



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

Analyst: Kunal Bhatia 022 67141442

## Q2FY21 Result update @ Dalal & Broacha

### Buy on Dips

Current Price	790
52 Week Range	950/491
Target Price	850
Upside	8%

### TCI Express Q2FY21 Results

**Topline slightly lower than expected, however EBIDTA margins improve 15.3% (highest in atleast 18qtrs)**

Revenue declined by 21% YoY to Rs 2129.5mn, mainly on account of drop in volumes.

### Key Share Data

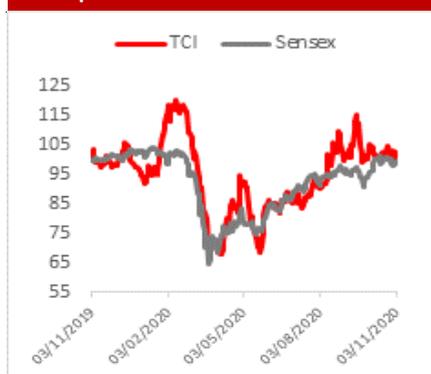
Market Cap (Rs.bn)	31
Market Cap (US\$ mn)	409
No of o/s shares (mn)	38
Face Value	2
Monthly Avg. vol (BSE+NSE) Nos	16
BSE Code	540212
NSE Code	TCIEXP
Bloomberg	TCIEXP:IN

**EBIDTA** rose by 6% YoY to Rs 325.6mn and EBIDTA margins 15.3% v/s 11.4% YoY. This was mainly supported by cost efficiency efforts and lower employee cost.

**Employee cost** on a YoY basis declined by 16.2% YoY to Rs 221mn. No salary deduction were made YTD, except for MD in the senior management, The company will start with salary increments for all employees for the year in the coming quarters.

Operating Exps as % to Revenue stood at 67.8% as against 71.6% YoY on account of cost control measures.

### Price performance



**PBT** rose by 4.3% YoY to Rs 315.4mn, however **PAT** declined by 10% YoY to Rs 235mn as Tax Rate stood at 25.5% v/s 13.7% YoY

### For H1FY21:

Revenues declines by 43% YoY to Rs 3017mn, EBIDTA margins stood at 11.47% v/s 11.47 YoY. PAT declined by 45% YoY to Rs 244mn. EPS stood at 6.35 v/s 11.38 YoY

### TCI Express Conference Call KTA's

> **Volume de-growth** in Q2F21 was 23% at 1.8lac tons v/s 2.35 lac tons in Q2FY20

> **Price increase** taken 3%

> **Oct-2020 month has seen single digit growth on a YoY basis**

> TCI Express has entered **cold-chain business** as well, working with government bodies for distribution of Covid Vaccine

> **On ground activity has gone up:** E-Way bill generated in July, Aug and Sept were 4.8crs, 4.9crs and 5.7crs. Of which only Sept showed growth on a YoY basis.

> **Utilization Levels:** stood at 87% in Q2FY21 and 78% of pre-covid volumes were achieved

> **Branch additions:** stood at 10

> **Capex** for Q2FY21 stood at Rs 90mn and Rs 260mn for H1FY21 will spend another 500mn in H2FY21 (Gurgoan site will start in Q4FY21 and Pune in Q3FY21). Out of the 4bn capex plan of 3-4 years 2bn will be spent by FY21 and 1bn each in FY22 and FY23

> **Cash and equivalents** on balance sheet stood at 870mn

### % Shareholding

	Sept-20	Jun-20
Promoters	66.79	66.93
Institutions	11.83	11.50
Others	21.38	21.57
<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	52	28	35
FY19	10,237.9	15.7	1,189.9	11.6	728.4	24.7	19	42	27	41
FY20	10,319.6	0.8	1,213.0	11.8	890.8	22.3	23	34	26	33
FY21e	8,516.3	(17.5)	1,127.4	13.2	797.6	(10.5)	21	38	20	25
FY22e	12,486.7	46.6	1,601.2	12.8	1,128.3	41.5	29	27	23	30
FY23e	14,359.7	15.0	1,868.7	13.0	1,301.9	15.4	34	23	22	28



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Going forward the management remains cautiously optimistic and expects strong H2FY21 supported by festive demand. The pent-up demand led growth is now over and recovery should improve.

**Valuations at Rs 790:** TCI Express trades at 27x FY22e EPS of Rs 29.4 and 23x FY23e EPS of Rs 34. Even-though the long-term opportunity is intact the medium-term outlook remains un-certain.

***We rollover our estimates to FY23 with a target price of Rs 850 i.e. 25x FY23e EPS and change our recommendation from Accumulate to Buy on Dips.***



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## Quarterly Snapshot

Rs MNS	Q2FY20	Q2FY21	Growth	H1FY20	H1FY21	Growth
Sales	2694.7	2129.5	-21.0%	5256.40	3016.90	-42.6%
Other income	16.1	14.6	-9.3%	23.40	29.30	25.2%
<b>Total Revenue:</b>	<b>2710.8</b>	<b>2144.1</b>	<b>-20.9%</b>	<b>5279.8</b>	<b>3046.2</b>	<b>-42.3%</b>
<b>Expenses:-</b>						
Operating Expenses	1928.4	1444.4	-25.1%	3780.80	2022.70	-46.5%
% to Operating Income	71.6%	67.8%		71.93%	67.05%	
Employee benefit expenses	263.2	220.6	-16.2%	516.700	407.800	-21.1%
% to Operating Income	9.8%	10.4%		10%	14%	
Other expenses	196.00	138.90	-29.1%	355.80	240.40	-32.4%
% to Operating Income	7.3%	6.5%		6.8%	8.0%	
<b>Total Expenses</b>	<b>2,387.60</b>	<b>1,803.90</b>	<b>-24.4%</b>	<b>4,653.30</b>	<b>2,670.90</b>	<b>-42.6%</b>
<b>EBITDA (exc OI)</b>	<b>307.10</b>	<b>325.60</b>	<b>6.0%</b>	<b>603.10</b>	<b>346.00</b>	<b>-42.6%</b>
<b>EBITDA Margin %</b>	<b>11.40%</b>	<b>15.29%</b>		<b>11.47%</b>	<b>11.47%</b>	
EBITDA	323.20	340.20	5.3%	626.50	375.30	-40.1%
Depreciation	18.40	21.70	17.9%	36.00	42.90	19.2%
Interest	2.500	3.1	24.0%	4.80	4.40	-8.3%
<b>PBT</b>	<b>302.30</b>	<b>315.40</b>	<b>4.3%</b>	<b>585.70</b>	<b>328.00</b>	<b>-44.0%</b>
<b>PBT %</b>	<b>11.22%</b>	<b>14.81%</b>		<b>11.14%</b>	<b>10.87%</b>	
Tax expenses	41.30	80.50	94.9%	140.50	83.90	-40.3%
Tax Rate	13.7%	25.5%		24.0%	25.6%	
<b>PAT</b>	<b>261.00</b>	<b>234.90</b>	<b>-10.0%</b>	<b>445.20</b>	<b>244.10</b>	<b>-45.2%</b>
<b>Adjusted PAT</b>	<b>261.00</b>	<b>234.90</b>	<b>-10.0%</b>	<b>445.20</b>	<b>244.10</b>	<b>-45.2%</b>
<b>NPM</b>	<b>9.63%</b>	<b>10.96%</b>		<b>8.43%</b>	<b>8.01%</b>	
Equity	76.6	76.9	0.4%	76.60	76.9	0.4%
EPS	6.81	6.11	-10.4%	11.62	6.35	-45.4%





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