



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

Analyst: Kunal Bhatia/ Nidhi Babaria

Q4FY19 Result update @ Dalal & Broacha

## ACCUMULATE

Current Price	677
52 Week Range	766/441
Target Price	794
Upside	17%

**TCI Express Q4FY19 Result Revenue below expectations, but EBITDA Margin and PAT in line with expectations.**

**Q4FY19 Update: Revenue** Increased by 6.6% Y-O-Y at Rs. 2,658mn.

**Freight cost:** 71.2% v/s 73.1% Y-O-Y.

**EBITDA & EBITDA Margins:** up by 18.9% at Rs.337.8mn & Margins at 12.7% v/s 11.4% yoy.

**PAT:** Increased by 22% Y-O-Y to Rs. 217.30mn / **EPS** at Rs. 5.68 v/s 4.65 y-o-y.

## Key Share Data

Market Cap (Rs.bn)	25.94
Market Cap (US\$ mn)	370.6
No of o/s shares (mn)	38.29
Face Value	2
Monthly Avg. vol (BSE+NSE) Nos	25,476
BSE Code	540212
NSE Code	TCIEXP
Bloomberg	TCIEXP IN

## FY19:

**Revenues** Increased by 15.7% YoY to Rs 10,238mn

**EBIDTA & EBITDA Margins:** Increased by 31% YoY to Rs 1,190mn & Margins at 11.6% vs 10.2%

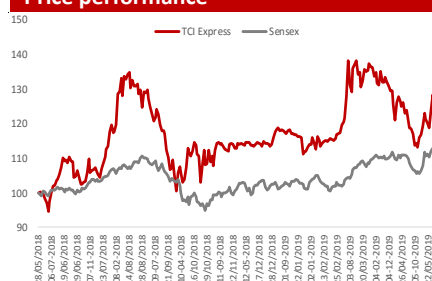
**Freight cost** 73.6% vs 75.1% YoY

**PAT** Increased by 25% YoY to Rs728.5mn / **EPS** RS. 19.03 V/S Rs 15.25

## TCI Express Ltd. Concall KTA's:

- Volume growth at 13% for FY19 at ~0.8mn ton, which mainly pushed the sales. FY19 growth was contributed 90% from existing clients and 10% from new clients.

## Price performance



-FY19 (full year) growth of 15.7% was contributed 33% by SME and 67% by corporates.

-Carried \$10 BN value in FY19 V/S \$9 BN in FY18.

-60 branches were opened in FY19 (total 785 till FY19)

- Freight cost: Improvement was mainly due to pricing ~5% increase was taken in FY19

- Utilization Sorting centers @ 130% and vehicles @ 85%

-Going ahead Industry to grow at 9-11% and TCI Express is expected to grow at ~20%.

## % Shareholding

	March-19	Dec-18
Promoters	66.97	66.97
Institutions	33.03	33.03
<b>Total</b>	<b>100</b>	<b>100</b>

- Net cash flows at Rs 78cr /Free cash flows at Rs. 58cr

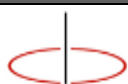
-Working capital days reduced to 47 days v/s 55days.

- **Target for FY20:** i) 15% Volume growth ii) ~5% customer growth iii) ~20% growth in revenue (Revenue to double in 4years) iv) Another 100 branches in FY20 v) 100bps EBITDA margin improvement vi) Debt free in Q1FY20 vii) Next 4 years PBT margins aimed at 15% from 11% in FY19 viii) Overall CAPEX at Rs. 80-100 cr mainly for a) sorting center b) Technology adoption.

**Valuation:** Better implementation of GST with E-way Bill and introduction of E-invoicing under GST will increase demand for Organized players like TCI Express. With current market share of only 5% (organized + unorganized) TCI Express has an enough scope to grow. Topline CAGR is expected to be 15%+ and bottom line CAGR supported by margins improvement is expected to be higher. At CMP 677 it trades at 29x FY20E at EPS Rs. 23.3 and 23.6x FY21E at EPS Rs. 28.6. We continue to maintain **ACCUMULATE** at current price

## FINANCIALS

Year	Net Sales	%growth	EBIDTA	OPM%	PAT	%growth	EPS	PE(x)	RoE%	RoCE%
FY17	7,502.7	13.1	619.0	8.3	374.9	31.7	9.8	69.1	23.3	30.0
FY18	8,850.8	18.0	906.5	10.2	584.0	55.8	15.3	44.4	28.2	34.6
FY19	10,237.9	15.7	1,190.0	11.6	728.5	24.7	19.0	35.6	27.3	40.8
FY20E	12,080.7	18.0	1,464.4	12.1	893.2	22.6	23.3	29.0	26.4	39.7
FY21E	14,255.3	18.0	1,803.1	12.6	1,096.1	22.7	28.6	23.6	25.7	38.7



Rs MNS	Q4FY18	Q4FY19	FY18	FY19
Sales	2493.41	2658.4	8850.82	10237.90
Growth%		6.62%		15.7%
Other income	5.96	12	20.80	31.90
Growth%		101.38%		53.4%
<b>Total Revenue:</b>	<b>2499.37</b>	<b>2670.40</b>	<b>8871.62</b>	<b>10269.80</b>
Growth%		6.84%		15.8%
<b>Expenses:-</b>				
Freight Cost	1822.27	1893.60	6644.29	7533.80
Growth%		3.91%		13.4%
% to Operating Income	73.08%	71.23%	75.1%	73.6%
Employee benefit expenses	202.39	223.20	725.24	858.50
Growth%		10.28%		18.4%
% to Operating Income	8.12%	8.40%	8.2%	8.4%
Other expenses	184.62	203.8	574.77	655.60
Growth%		10.39%		14.1%
% to Operating Income	7.40%	7.67%	6.49%	6.40%
<b>Total Expenses</b>	<b>2209.28</b>	<b>2320.60</b>	<b>7944.30</b>	<b>9047.90</b>
Growth%		3.54%		13.9%
<b>EBITDA (exc OI)</b>	<b>284.13</b>	<b>337.80</b>	<b>906.52</b>	<b>1190.00</b>
Growth%		18.89%		31.27%
<b>EBITDA Margin %</b>	<b>11.40%</b>	<b>12.71%</b>	<b>10.24%</b>	<b>11.62%</b>
EBITDA	290.09	349.80	927.32	1221.90
% Growth		20.6%		31.8%
Depreciation	15.42	16.90	52.09	65.30
Interest	11.94	4.80	37.57	37.80
PBT	262.74	328.10	837.66	1118.80
% Growth		24.88%		33.6%
PBT %	10.54%	12.34%	9.46%	10.93%
<b>Tax expenses</b>	<b>84.77</b>	<b>110.80</b>	<b>253.69</b>	<b>390.30</b>
Tax Rate	32.27%	33.77%	30.29%	34.89%
<b>PAT</b>	<b>177.96</b>	<b>217.30</b>	<b>583.97</b>	<b>728.50</b>
% Growth		22.10%		24.75%
NPM	7.12%	8.14%	6.58%	7.09%
Equity	76.58	76.58	76.58	76.58
EPS	4.65	5.68	15.25	19.03



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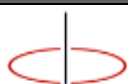
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Contact	Email ID	Contact No.	Sector
Mr. Kunal Bhatia	kunal.bhatia@dalal-broacha.com	022 67141442	Auto, Auto Ancillary, FMCG
Ms. CharulataGaidhani	charulata.gaidhani@dalal-broacha.com	022 67141446	Pharma /Healthcare
Ms. AbhilashaSatale	abhilasha.satale@dalal-broacha.com	022 67141135	Mid cap
Mr. Mayank Babla	mayank.babla@dalal-broacha.com	022 67141412	I.T/Telecom/Media
Mr. Avinash Tanawde	avinash.tanawde@dalal-broacha.com	022 67141149	BFSI
Ms. Nidhi Babaria	nidhi.babaria@dalal-broacha.com	022 67141450	Associate
Mr. Suraj Nandu	suraj.nandu@dalal-broacha.com	022 67141438	Associate
Mr. Tanush Mehta	tanush.mehta@dalal-broacha.com	022 67141441	Associate

Address: - 508, Maker Chambers V, 221 Nariman Point, Mumbai 400 021. Tel: 91-22- 2282 2992, 2287 6173, Fax: 91-22-2287 0092  
E-mail: research@dalalbroachaindia.com, equity.research@dalal-broacha.com