

# TCI EXPRESS LTD.

RECOMMENDATION : BUY

MARKET PRICE : Rs.1523.40 (As on 7<sup>th</sup> July 2023)

TARGET PRICE : Rs.1905.00

FACE VALUE : Rs.2

BSE CODE : 540212

NSE CODE : TCIEXP







**TCI EXPRESS**  
— LEADER IN EXPRESS —

**STABLE. SCALABLE.  
SUSTAINABLE.**

TCI XPS was established in 1996 as one of the foremost divisions of Transport Corporation of India (TCI), India's most admired logistics company. TCI XPS has been hived off to become TCI EXPRESS Ltd., an independent company listed with stock exchanges of India. The Company services around 60000 locations (domestically) and 200+ countries.

The Company's focus is very clearly on express cargo distribution with greater emphasis on the burgeoning e-commerce business. It specialises in offering time definite solutions. It is the only express cargo company in India having its own set up across India reinforced with a team of over 3500+ professionals and more than 40000 pickup and delivery locations.

The Company offers express services such as; Surface Express, Pharma Cold Chain Express, E-Commerce, C2C Express, Rail Express and Domestic & International Air Express. The Company has around 5500 Containerised Vehicles, 70+ Air Gateways, 950+ Company Branch Setup and 25+ Sorting Centres.

## ABOUT THE COMPANY



## Fastest Express Delivery Company in India

TCI Express has successfully completed 7 years post the demerger and has become industry leading and fastest delivery company in India

Specialized in offering time definite solutions with focus on Tier II and III cities

ERP enabled operations, barcoding on packaging, GPS enabled vehicles and CCTV surveillance all India

Serves 95% of B2B customers and 5% of B2C customers

The only express cargo company in India with own set up across nation. Offers services on Sunday, Holiday and late pickup

Ranked 438 in top 500 companies based on market cap, as on March 31, 2023



	Year of Listing	2016
	Locations Serviced	60,000
	Countries Serviced	202
	Containerized Vehicles	5,500
	Air Gateways	73
	Company Branch Setup	950+
	Workforce	3500+
	Sorting Centres	28



# Why TCI Express?



Ranked 438 in Top 500 Companies based on Market Cap, as on March 31, 2023

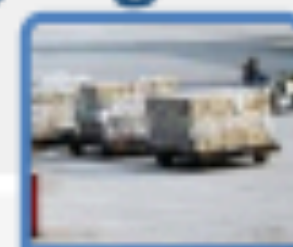
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**Asset Light  
Business Model**



2

**High Value Cargo  
(Low volume, high  
margins)**



3

**Low Working  
Capital  
Requirement**



4

**Lowest Cost  
Structure**



5

**No Franchise:  
All owned  
Branches**



6

**API based back-  
end technology**



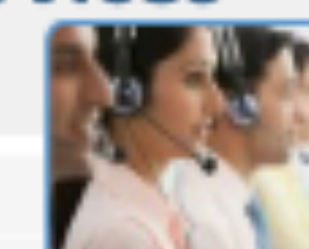
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**Containerized  
Movement**



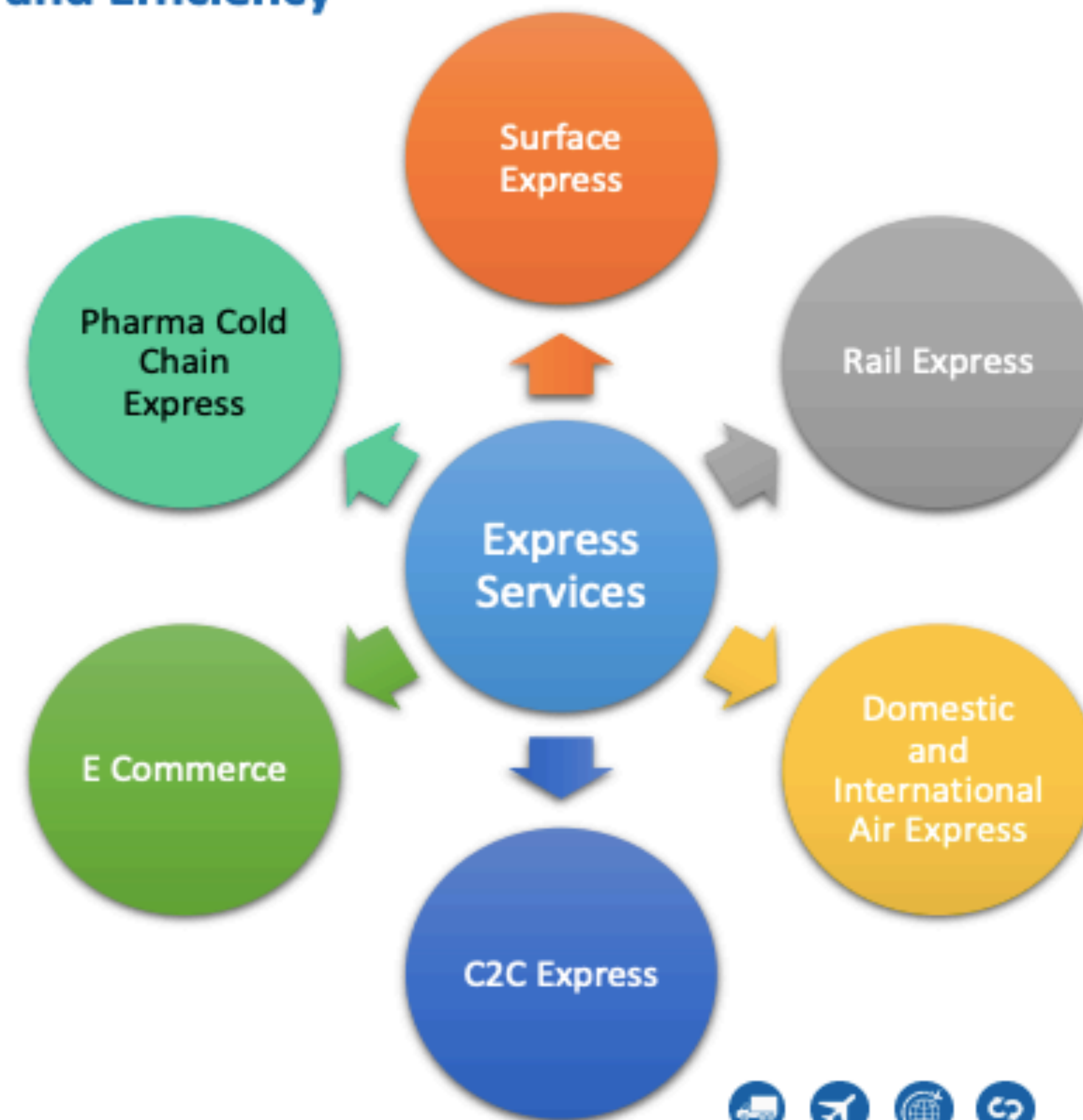
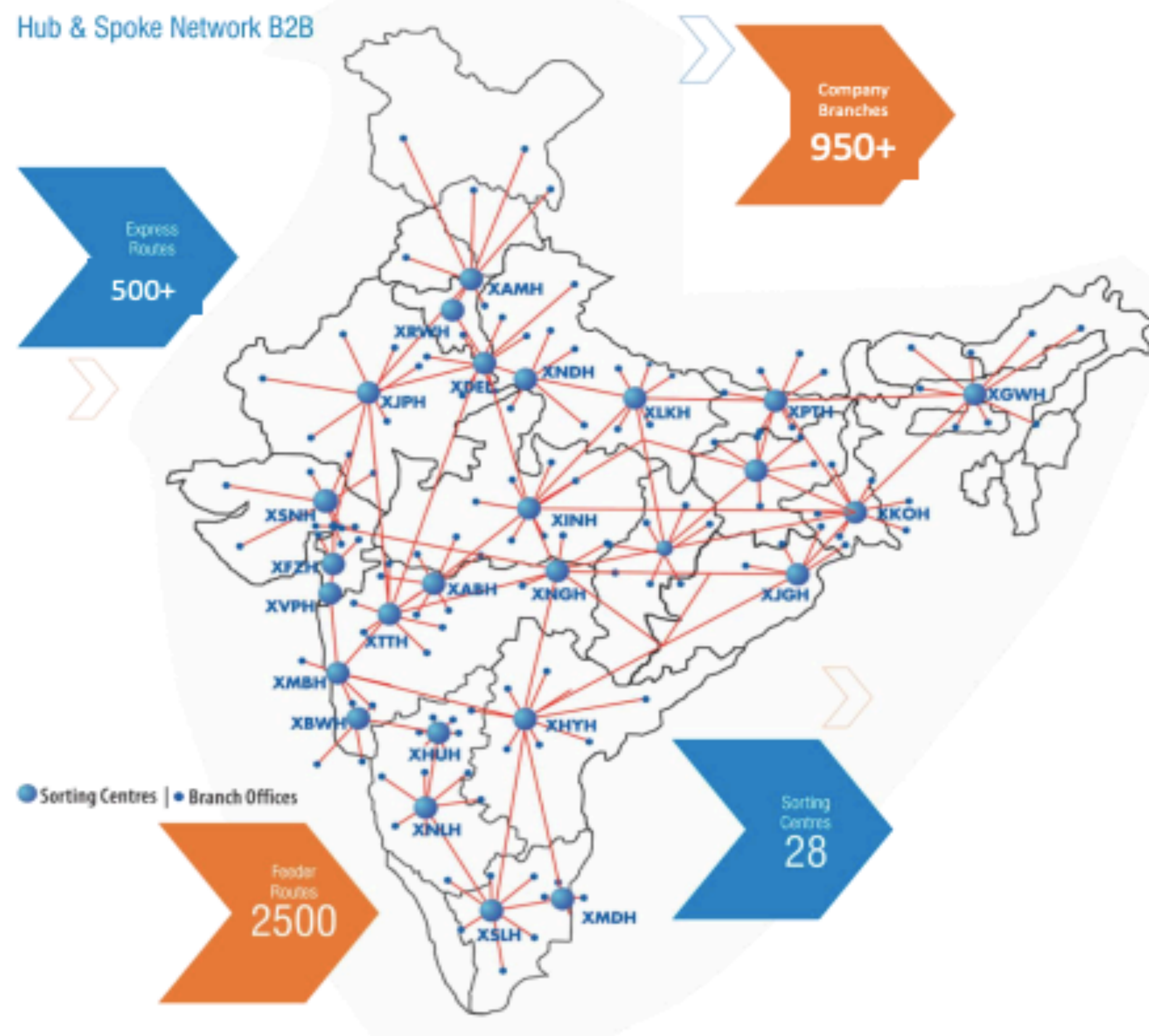
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**Superior  
Customer  
Support Services**





## Fastest Delivery Company with Unmatched Network and Efficiency





## Strategy and Outlook



### TCI Express Offering



- ❑ Launch and expand Rail service offerings
- ❑ Added new services such as Pharma Cold Chain and C2C express
- ❑ Continuous focus on volume growth through B2B client acquisition

### Capital Expenditure



- ❑ Planned CapEx of Rs. 500 crores in 5 years (FY23-FY28)
- ❑ In FY2023 incurred capex of Rs. 125 Crores
- ❑ Remaining capex of Rs. 375 crore will spent during FY24 - FY28
- ❑ Investment in sorting centers
- ❑ Automation and enhancing technological capabilities

### Revenue Growth Drivers



- ❑ Highly diversified client base of corporate and SME customers. Well spread across industry verticals
- ❑ Continuous expansion in metro and tier I cities through new branch offices
- ❑ Contribution of new and value-added service offerings to drive growth
- ❑ Automation at owned sorting centres to drive operation efficiency and enhance profitability
- ❑ Government Initiatives to strengthen logistics sector and focus on infrastructure to provide seamless connectivity to remote rural areas



# Strategic Priorities by 2025

New services is expected to contribute 25% to top-line:

- Rail Express
- C2C Express
- Pharma Cold Chain Express
- Air Express

Maintain high return ratios and consistent dividend pay-out

Create Wealth for all Stakeholders

Full focus on technological advancement and automation to further enhance operational efficiency

More than Double the Revenue – Rs. 1,800 Crs+

- Increase customer base
- Double branch offices
- Owned sorting centre in major metros



# Largest B2B Sorting Center

Company has made significant progress in each of its strategic focus areas, has successfully commissioned India's first and largest automated B2B sorting center in Gurgaon in March 2022 reducing parcel handling time and vehicle halting time

## Gurgaon Sorting Centre

Location:	Gurgaon
Area:	2 lakh sq.ft
Solar Panel:	800 KW
Operational:	India's first and largest automated B2B sorting center operational from March 2022



**Inhouse ERP and Automation**

**Shorter Turnaround Time**

**24x7  
Higher Capacity  
Utilization**

**Enhance  
Customer  
Satisfaction**

**Enhance  
Profitability**





# Expanding Service Offering: Rail Express

**Rail Express service is a unique service offering aimed at providing high value service at a lower cost**  
**Expanded customer base from 250 to 2,200 and presence from 10 routes to 125 routes since inception**

## Asset Light Business Model

- ✓ TCI Express to buy space on the trains to ensure higher capacity utilization
- ✓ Independent team to manage this business offering

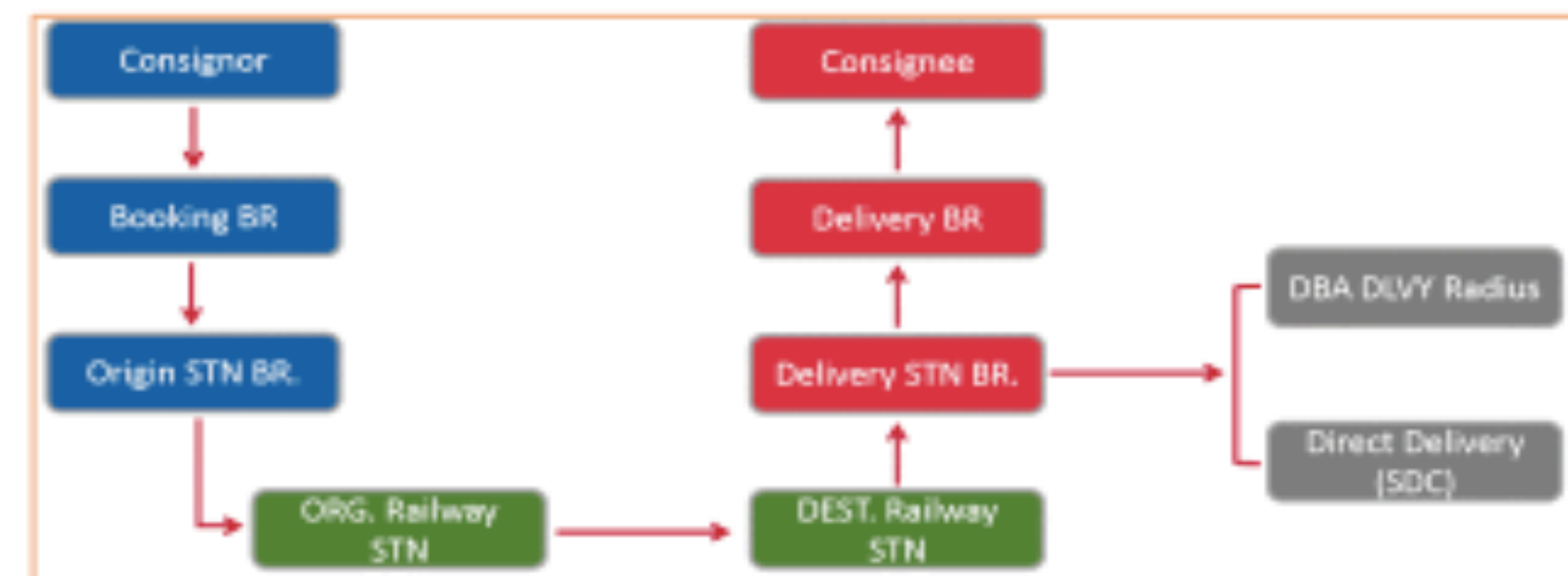
## Advantages

- ✓ Faster transit time at a lower cost substituting Air Cargo
- ✓ Optimize economies of scale at branches and routes
- ✓ Use of strong railway network

## Infrastructure Development backed by government

- ✓ Indian railways aims to increase its freight traffic from 1.1 billion tons in 2017 to 3.3 billion tons in 2030
- ✓ Lower carbon footprint and sustainable mode of transport

## Centralized and integrated logistics system



**Shorter Turnaround Time**

**Uninterrupted Transportation**

**Synergistic with Existing Express Business**

**Bridging the Gap between Air and Surface**

**Higher Margin Business**

**Infrastructure Backed by Government**





# Expanding Service Offering: Pharma Cold Chain Express

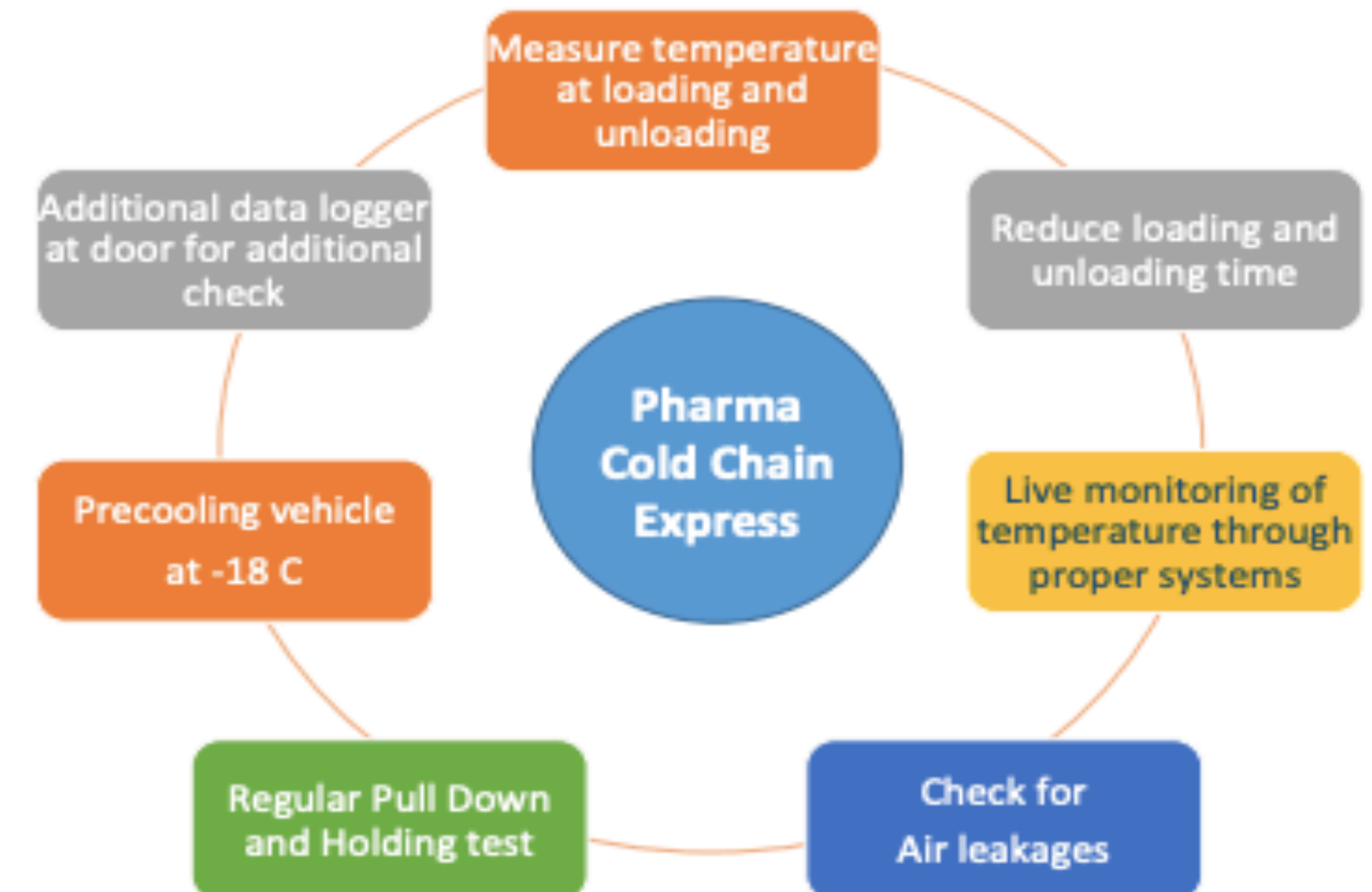
**TCI Express successfully launched Pharma Cold Chain Express Service, an asset light model and use existing hub and spoke network to meet the growing demand for Cold Chain logistics**

## TCI Express Pharma Cold Chain Transportation

- ✓ TCI Express continues to implement asset light model in the Pharma Cold Chain logistics segment
- ✓ Dispatching Pharma shipments either Frozen (Blood Plasma) or Vaccines under the prescribed temperature as norms ensuring there are no fluctuation in the temperature
- ✓ Dispatching frozen products as per FSSAI norms ensuring there are no fluctuation in the temperature
- ✓ Monitoring of temperature maintained through Data Loggers and real time monitoring through tracer
- ✓ Tracking of vehicles through GPS and real time data been provided to the customer
- ✓ Proper loading and unloading of material ensuring there are no temperature fluctuation



## Standard Operating Procedures followed by TCI Express





# Expanding Service Offering: C2C Express

**TCI Express launched India's first customer to customer C2C Express service, implementing asset light model**

## Transportation Mode – Fast Trucking

Minimizes connections and travel time

Offering a high frequency of services

Directly connects the set of locations without any interruption of services

Flexible routes

## Transportation Mode – Milk Run

Pick up from multiple locations and delivery at single point

Pick up from one location and delivery at multiple locations

Real time tracking through GPS and temperature through tracer

Flexible routes

**End to End Transportation, Door Pick up and Door Delivery**

**Multilocation Delivery and Pick up**

**GPS Enabled Vehicle for tracking**

**Single Point of contact for any query**

**Movement of High Cargo value**





## Last 5 Year Key Takeaways

### Inherent Business Strength

- ✓ Fastest B2B Express Delivery Company in India
- ✓ Asset light model allows Company to maintain higher utilization and drive strong cash flows
- ✓ No franchise model. All branches are company owned which ensures adoption of best standard operating procedures
- ✓ Diversified business model catering to all the major manufacturing industries

### Expanding Business

- ✓ Locations servicing from 32,000 locations in FY 2017 to 60,000 locations in FY 2023
- ✓ Branch offices increased from 500 in FY 2017 to 950+ branches in FY 2023
- ✓ Sorting centers increased from 26 in FY 2017 to 28 in FY 2023
- ✓ Customers count increased from 1.6 Lakh in FY 2017 to 2.1 Lakh in FY 2023

### Generating Returns for all Stakeholders

- ✓ 5 Year track record of consistently delivering enhanced margins and profitability. EBITDA growing at a CAGR of 17% and net profit at a CAGR of 19%
- ✓ Consistently paying dividend for last 6 years and generating high return on capital employed
- ✓ Debt free company, maintaining strong balance sheet and flexible capital structure



## FY2023 Highlights

### Total Income

**Rs. 1,248 crore**

FY2022: Rs. 1,090 crore



**14.5%**  
Y-o-Y

### EBITDA | Margins%

**Rs. 202 crore | 16.2%**

FY2022: Rs. 183 crore | 16.8%



**10.2%**  
Y-o-Y

### Net Profit | Margins%

**Rs. 139 crore | 11.2%**

FY2021: Rs. 129 crore | 11.8%



**8.1%**  
Y-o-Y

**33%**

**FY2023 ROCE**

**25%**

**FY2023 ROE**

**Rs. 147 Crores**

**Cash Flow from  
Operations**

- Record financial performance for the full year, with strong quarterly results driven by successful strategic initiatives and operations excellency
- Maintained strong capital structure which allows us to continue to invest in profitable growth
- Strong free cash flow of Rs. 147 crores with robust CFO to EBITDA ratio of 73%
- Focus on margin stabilization through automation and network efficiency
- Building momentum with significant value potential with comprehensive service offerings



## Q4 FY2023 Highlights

**Strongest quarter on record, leading to highest ever quarterly revenue of Rs. 326 crores  
EBITDA of Rs. 56 crores, up by 18% and Net Profit of Rs. 38 cores, up by 20% on Q-o-Q basis**

**Rs. 328 Cr**

9.2% Y-o-Y

**Q4 FY23 Income**

**Rs. 56 Cr**

Margin 17.0%

**Q4 FY23 EBITDA**

**Rs. 38 Cr**

Margin 11.7%

**Q4 FY23 PAT**

**Rs. 2 /-**

**Dividend per  
Share**

### Key Highlights

- Successfully closed the year with highest ever quarterly revenue of Rs. 326 crores and EBITDA Rs. 56 crores with double-digit Y-o-Y growth
- Improved profitability and growth was primarily driven by higher capacity utilization of 85%, demand from both Corporate and SME customers
- Announced dividend of Rs. 2 per share in Q4 FY23, taking the full year dividend to Rs. 8 per share representing a payout of 22.1% for FY2023



# Yearly Results

YEARLY RESULTS OF TCI EXPRESS (in Rs. Cr.)	MAR '23	MAR '22	MAR '21	MAR '20	MAR '19
Net Sales/Income from operations	1,241.01	1,081.47	843.99	1,031.96	1,023.79
Total Income From Operations	1,241.01	1,081.47	843.99	1,031.96	1,023.79
EXPENDITURE					
Employees Cost	124.29	109.94	87.34	101.80	85.85
Depreciation	15.31	9.98	8.97	7.79	6.53
Other Expenses	922.24	796.80	622.33	808.86	818.94
P/L Before Other Inc. , Int., Excpt. Items & Tax	179.17	164.75	125.35	113.51	112.47
Other Income	7.17	8.17	7.65	4.37	3.19
P/L Before Int., Excpt. Items & Tax	186.34	172.92	133.00	117.88	115.66
Interest	1.81	0.91	0.78	0.90	3.78
P/L Before Exceptional Items & Tax	184.53	172.01	132.22	116.98	111.88
P/L Before Tax	184.53	172.01	132.22	116.98	111.88
Tax	45.25	43.16	31.62	27.90	39.03
P/L After Tax from Ordinary Activities	139.28	128.85	100.60	89.08	72.85
Net Profit/(Loss) For the Period	139.28	128.85	100.60	89.08	72.85
Equity Share Capital	7.66	7.70	7.69	7.67	7.66
Reserves Excluding Revaluation Reserves	588.71	525.68	424.35	327.07	259.53
Equity Dividend Rate (%)	400.00	400.00	200.00	200.00	150.00
EPS BEFORE EXTRA ORDINARY					
Basic EPS	36.24	33.48	26.19	23.23	19.02
Diluted EPS	36.20	33.45	26.15	23.19	19.00
EPS AFTER EXTRA ORDINARY					
Basic EPS.	36.24	33.48	26.19	23.23	19.02
Diluted EPS.	36.20	33.45	26.15	23.19	19.00

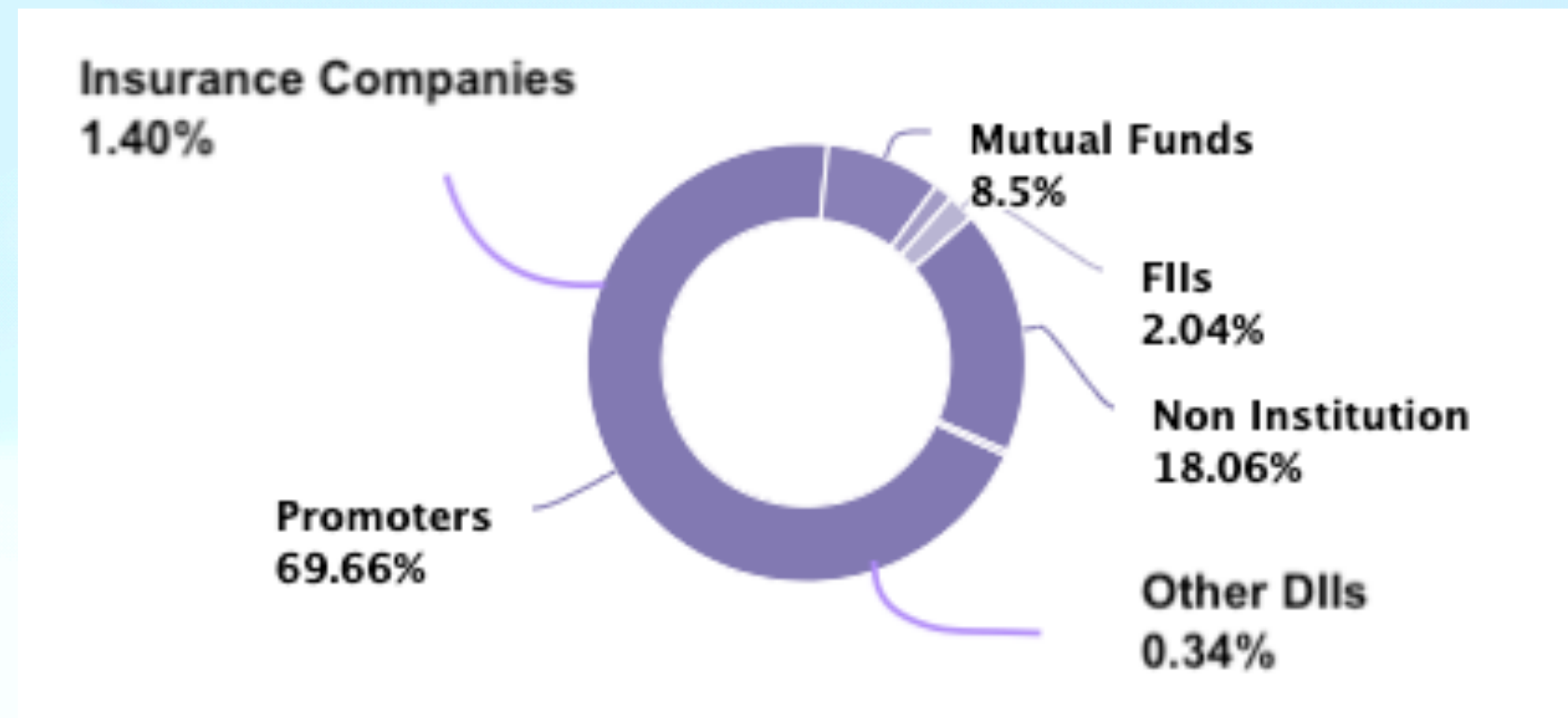


# Key Financial Ratios

KEY FINANCIAL RATIOS OF TCI EXPRESS (in Rs. Cr.)	MAR 23	MAR 22	MAR 21	MAR 20	MAR 19
PER SHARE RATIOS					
Basic EPS (Rs.)	36.24	33.48	26.19	23.23	19.02
Diluted EPS (Rs.)	36.20	33.45	26.15	23.19	19.00
Cash EPS (Rs.)	40.36	36.06	28.50	25.26	20.72
Book Value [ExclRevalReserve]/Share (Rs.)	155.71	139.27	112.84	87.95	69.76
Book Value [InclRevalReserve]/Share (Rs.)	155.71	139.27	112.84	87.95	69.76
Dividend / Share(Rs.)	8.00	8.00	4.00	4.00	3.00
Revenue from Operations/Share (Rs.)	324.02	280.90	219.50	269.09	267.31
PBDIT/Share (Rs.)	52.65	47.51	36.92	32.77	31.90
PBIT/Share (Rs.)	48.65	44.91	34.59	30.74	30.20
PBT/Share (Rs.)	48.18	44.68	34.39	30.50	29.21
Net Profit/Share (Rs.)	36.37	33.46	26.16	23.23	19.02
PROFITABILITY RATIOS					
PBDIT Margin (%)	16.24	16.91	16.82	12.17	11.93
PBIT Margin (%)	15.01	15.98	15.75	11.42	11.29
PBT Margin (%)	14.86	15.90	15.66	11.33	10.92
Net Profit Margin (%)	11.22	11.91	11.91	8.63	7.11
Return on Networth / Equity (%)	23.35	24.02	23.18	26.41	27.26
Return on Capital Employed (%)	30.51	31.76	30.20	34.32	42.05
Return on Assets (%)	18.95	19.60	18.50	20.64	19.22
Total Debt/Equity (X)	0.00	0.00	0.00	0.01	0.02
Asset Turnover Ratio (%)	1.78	1.80	155.24	239.13	270.15
LIQUIDITY RATIOS					
Current Ratio (X)	2.40	2.93	2.64	2.52	1.86
Quick Ratio (X)	2.40	2.93	2.64	2.52	1.86
Inventory Turnover Ratio (X)	0.00	0.00	0.00	0.00	0.00
Dividend Payout Ratio (NP) (%)	0.00	23.89	7.64	19.80	15.25
Dividend Payout Ratio (CP) (%)	0.00	22.17	7.01	18.20	13.99
Earnings Retention Ratio (%)	0.00	76.11	92.36	80.20	84.75
Cash Earnings Retention Ratio (%)	0.00	77.83	92.99	81.80	86.01
VALUATION RATIOS					
Enterprise Value (Cr.)	5,704.08	6,542.81	3,620.97	2,092.97	2,801.46
EV/Net Operating Revenue (X)	4.60	6.05	4.29	2.03	2.74
EV/EBITDA (X)	28.29	35.77	25.51	16.65	22.93
MarketCap/Net Operating Revenue (X)	4.61	6.07	4.32	2.04	2.75
Retention Ratios (%)	0.00	76.10	92.35	80.19	84.74
Price/BV (X)	9.59	12.23	8.41	6.23	10.53
Price/Net Operating Revenue	4.61	6.07	4.32	2.04	2.75
Earnings Yield	0.02	0.02	0.03	0.04	0.03



## Shareholding Pattern an on Mar'23





# Summary

- ❖ With deliverance of fine performance in Q4 of FY'23, the Company's Net Sales grew up by 9.41% i.e. Rs.326.25 crs in Mar'23 on contrary to Rs.298.18 crs in Mar'22. Whereas, the Net Profits increased by 7.01% i.e. Rs.38.45 crs in Mar'23 versus Rs.35.93 crs in Mar'22. In addition to this, the Statement of Changes in Equity witnessed a decrease in Equity Capital i.e. Rs.7.66 crs in Mar'23 juxtapose to Rs.7.70 crs in Mar'22.
- ❖ As per sound financials and fair fundamentals, the Company is available at a good price of Rs.1523.40 with its 52 week low at Rs.1374.00 and its 52 week high at Rs.2013.00.
- ❖ In view of the Promoters holding majority stake around 69.66% as well as its healthy valuations, it is fair to assume that the Management is working efficiently and is working towards growth of the Company.
- ❖ In Public Shareholding as on Mar'23, the FIIs and the Other DIIs collectively stood with 2.38% holdings. Whilst, the Mutual Fund Houses own 8.50% stake in the Company.
- ❖ As a reaffirming fact, TCI Express Ltd. is held by CANARA ROBECO MF, SUNDARAM MF, HDFC MF, EDELWEISS MF, UTI MF and a few more.
- ❖ On standalone basis, Return on Equity (ROE) and Return on Capital Employed (ROCE) were registered around 23.35% & 30.51% respectively as on Mar'23.
- ❖ For the year ending Mar'23, TCI Express Ltd. has declared an equity dividend of 400.00% i.e. Rs.8.00 per equity share. The Company has a good dividend track report and has consistently declared dividends for the last 5 years.



# Disclosure

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