures by D&B (Research Entity) and its Research Analyst under SEBI (Research Analyst) Regulations, 2014 with reference to the subject company(s) covered in this report:-**

D&B or its associates may have financial interest in the subject company.

D&B or its associates do not have any material conflict of interest in the subject company.

The Research Analyst or Research Entity (D&B) has not been engaged in market making activity for the subject company.

D&B or its associates may have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of Research Report.

#### **Disclosures in respect of Research Analyst:**

Whether Research Analyst or his/her relatives have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of Research Report:	No
Whether the Research Analyst or his/her relative's financial interest in the subject company.	No
Whether the research Analyst has served as officer, director or employee of the subject company	No
Whether the Research Analyst has received any compensation from the subject company in the past twelve months	No
Whether the Research Analyst has managed or co-managed public offering of securities for the subject company in the past twelve months	No
Whether the Research Analyst has received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months	No
Whether the Research Analyst has received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months	No
Whether the Research Analyst has received any compensation or other benefits from the subject company or third party in connection with the research report	No

D&B and/or its affiliates may seek investment banking or other business from the company or companies that are the subject of this material. Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that may be inconsistent with the recommendations expressed herein.

In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest including but not limited to those stated herein. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein. This report is not directed to, 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 or regulation or which would subject D&B or its group companies to any registration or licensing requirement within such jurisdiction. Specifically, this document does not constitute an offer to or solicitation to any U.S. person for the purchase or sale of any financial instrument or as an official confirmation of any transaction to any U.S. person. Unless otherwise stated, this message should not be construed as official confirmation of any transaction. No part of this document may be distributed in Canada or used by private customers in United Kingdom. All material presented in this report, unless specifically indicated otherwise, is under copyright to D&B. None of the material, nor its content, nor any copy of it, may be altered in any way, transmitted to, copied or distributed to any other party, without the prior express written permission of D&B. All trademarks, service marks and logos used in this report are trademarks or registered trademarks of D&B or its Group Companies. The information contained herein is not intended for publication or distribution or circulation in any manner whatsoever and any unauthorized reading, dissemination, distribution or copying of this communication is prohibited unless otherwise expressly authorized. Please ensure that you have read "Risk Disclosure Document for Capital Market and Derivatives Segments" as prescribed by Securities and Exchange Board of India before investing in Indian Securities Market. In so far as this report includes current or historic information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.

Address: - 508, Maker Chambers V, 221 Nariman Point, Mumbai 400 021.  
Tel: 91-22- 2282 2992, 2287 6173 | E-mail: [equity.research@dalal-broacha.com](mailto:equity.research@dalal-broacha.com)