



**DALAL & BROACHA**  
STOCK BROKING PVT. LTD.

**Analyst:** Kunal Bhatia 022 67141442

Q4FY20 Result update @ Dalal & Broacha

## ACCUMULATE

Current Price	608
52 Week Range	950/491
Target Price	737
Upside	21%

## TCI Express Results were in-line with our estimates.

Q4FY20 Revenues declined by 10.5% YoY to Rs 2379mn, EBIDTA declined by 21% YoY to Rs 266.8mn.

Business was impacted during March 2020 due to the outbreak of COVID-19, thus the momentum gained in full year was lost. Vehicles were halted at various check-points

## Key Share Data

Market Cap (Rs.bn)	23.29
Market Cap (US\$ mn)	307.13
No of o/s shares (mn)	38.36
Face Value	2
Monthly Avg. vol (BSE+NSE) Nos	66.92
BSE Code	540212
NSE Code	TCIEXP
Bloomberg	TCIEXP IN

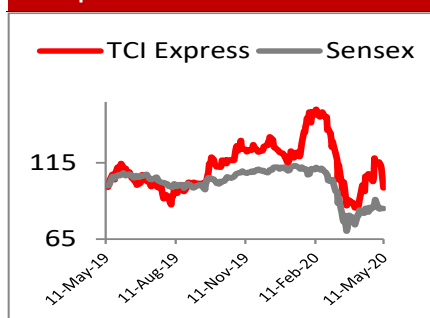
The company lost ~400mn sales in March-2020 due to COVID. However first 11 months of FY20 they recorded 5% volume growth mainly from SME customers.

## As % to Revenues:

Operating expenses stood at 70% as against 71.2% YoY. Other Expenses stood at 8.3% as against 7.7% YoY.

**Employee Cost** increased by 12% YoY to Rs 223.2mn.

## Price performance



**EBIDTA margins** stood at 11.2% as against 12.7% YoY

Q4FY20 PBT declined by 22% YoY to Rs 255.1mn. Tax rate 25.5% v/s 33.8% YoY. Net PAT was down by 12.5% YoY to Rs 190.1mn. Q4FY20 EPS 4.96 v/s 5.68

**For full year FY20** Revenues increased by 1% to Rs 10237.8mn, EBIDTA increased by 2% to Rs 1213mn and PAT stood at Rs 890.5mn up 22.3% YoY (mainly on adoption of new lower tax regime) FY20 EPS stood at Rs 23 v/s 19 YoY

## Conference Call and Other KTA's

**Spot Freight prices have gone up significantly**, as volumes have dropped and trucker availability is low which **works out in favour of TCI express** as they have relatively better volumes (had 10000 tons material as of April-20) and dedicated vendor base for which prices do not increase on a short-term basis. They also plan to open more offices in FY21, will add ~ 30 to 40 more branch offices (currently have 800+ branches)

**-Capex for FY21** is planned at Rs 800mn / FY20 stood at Rs 320mn.

**-Volumes** stood at 8.4 lac tonnes FY20 (-1% YoY) / volume drop in May-20 is ~70%, however they are picking up/ Current **utilization** is ~25% however company expects pick-up, post 17-May-2020

% Shareholding	Mar-20	Dec-19
Promoters	66.91	66.89
Institutions	10.94	10.51
Others	22.15	22.60
<b>Total</b>	<b>100</b>	<b>100</b>

## FINANCIALS

Year	Net Sales	%growth	EBIDTA	OPM%	PAT	%growth	EPS	PE(x)	RoE%	RoCE%
FY18	8,850.8	18.0	906.5	10.2	584.0	55.8	15.3	39.9	28.2	34.6
FY19	10,237.9	15.7	1,190.0	11.6	728.5	24.7	19.0	32.0	27.3	40.8
FY20	10,319.6	0.8	1,213.0	11.8	890.8	22.3	23.2	26.2	26.4	33.4
FY21e	9,106.8	(11.8)	989.8	10.9	699.4	(21.5)	18.2	33.3	17.8	22.6
FY22e	13,060.5	43.4	1,574.4	12.1	1,130.5	61.6	29.5	20.6	23.4	29.9



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**Current situation** all branches have opened up / Main Office started since 28-April-20 with appropriate guidelines and safety measures / Last mile delivery in main metros i.e Delhi, Mumbai and Bangalore still a challenge.

**Prices** no price cut taken in-fact at some places the company has increased prices

**Fixed cost** per month is ~Rs 110mn

**Cost structure optimization with a target to improve margins by 100bps** The management will not cut employee salary however the top management might go for salary cuts. Management also intends to reduce costs (such as travelling, customer meeting, vendor negotiation, stationery etc) by ~Rs 200mn in FY21.

**Working Capital** the company has not faced any issues yet in terms of receivables even from SME clients.

**Going forward** the management does expect volume growth for FY21 to be ~8-10% (with a cautious note), which will come mainly from SME's i.e 50% of their portfolio. *(However we have not taken this in our calculation)* The company is in a sweet spot with vendor base of 5000 truckers and the ability to get relatively better volumes (which is required to break-even per trip) compared to un-organised peers.

**Valuation** At CMP of Rs 608 the stock is trading at 26x its FY20 (actual) EPS of Rs 23 and 33x FY21e EPS of Rs 18 (*considering volume drop due to COVID in Q1FY21 and slow pick-up in Q2FY21*) and 21x FY22 EPS of Rs 29.5. TCI express is a net cash positive company with cash and equivalents of Rs 382mn. Company's ROE and ROCE stood at 26% and 33% for FY20.

**We assign 25x multiple to FY22e earnings and arrive at a target price of Rs 737 and revise our ratings to Accumulate from Buy on Dips .**



## Quarterly Results Walkthrough

Rs MNS	Q4FY19	Q4FY20	Growth	FY19	FY20	Growth
<b>Sales</b>	<b>2658.4</b>	<b>2379.4</b>	<b>-10.5%</b>	<b>10237.80</b>	<b>10319.60</b>	<b>0.8%</b>
Other income	12.0	11.7	-2.5%	31.80	43.70	37.4%
<b>Total Revenue:</b>	<b>2670.4</b>	<b>2391.1</b>	<b>-10.5%</b>	<b>10269.6</b>	<b>10363.3</b>	<b>0.9%</b>
<b>Expenses:-</b>						
Operating Expenses	1893.6	1664.9	-12.1%	7533.80	7341.50	-2.6%
<b>% to Operating Income</b>	<b>71.2%</b>	<b>70.0%</b>		<b>73.59%</b>	<b>71.14%</b>	
Employee benefit expenses	223.2	250.0	12.0%	858.500	1018.100	18.6%
<b>% to Operating Income</b>	<b>8.4%</b>	<b>10.5%</b>		<b>8%</b>	<b>10%</b>	
Other expenses	203.80	197.70	-3.0%	655.60	747.00	13.9%
<b>% to Operating Income</b>	<b>7.7%</b>	<b>8.3%</b>		<b>6.4%</b>	<b>7.2%</b>	
Total Expenses	2,320.60	2,112.60	-9.0%	9,047.90	9,106.60	0.6%
<b>EBITDA (exc OI)</b>	<b>337.80</b>	<b>266.80</b>	<b>-21.0%</b>	<b>1,189.90</b>	<b>1,213.00</b>	<b>1.9%</b>
<b>EBITDA Margin %</b>	<b>12.71%</b>	<b>11.21%</b>		<b>11.62%</b>	<b>11.75%</b>	
EBITDA	349.80	278.50	-20.4%	1221.70	1256.70	2.9%
Depreciation	16.90	20.70	22.5%	65.30	78.00	19.4%
Interest	4.800	2.7	-43.8%	37.80	9.00	-76.2%
<b>PBT</b>	<b>328.10</b>	<b>255.10</b>	<b>-22.2%</b>	<b>1,118.60</b>	<b>1,169.70</b>	<b>4.6%</b>
<b>PBT %</b>	<b>12.34%</b>	<b>10.72%</b>				
Tax expenses	110.80	65.00	-41.3%	390.30	279.00	-28.5%
<i>Tax Rate</i>	33.8%	25.5%		34.9%	23.9%	
<b>PAT</b>	<b>217.30</b>	<b>190.10</b>	<b>-12.5%</b>	<b>728.30</b>	<b>890.70</b>	<b>22.3%</b>
<b>Adjusted PAT</b>	<b>217.30</b>	<b>190.10</b>	<b>-12.5%</b>	<b>728.30</b>	<b>890.50</b>	<b>22.3%</b>
<b>NPM</b>	<b>8.14%</b>	<b>7.95%</b>		<b>7.09%</b>	<b>8.59%</b>	
Equity	76.577	76.7	0.2%	76.58	76.7	0.2%
<b>EPS</b>	<b>5.68</b>	<b>4.96</b>	<b>-12.7%</b>	<b>19.02</b>	<b>23.23</b>	<b>22.1%</b>



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P&L (Rs mn)	FY18	FY19E	FY20E	FY21E	FY22E	Cash Flow St. (Rs. mn)	FY18	FY19E	FY20E	FY21E	FY22E
Net Sales	8,850.8	10,237.9	10,319.6	9,106.8	13,060.5	Net Profit	584.0	728.5	890.8	699.4	1,130.5
Raw Materials	(6,644.3)	(7,533.8)	(7,341.6)	(6,468.7)	(9,277.1)	Add: Dep. & Amort.	52.1	65.3	77.9	95.7	117.0
Employee Cost	(725.2)	(858.5)	(1,018.0)	(1,018.0)	(1,311.2)	<b>Cash profits</b>	<b>636.1</b>	<b>793.8</b>	<b>968.7</b>	<b>795.1</b>	<b>1,247.5</b>
Other Expenses	(574.8)	(655.6)	(747.0)	(630.3)	(897.8)	<b>(Inc)/Dec in</b>					
<b>Operating Profit</b>	<b>906.5</b>	<b>1,190.0</b>	<b>1,213.0</b>	<b>989.8</b>	<b>1,574.4</b>	-Sundry debtors	(412.9)	(87.6)	(26.3)	160.7	(649.9)
Depreciation	(52.1)	(65.3)	(77.9)	(95.7)	(117.0)	-Inventories	-	-	-	-	-
PBIT	854.4	1,124.7	1,135.1	894.1	1,457.4	-Loans/advances	24.4	(26.9)	(23.7)	(17.0)	(19.0)
						<sup>1</sup> -Current Liab and Provisions	436.6	46.8	(104.3)	(118.5)	359.4
Other income	20.8	31.9	43.7	49.5	62.3	Change in working capital	48.1	(67.7)	(154.3)	25.2	(309.4)
Interest	(37.6)	(37.8)	(9.0)	(9.0)	(9.0)	<b>CF from Oper. activities</b>	<b>684.2</b>	<b>726.1</b>	<b>814.4</b>	<b>820.2</b>	<b>938.0</b>
PBT	837.7	1,118.8	1,169.8	934.7	1,510.7	CF from Inv. activities	(624.0)	(252.8)	(598.5)	(512.9)	(614.1)
Exceptionals	-	-	-	-	-	CF from Fin. activities	(26.3)	(424.1)	(260.9)	(139.9)	(226.1)
Profit before tax (post exceptional)	837.7	1,118.8	1,169.8	934.7	1,510.7	<b>Cash generated/(utilised)</b>	<b>33.9</b>	<b>49.2</b>	<b>(45.0)</b>	<b>167.5</b>	<b>97.8</b>
Provision for tax	(253.7)	(390.3)	(279.0)	(235.3)	(380.3)	Cash at start of the year	87.8	121.8	171.0	126.0	293.5
<b>Reported PAT</b>	<b>584.0</b>	<b>728.5</b>	<b>890.8</b>	<b>699.4</b>	<b>1,130.5</b>	Cash at end of the year	121.8	171.0	126.0	293.5	391.3
MI	-	-	-	-	-		-	-	-	-	-
<b>Net Profit</b>	<b>584.0</b>	<b>728.5</b>	<b>890.8</b>	<b>699.4</b>	<b>1,130.5</b>						
Adjusted Profit ( excl Excep	584.0	728.5	890.8	699.4	1,130.5						
Balance Sheet	FY18	FY19E	FY20E	FY21E	FY22E	Ratios	FY18	FY19E	FY20E	FY21E	FY22E
Equity capital	76.6	76.6	76.7	76.7	76.7	OPM	10.2	11.6	11.8	10.9	12.1
Reserves	1,991.5	2,595.3	3,296.1	3,855.6	4,760.0	NPM	6.6	7.1	8.6	7.6	8.6
<b>Net worth</b>	<b>2,068.1</b>	<b>2,671.9</b>	<b>3,372.8</b>	<b>3,932.3</b>	<b>4,836.7</b>	Tax rate	(30.3)	(34.9)	(23.9)	(25.2)	(25.2)
MI	-	-	-	-	-	<b>Growth Ratios (%)</b>					
<b>Non Current Liabilities</b>	<b>59.6</b>	<b>78.0</b>	<b>61.5</b>	<b>61.5</b>	<b>61.5</b>	Net Sales	18.0	15.7	0.8	(11.8)	43.4
						Operating Profit	46.5	31.3	1.9	(18.4)	59.1
<b>Current Liabilities</b>	<b>1,310.8</b>	<b>1,039.8</b>	<b>881.0</b>	<b>762.5</b>	<b>1,121.9</b>	PBIT	48.4	31.6	0.9	(21.2)	63.0
						PAT	55.8	24.7	22.3	(21.5)	61.6
<b>CAPITAL EMPLOYED</b>	<b>3,438.5</b>	<b>3,789.7</b>	<b>4,315.3</b>	<b>4,756.3</b>	<b>6,020.2</b>	<b>Per Share (Rs.)</b>					
						Net Earnings (EPS)	15.3	19.0	23.2	18.24	29.48
<b>Non Current Assets</b>	<b>1,671.6</b>	<b>1,859.1</b>	<b>2,093.8</b>	<b>2,511.0</b>	<b>3,008.1</b>	Cash Earnings (CPS)	16.6	20.7	25.3	20.7	32.5
						Dividend	2.8	3.0	4.0	3.1	5.1
Fixed Assets	1,620.1	1,744.4	1,965.3	2,369.6	2,852.6	Book Value	54.0	69.8	87.9	102.5	126.1
Goodwill	-	-	-	-	-	Free Cash Flow	1.6	12.4	5.6	8.0	8.4
Non Current Investments	51.5	114.7	128.5	141.4	155.5	<b>Valuation Ratios</b>					
Deferred Tax Asset	-	-	-	-	-	P/E(x)	39.9	32.0	26.2	33.3	20.6
Long Term Loans and Advances	-	-	-	-	-	P/B(x)	11.3	8.7	6.9	5.9	4.8
						EV/EBIDTA(x)	25.9	19.4	18.8	22.9	14.3
<b>Current Assets</b>	<b>1,766.9</b>	<b>1,930.6</b>	<b>2,221.5</b>	<b>2,245.3</b>	<b>3,012.0</b>	Div. Yield(%)	0.5	0.5	0.7	0.5	0.8
<b>Current investments</b>	<b>-</b>	<b>-</b>	<b>285.9</b>	<b>285.9</b>	<b>285.9</b>	<b>FCF Yield(%)</b>	<b>0.3</b>	<b>2.0</b>	<b>0.9</b>	<b>1.3</b>	<b>1.4</b>
Inventories	-	-	-	-	-	<b>Return Ratios (%)</b>					
Trade Receivables	1,543.8	1,631.4	1,657.7	1,497.0	2,146.9	RONW	28%	27%	26%	18%	23%
Cash and Bank Balances	121.8	171.0	126.0	293.5	391.3	ROCE	35%	41%	33%	23%	30%
Short Term Loans and Advances	71.1	85.1	91.9	102.9	115.3	Net D/E	0.2	0.0	0.0	0.0	0.0
Other Current Assets	30.1	43.1	60.0	66.0	72.6						
<b>CAPITAL DEPLOYED</b>	<b>3,438.5</b>	<b>3,789.7</b>	<b>4,315.3</b>	<b>4,756.3</b>	<b>6,020.2</b>						



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