



# TCI Express

BSE SENSEX 78,473 S&P CNX 23,728

**CMP: INR829 TP: INR940 (+13%) Neutral**



### Stock Info

Bloomberg	TCIEXP IN
Equity Shares (m)	38
M.Cap.(INRb)/(USD\$b)	31.8 / 0.4
52-Week Range (INR)	1438 / 801
1, 6, 12 Rel. Per (%)	1/-28/-51
12M Avg Val (INR M)	71
Free float (%)	30.5

### Financials Snapshot (INR b)

Y/E March	2025E	2026E	2027E
Net Sales	13.0	14.7	16.8
EBITDA	1.6	2.2	2.6
Adj. PAT	1.1	1.5	1.8
EBITDA Margin (%)	12.4	14.9	15.3
Adj. EPS (INR)	28.5	39.4	45.9
EPS Gr. (%)	-17.2	38.3	16.4
BV/Sh. (INR)	204	236	274

### Ratios

Net D/E (x)	0.0	0.0	0.0
RoE (%)	14.7	17.9	18.0
RoCE (%)	14.5	17.7	17.8
Payout (%)	28.1	20.3	17.4

### Valuations

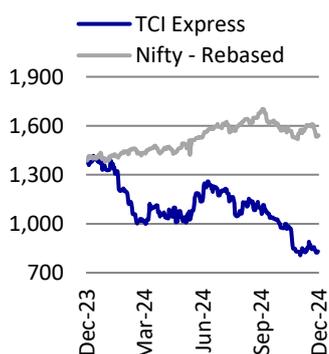
P/E (x)	29.0	20.9	18.0
P/BV (x)	4.0	3.5	3.0
EV/EBITDA (x)	19.5	14.4	12.3
Div. Yield (%)	1.0	1.0	1.0
FCF Yield (%)	0.8	0.6	0.6

### Shareholding pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	69.5	69.6	69.6
DII	10.1	10.2	8.9
FII	1.7	1.6	3.0
Others	18.6	18.6	18.5

FII Includes depository receipts

### Stock Performance (1-year)



## Industry headwinds continue to impact volumes; near-term outlook remains weak

- We downgraded TCI Express (TCIE) to Neutral (from BUY) in Oct'24 after [2QFY25 results](#), due to concerns over volumes and profitability. TCIE's business performance and volume growth have been impacted by additional cost pressures in the Air Express division, increased competition, and slower growth in key sectors such as manufacturing, automobiles, and textiles.
- As per our channel check, volume growth was muted in Oct-Nov'24, which could lead to a weak performance in 3QFY25 as well for TCIE. Allcargo Gati, an express logistics peer of TCIE, reported 13% MoM decline in volumes in Nov'24 (2% growth YoY). During Oct-Nov'24, Gati reported just a 3% YoY growth in volumes, signaling subdued demand in 3QFY25 so far. While the festive season in 3Q brought some QoQ volume growth for express logistics companies, their YoY performance remains weak, and this trend is expected to persist through the rest of FY25.
- While the long-term outlook for surface express services remains positive, near-to medium-term headwinds such as heightened competition, weak rural demand, a consumption slowdown, and elevated inflation are likely to weigh on volumes.
- **Weak demand from MSME customers and rising costs continue to hinder operational efficiency. Management has adopted a cautious stance on volume growth and expects mid-single-digit volume growth in 2HFY25, constrained by weak demand at the industry level. It also does not expect to hike prices in the current scenario. We expect TCIE to deliver a CAGR of 8%/10%/11%/10% in volume/revenue/EBITDA/PAT over FY24-27. TCIE is looking to incur a capex of INR5b over the next five years to set up its own sorting centers. It intends to have its own sorting centers in 11 cities by FY26. We reiterate our Neutral rating with a revised TP of INR940, based on 22x Sep'26E EPS.**

## Branch expansion on track; allows TCIE to extend its services to a wider geographic area, thereby enhancing its market presence

- In order to facilitate its business growth, TCIE has successfully opened more than 500 new branches in the last five years and its customer count has increased to more than 0.225m as of Sep'24 from 0.16m in Mar'17. Looking ahead, TCIE plans to open 50-75 branches annually, capitalizing on the upcoming manufacturing facilities and clusters of SMEs to further expand its presence.
- With its expansion, TCIE seeks to expand its footprint in emerging markets in order to meet the increasing demands of SME customers more effectively. This strategic move enables TCIE to offer customized logistics solutions tailored to the unique requirements of SMEs.