

# Transport Corporation of India

## Economic revival to spur growth

### Investment Arguments

**Top-line growth to accelerate to 15% CAGR over FY2014-17E on economic revival; eventual GST implementation would provide further boost:** We expect Transport Corporation of India (TCIL) to report a healthy top-line growth ~15% CAGR over FY2014-17E on the back of revival in the Indian economy. Among TCIL's four business segments, we expect (a) Express segment to report ~17% CAGR. TCIL is also well-placed to garner e-commerce business, as bulkier categories like furniture, white goods see more traction in online sales. (b) Supply Chain Solution segment to report ~21% CAGR, owing to recovery in the automobile sector, growth in E-commerce fulfillment hubs, as well as new customer wins due to increasing outsourcing of supply chain in other sectors like FMCG, chemicals, cold storage, etc. especially once GST kicks in. The other two segments, viz. Seaways and Freight, are also likely to benefit from economic revival and expected to report ~9% CAGR.

**Stepped-up capex spending in higher margin businesses to aid overall earnings growth trajectory:** As the demand environment improves, we expect margins to improve across segments for TCIL. Moreover, we expect the company to increase focus on higher margin businesses like XPS and Supply Chain Solution. As a result, the revenue contribution of these businesses is expected to increase from ~56% in FY2014 to ~62% in FY2017E, with the company having aggressive expansion plans in these businesses (Rs500cr capex over FY2015-17E). As a result, we expect overall margins to improve from 7.6% in FY2014E to 9.0% in FY2017E, driving 25% CAGR in net profits over the same period.

**Outlook and Valuation:** TCIL benefits from its pan-India scale (which gives it competitive advantage in higher margin segments of the logistics industry) as well as from its asset-light business model (which cushions its profitability in cyclical downturns and gives it an attractive ROE profile). The company is well-placed to be a key beneficiary once GST is implemented, when corporates will need reliable pan-india logistics players to manage their hub-and-spoke supply chains. At the CMP, TCIL trades at a P/E of 13.7x FY2017E. **We initiate with a Buy and target price of ₹293 (16x FY2017E EPS), indicating an upside of ~17%.**

### Key financials

Y/E March (₹ cr)	FY2014	FY2015E	FY2016E	FY2017E
<b>Net sales</b>	<b>2,228</b>	<b>2,468</b>	<b>2,830</b>	<b>3,350</b>
% chg	4.5	10.8	14.6	18.4
<b>Net profit</b>	<b>72</b>	<b>87</b>	<b>109</b>	<b>138</b>
% chg	3.0	22.1	24.3	27.4
EBITDA margin (%)	7.6	8.0	8.8	9.0
<b>EPS (₹)</b>	<b>9.5</b>	<b>11.6</b>	<b>14.4</b>	<b>18.3</b>
P/E (x)	26.4	21.6	17.4	13.7
P/BV (x)	3.9	3.0	2.7	2.3
RoE (%)	14.6	14.1	15.4	17.1
RoCE (%)	14.9	14.2	16.4	18.0
EV/Sales (x)	1.0	0.9	0.8	0.7
EV/EBITDA (x)	12.8	10.9	8.9	7.6

Source: Company, Angel Research, Note: CMP as of February 20, 2015

## BUY

CMP	₹250
Target Price	₹293

Investment Period	12 Months
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Stock Info	
Sector	Logistics
Market Cap (₹ cr)	1,890
Net Debt (₹ cr)	285
Beta	1.6
52 Week High / Low	299 / 88
Avg. Daily Volume	15,533
Face Value (₹)	2
BSE Sensex	29,231
Nifty	8,834
Reuters Code	TCIL.BO
Bloomberg Code	TRPC@IN

Shareholding Pattern (%)	
Promoters	69.1
MF / Banks / Indian FIs	0.8
FII / NRIs / OCBs	2.3
Indian Public / Others	27.9

Abs. (%)	3m	1yr	3yr
Sensex	4.2	42.3	59.8
TCIL	(3.9)	182.5	247.3

### 3-year price chart



Source: Company, Angel Research

**Amarjeet S Maurya**

022-39357800 Ext: 6831

amarjeet.maurya@angelbroking.com

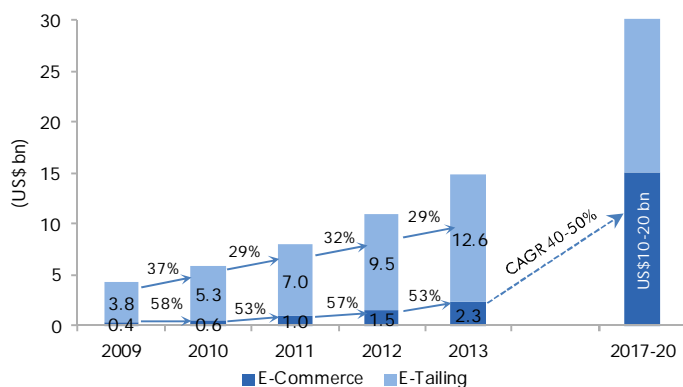
## Investment Arguments

### E-commerce industry to drive growth of XPS division

Indian e-commerce industry's market size is less than 10% of USA and China market size (US\$ 150bn) of ecommerce.

According to ASSOCHAM and PwC, the Indian e-commerce industry's market size is less than 10% of USA and China's market size (US\$150bn) of ecommerce. However, over 2009-13, the e-commerce sector in India has grown at a CAGR of almost 35% to an estimated US\$12.6bn on back of rising internet and mobile phone penetration. In the domestic e-commerce industry, ~70% of the transactions are accounted by online ticketing and ~10% by e-retailing and online market place. However, e-retail in both its forms, ie online retail and market place, has become the fastest-growing segment, increasing its share from 10% in 2009 to an estimated 18% in 2013. As per an industry report, going forward, the e-retail market is expected to grow to around US\$10-20bn by 2017-20 on account of increase in consumer-led purchases in durables and electronics, apparels and accessories etc.

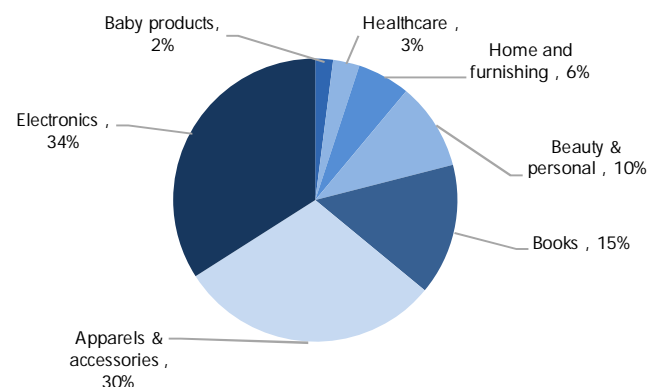
Exhibit 1: Growth in e-commerce & e-tailing (e-retail)



Source: Crisil, IMAI, PwC analysis and Industry experts

TCIL's XPS division (express delivery of goods) accounted for ~29% of FY14 revenues.

Exhibit 2: Product mix in e-tailing

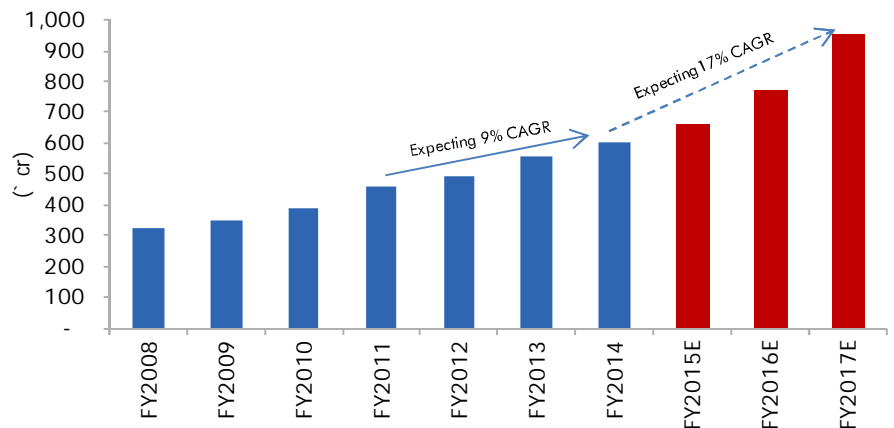


Source: Internet and Mobile Association of India research

Robust growth in e-retailing over the last few years is aiding growth for logistics companies. Going forward, we believe that growth in e-retail would trigger growth of the express business of logistics companies. TCIL's XPS division (express delivery of goods) accounted for ~29% of the company's FY2014 revenues. In this segment, the company's focus is on both B2B and B2C (both being a part of e-commerce). TCIL's 50% revenue comes from apparels, pharma and electronic goods. Currently, TCIL is generating negligible revenue from ecommerce; the revenue from ecommerce as a proportion of total revenue is very low. The companies is also into movement of large white goods such as televisions, refrigerators etc, which are still not preferred to be bought from e-commerce platforms by customers. In our view, growing customer preference for buying large white goods online will drive growth for the company in the long term. Further, the company also provides services towards moving consumer durables and electronic equipment from facilities of the OEMs to warehouses of e-tailing companies. TCI also operates fulfillment centres for e-tailing companies and has plans to scale up these services going forward.

**Exhibit 3: Projected Revenue growth trend for XPS Division**

In XPS division, we expect the company to report a strong ~17% CAGR over FY2014-17E



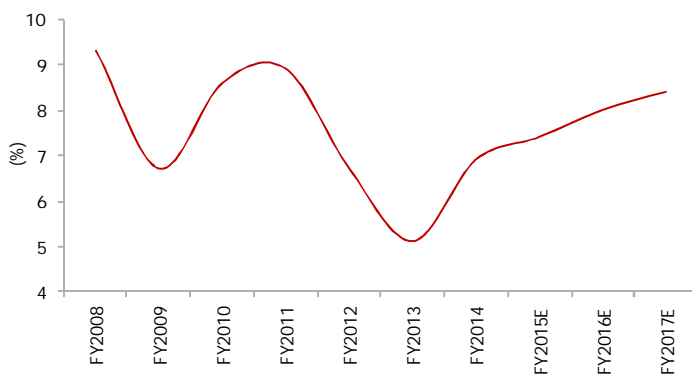
Source: Company, Angel Research

Hence, considering growth in 9MFY2015 sales numbers, improvement in economy, strong growth in e-commerce segment, and capacity expansion, we expect the company to report a strong ~17% CAGR over FY2014-17E.

### Economic revival to boost the growth for Freight division

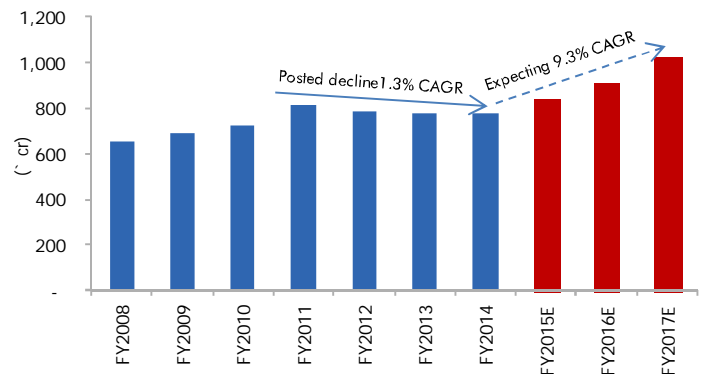
In the freight segment, the company is one of India's premier organized freight services providers with a pan India presence. The company has around 2,400 trucks and trailers, both owned and leased, which provide freight movement services on a daily basis. It has a strong backing in terms of its extensive and strategically located branch network and trained work force. The Freight division contributes by ~38% (FY2014) to the total revenue. TCIL's Freight division (Transport division) has been underperforming in the last few years (it reported a de-growth of ~1% [CAGR] over FY2011-14) due to slowdown in GDP growth, reflecting slowdown in overall industrial activity in the country. In 9MFY2015, the Freight division showed recovery in revenue growth, ie it posted a revenue growth of ~5% yoy (mainly in the previous quarter), owing to an improving economic scenario. Further, the Management is also confident of posting a better performance, than in the previous few quarters, in the coming financial years.

**Exhibit 4: GDP growth expected to bounce back**



Source: Company, Angel Research

**Exhibit 5: Projected Revenue growth trend for Freight division**



Source: Company, Angel Research

We expect the Freight division to report a healthy ~9% CAGR over FY2014-17E

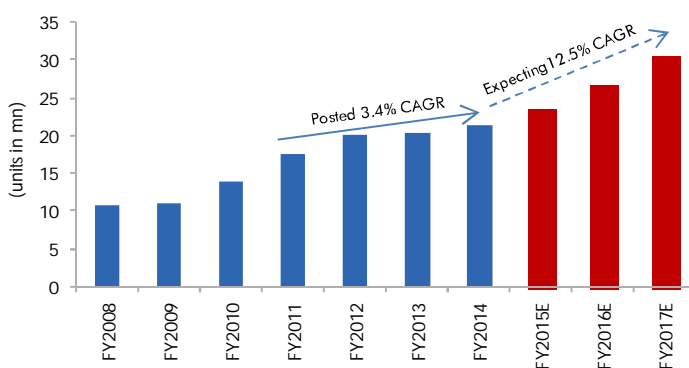
Considering momentum in policy reforms, fall in inflation, and anticipation of further rate cuts by the Reserve Bank of India (RBI), we believe that the investment cycle and commercial activities in the country will get a boost. This would lead to improvement in GDP growth in FY2016 and FY2017, which in turn will assist overall growth in the Freight division (Transport segment). Also, industry is expecting GST implementation in FY2016 which will further increase the growth prospects of the industry, and this will directly benefit the company with it being a dominant player in the industry. Considering the overall improvement in demand for the Freight division in 9MFY2015, increasing numbers of trucks in operation, and improving economy activities, we expect the Freight division to report a healthy ~9% CAGR over FY2014-17E.

### Recovery in automobile industry to aid Supply Chain Solution (SCS) division

~75% of Supply Chain Solution division's business comes from Automobile sector and balance from FMCG

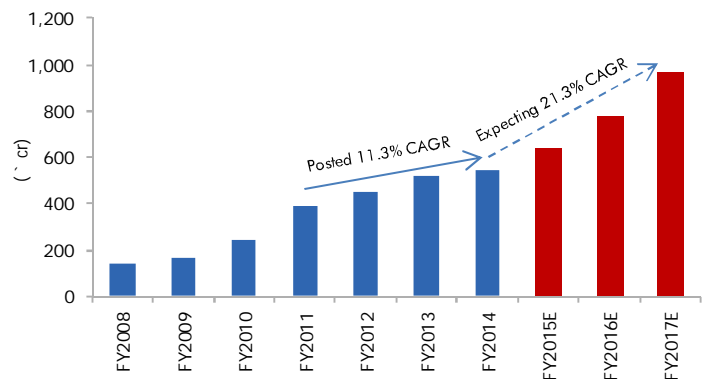
The automobile industry's performance in the past two consecutive years (FY2013 and FY2014) has been disappointing. But in 9MFY2015, the 2W industry has reported a strong growth of ~13% due to recovery in domestic and export markets, and passenger vehicle (PV)s have also shown an ~4% yoy growth. Further, the commercial vehicle (CV) segment has also shown some improvement (de-growth of ~4% yoy for 9MFY2015 as against a ~19% yoy de-growth for FY2014) on back of improvement in sales volumes in medium and heavy commercial vehicle (MHCV) and light commercial vehicle (LCV) segments. We expect growth momentum to continue and expect the Indian automobile industry to report a healthy 12.5% CAGR over FY2014-17E.

**Exhibit 6: Expected revival in Automobile industry**



Source: SIAM, Angel Research

**Exhibit 7: Projected Revenue growth trend for SCS division**



Source: Company, Angel Research

TCIL's marquee customers include Maruti, GM, Tata Motors, Hero, Bajaj, Hindustan Unilever, Samsung, VW Group etc

The Supply Chain Solution segment accounts for ~27% of total revenue (FY2014) of TCIL. In this segment ~75% of the business comes from the automobile sector and the balance from the FMCG and other segments (marquee customers include Maruti, GM, Tata Motors, Hero, Bajaj, Hindustan Unilever, Samsung, VW Group etc). In the segment, the company caters to automobile OEMs; it provides supply chain solutions including inbound logistics, outbound logistics, and stocking vehicles at the warehouses. Further, in this segment, the company has a JV with Mitsui, Japan which manages the entire inbound logistics operations of Toyota Kirloskar Motors India since 1999. The company owns 49% stake in this JV. Apart

from this, the company also provides services in managing fulfillment centers and back-end operations for e-commerce.

During FY2014, the division's revenue was impacted due to slowdown in the automobile industry. During 9MFY2014, TCIL has already reported a strong growth of ~16% against ~4% growth for the same period last year, on back of improvement in automobile industry sales volume numbers. Going forward, in our view, we expect the automobile industry to report strong numbers on back of improvement in the economy and expected interest rate cuts which would directly benefit TCIL. Further, the company is also increasing capacity of its warehousing facilities to cater to other verticals/sectors such as chemicals, temperature, etc. Hence, considering this, we expect the Supply Chain Solution segment to report a strong ~21% CAGR in revenue over FY2014-17E.

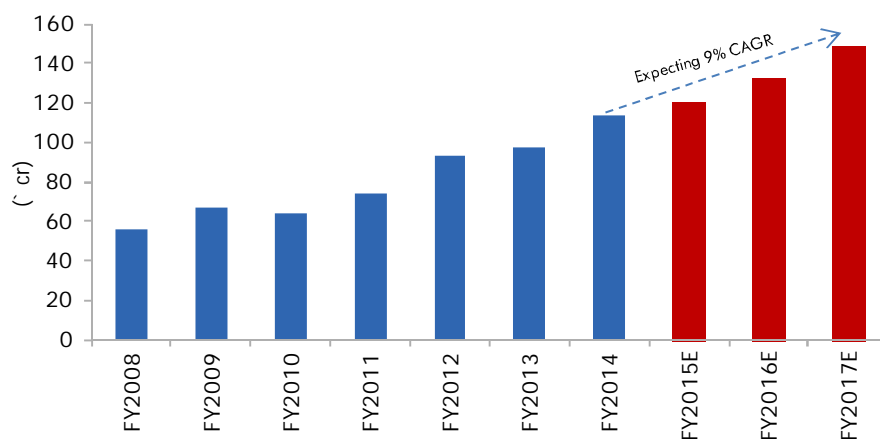
### Capacity expansion of Seaways division to drive growth

TCI Seaways has well equipped ships in its fleet and caters to the coastal cargo requirements for transporting container and bulk cargo from ports on the East coast of the country. Recently, the company has increased its fleet from 4 ships in FY2014 to 5 ships during 9MFY2015; also, it has replaced one ship. As a result the total capacity has increased from ~17,000 DWT to ~27,800 DWT.

Further, the company is also planning to diversify outside Port Blair sector and operate on the west coast as well. With the additional capacity of ships, the company can generate ~50-60cr revenue with an EBITDA margin of 10-15%, translating into a healthy return ratio. Going forward, we expect the company to report a strong ~9% CAGR in revenue over FY2014-17E.

*In Seaways division, we expect the company to report a strong revenue CAGR of ~9% over FY2014-17E*

**Exhibit 8: Projected Revenue growth trend for Seaways division**



Source: Company, Angel Research

## GST implementation to benefit the logistics sector

India's duty and taxation system is very complex and expensive due to 29 states and seven union territories which resulted into burden on intra-India trade. Indian duty and tax structure differ from city to city, thus creating headwinds for creation of national networks. We believe that the introduction of the Goods and Services Tax (GST) would benefit the logistics sector. However, we are expecting implementation of GST only by CY2016. In our view, TCIL over the years has increased its presence across the country. In a scenario, where GST gets rolled-out, we expect TCIL to be one of the few pan-India based Logistics players to get benefitted from any such development.

## Stepped-up capex spending in higher margin business to aid overall earnings growth trajectory

38% of TCIL's revenue comes from the Freights division, which is a low margin business (3-5% margin on EBITDA level). Margins are low with the business being mature and fragmented. Entry barriers are low owing to it not being a capital intensive business. We expect the revenue contribution of the Freight division to come from ~38% in FY2014 to ~33% in FY2017E with the company's lower focus on the business. Going forward, we expect the company's higher margin businesses ie XPS (8-10% margin on EBITDA level) and Supply Chain Solution (10-12% margin on EBITDA level) to increase their revenue contribution from ~56% in FY2014 to ~62% in FY2017E, led by aggressive expansion plans in these businesses.

*We expect the company's higher margin businesses ie XPS and Supply Chain Solution to increase their revenue contribution from ~56% in FY2014 to ~62% in FY2017E*

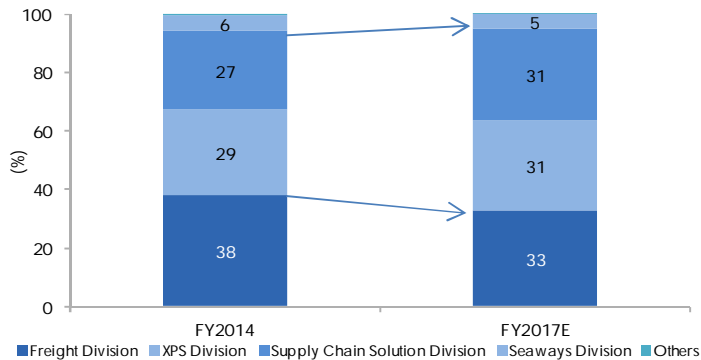
### Exhibit 9: Capital Expenditure Plan for the period

(` cr)	FY2007-14	FY2015-17	9MFY2015
Hub Centers & Small warehouses	219	280	40
Wind power	9	-	-
Ships & Containers	74	118	70
Trucks & Cars	220	88	15
Others	65	14	5
<b>Total</b>	<b>586</b>	<b>500</b>	<b>130</b>

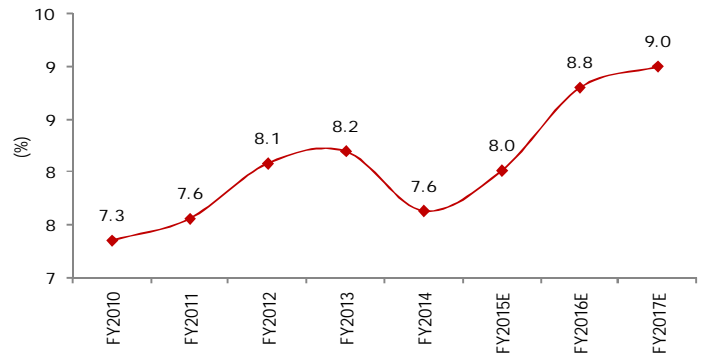
Source: Company, Angel Research

We expect the XPS business to perform better on back of improvement in economy and increase in penetration of e-commerce. The Supply Chain Solution business is also expected to do well and achieve strong growth due to recovery in Indian automobile industry. Also, in this business, the company is expected to add new clients in the FMCG, chemicals, temperature and other segments and expect the business to benefit from the implementation of the GST. Also, the company would be incurring significant capex towards building warehouses, which would drive growth.

*The company spending ~76% of capex for XPS and Supply chain Solution businesses*

**Exhibit 10: Sales tilt towards high margin business**


Source: Company, Angel Research

**Exhibit 11: Operating margins to expand**


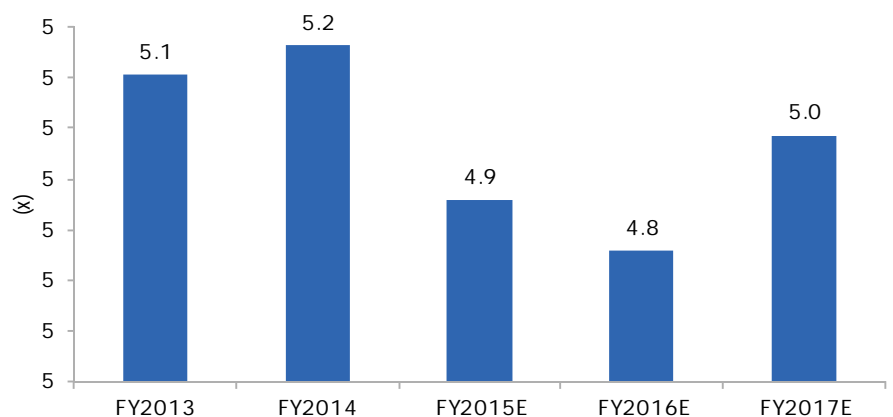
Source: Company, Angel Research

Hence, considering the above factors and with the company having reported strong revenue growth for 9MFY2015 (coupled with margin improvement in some of its divisions), we expect the company's overall operating margin to improve along with an improvement in the return ratio.

### Well positioned due to its Asset light business model

TCIL operates on an asset light business model where it owns 20% of the total fleet and leases the remaining 80%. The company has fastly scaled its business model to 7,000 trucks/trailers/reefer vehicles as of today. On the same lines, TCIL has been prudent in managing warehousing space, as a majority of its total 10mn sq ft of warehousing space is on lease basis. With its focus to invest less on building the asset base, the company has been able to generate healthy return ratios even in the worst phases of business cycles. Given the company's unlevered business model, we are of the view that the long-term growth prospects of the company would not be impacted due to lack of capital availability.

TCIL is one of the few companies in Surface Transportation & Logistics space, which has consistency enjoyed a healthy asset turnover (FY2014 asset turnover ratio at 5.2x) and ROE (FY2014 ROE at 14.6%). Given the strong matrices the company displays, we are confident that TCIL at any phase of the business cycle would be well positioned compared to its peers, which have majorly levered business models and have lower ROEs.

**Exhibit 12: Assets turnover ratio trend**


Source: Company, Angel Research



## Outlook and Valuation

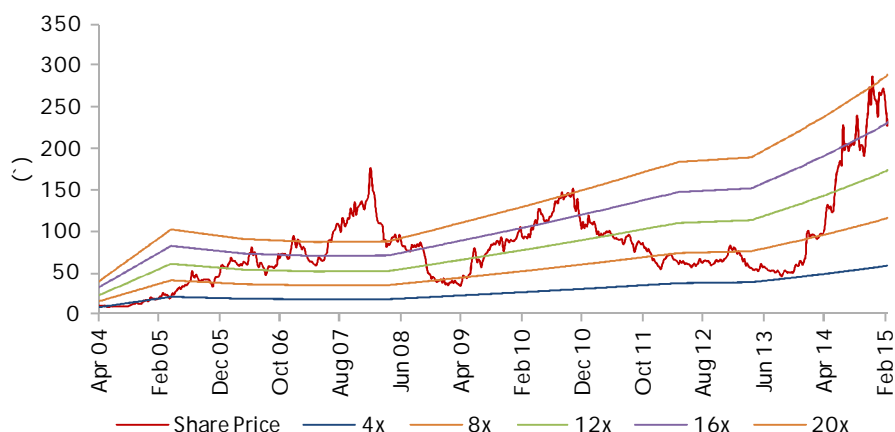
We expect TCIL to report a top-line CAGR of ~15% over FY2014-17E to ~`3,350cr

Going ahead, we expect TCIL to report a top-line CAGR of ~15% over FY2014-17E to ~`3,350cr owing to recovery in sales growth. (a) The Freight division is expected to benefit due to improvement in industrial activities (b) The XPS Cargo division's growth would be supported by growth in e-commerce (c) The Supply Chain Solution division is expected to grow owing to recovery in the automobile industry (more than 75% of the division's revenue comes from the automobile sector) and (d) The Seaways segment would benefit due to addition of new ships. Also, improvement in the Indian economy would aid overall growth of the company. Further, TCIL over the years has increased its presence across the country. In a scenario, where GST gets rolled-out, we expect TCIL to be one of the few pan-India based Logistics players to get benefitted from any such development.

On the bottom-line front, we expect the company to report ~25% CAGR over FY2014-17E on account of healthy top-line growth in the higher margin business (change in revenue mix). Also we expect an operating margin improvement (60-70bp) in the Freight segment due to pick up in volumes and lower fuel cost. Further, TCIL operates on an asset light business model due to that company would be able to generate healthy return ratios even in the worst phases of business cycles.

At the current market price of ~250, the stock trades at a PE of 17.4x and 13.7x its FY2016E and FY2017E EPS of ~14.4 and ~18.3, respectively. **We initiate coverage on the stock with a Buy recommendation and target price of ~293, based on 16x FY2017E EPS, indicating an upside of ~17% from the current levels.**

Exhibit 13: One year forward PE chart band



Source: Company, Angel Research, Capitaline



**Exhibit 14: Comparative analysis**

Company	Year end	Mcap	Sales	OPM	PAT	EPS	RoE	P/E	P/BV	EV/ Sales	EV/ EBITDA
TCIL	FY2015E	1,890	2,468	8.0	87	11.6	14.1	21.6	3.0	0.9	10.9
	FY2016E		2,830	8.8	109	14.4	15.4	17.4	2.7	0.8	8.9
	FY2017E		3,350	9.0	138	18.3	17.1	13.7	2.3	0.7	7.6
Gati	FY2015E	2,199	1,743	10.9	62	7.1	7.8	35.5	3.0	1.6	14.8
	FY2016E		2,100	11.8	94	10.7	11.1	23.6	2.7	1.3	11.3
	FY2017E		2,523	12.3	125	14.8	13.4	17.0	2.5	1.1	8.9

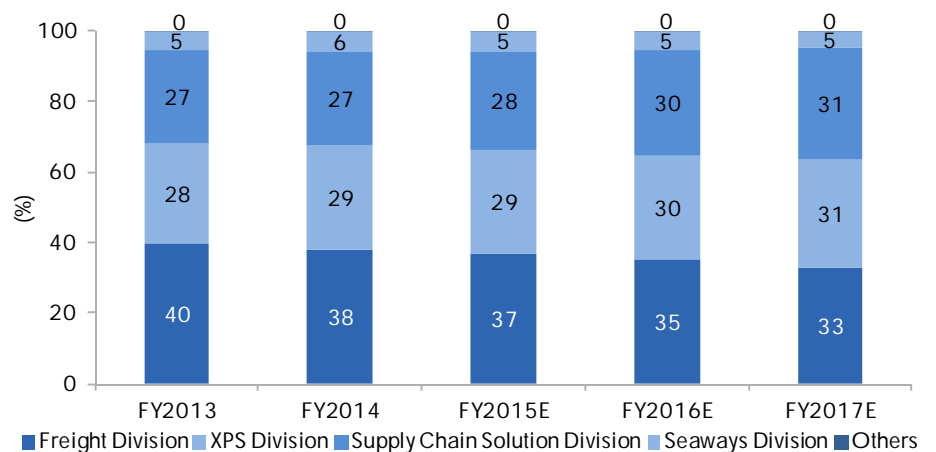
Source: Consensus, Angel Research

The downside risks to our estimates include 1) Increase in competition would impact overall growth of the company, 2) Any increase in petrol and diesel prices could negatively impact profitability (mainly in the Freight segment), 3) Delay in GST implementation would be a headwind for the industry's growth prospects, 4) Delay in plan capital expenditure in company's segment could hamper the company's growth, and 5) lower-than-expected Indian economic growth could affect company's growth.

## Company Background

Transport Corporation of India Limited (TCI) is an integrated supply chain and logistics solutions provider. The company operates in six business divisions: TCI Freight, TCI XPS, TCI Supply Chain Solutions, TCI Seaways, TCI Global and TCI Foundation. TCI Freight offers multimodal transport solutions for cargo of any dimension. TCI XPS is a door-to-door express distribution specialist. TCI Supply Chain Solutions provides supply chain solutions and services right from conceptualization to implementation. TCI Seaways caters to the costal cargo requirements for transporting container and bulk cargo from parts on the east coast of India to Port Blair in the Andaman and Nicobar Islands and further distribution within the islands. TCI Global provides a single window advantage to its customer across all South East Asian countries.

**Exhibit 15: Revenue mix**



Source: Company, Angel Research

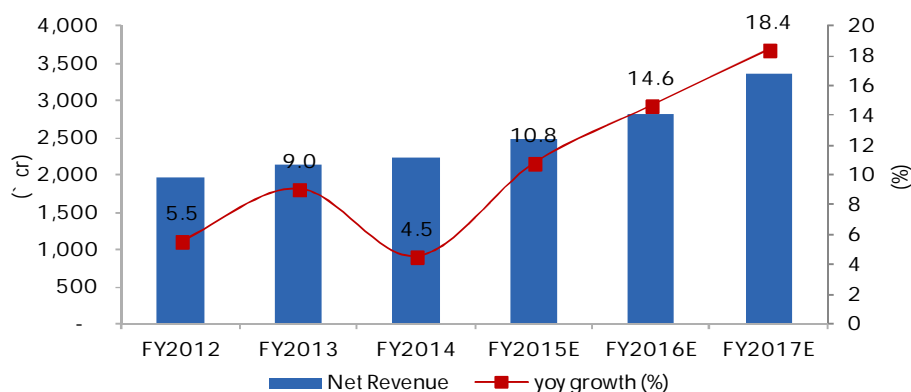
## Financial outlook

Top-line likely to clock a CAGR of ~15% over FY2014-17E

Going forward, we expect TCIL to register healthy consolidated top-line CAGR of ~15% over FY2014-17E

TCIL has reported a consolidated sales CAGR of ~6% over FY2011-14. During FY2014, the company was unable to perform well due to slowdown in Indian economy which impacted the overall Freight and XPS segments. Going forward, we expect TCI to register a healthy net sales CAGR of ~15% over FY2014-17E supported by healthy sales growth in Freight, XPS, Supply Chain Solution and Ship-TCISW segments on back of recovery in the Indian economy. Further, we expect implementation of GST in CY2016 to also boost growth of logistic companies like TCIL. Hence, we expect TCIL's net sales to grow by ~15% yoy and ~18% yoy in FY2016 and FY2017, respectively.

**Exhibit 16: Projected Net Sales growth trend**



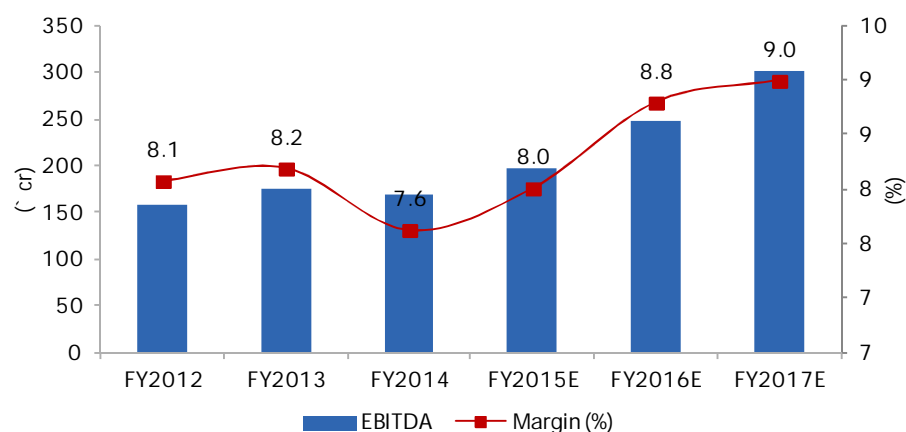
Source: Company, Angel Research

Consolidated EBITDA to witness a CAGR of ~21% over FY2014-17E

Going forward, we expect the company's consolidated EBITDA margin to be in the range of 8.0-9.0%

Going forward, we expect the company's operating margin to be improve from 8% to 9% owing to higher contribution of higher margin businesses like XPS Cargo and Supply Chain Solution in total revenue and improvement in utilization.

**Exhibit 17: Projected EBITDA and margin trend**



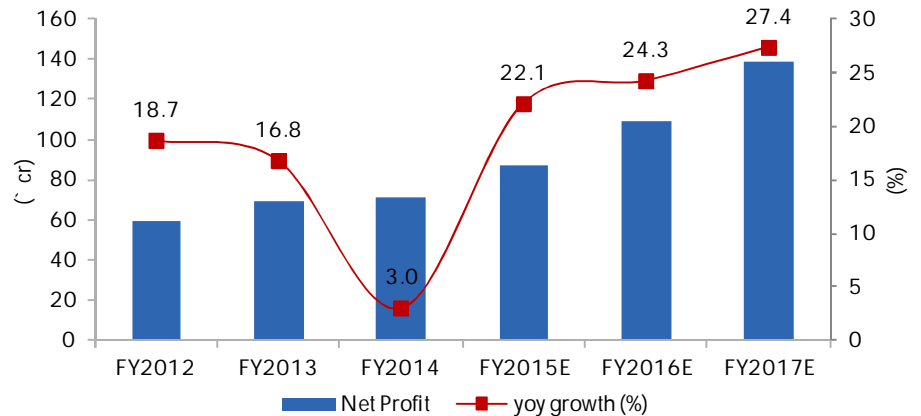
Source: Company, Angel Research

### Company to report healthy consolidated growth

We expect ~25% CAGR in consolidated Net Profit over FY2014-17E

We expect the company to post ~25% CAGR in net profit over FY2014-17E, mainly led by strong revenue growth and improvement in margin.

**Exhibit 18: Projected Net Profit growth trend**

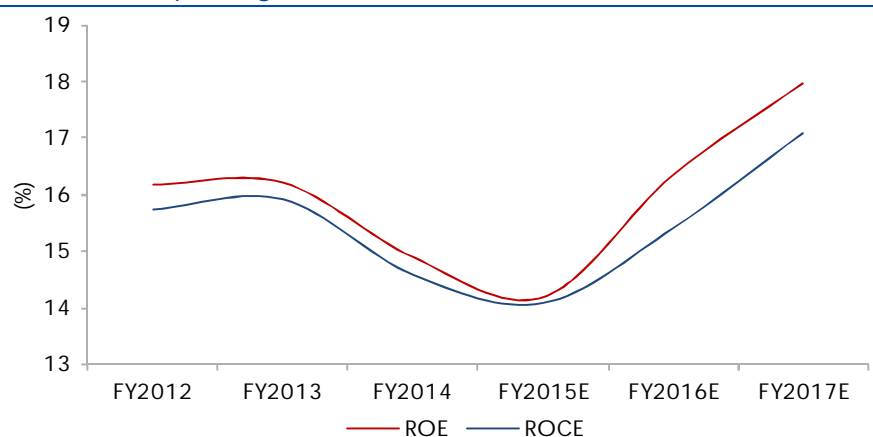


Source: Company, Angel Research

### Return ratios expected to bounce back

We expect the company to report improvement in its ROE and ROCE on the back of healthy profitability with strong sales, healthy operating margin due to better revenue segment mix, and higher utilization. In our view, the company is likely to report a ROE of 14.6% to 17.1% and ROCE of 14.9% to 18.0% between FY2014 to FY2017.

**Exhibit 19: Improving ROE & ROCE**



Source: Company, Angel Research

### Consolidated Profit & Loss Statement

Y/E March (₹ cr)	FY2013	FY2014	FY2015E	FY2016E	FY2017E
<b>Total operating income</b>	<b>2,132</b>	<b>2,228</b>	<b>2,468</b>	<b>2,830</b>	<b>3,350</b>
% chg	9.0	4.5	10.8	14.6	18.4
<b>Total Expenditure</b>	<b>1,957</b>	<b>2,058</b>	<b>2,271</b>	<b>2,581</b>	<b>3,049</b>
Personnel Expenses	112	117	133	156	188
Others Expenses	1,845	1,941	2,137	2,425	2,861
<b>EBITDA</b>	<b>175</b>	<b>170</b>	<b>198</b>	<b>249</b>	<b>302</b>
% chg	10.6	(2.7)	16.3	25.9	21.1
(% of Net Sales)	8.2	7.6	8.0	8.8	9.0
Depreciation & Amortisation	46	47	54	63	73
<b>EBIT</b>	<b>128</b>	<b>123</b>	<b>144</b>	<b>186</b>	<b>228</b>
% chg	10.3	(4.0)	17.1	28.7	23.0
(% of Net Sales)	6.0	5.5	5.8	6.6	6.8
Interest & other Charges	34	31	33	36	38
Other Income	6	7	10	6	8
(% of PBT)	6.3	7.2	8.2	3.7	3.8
Share in profit of Associates	-	-	-	-	-
<b>Recurring PBT</b>	<b>101</b>	<b>99</b>	<b>122</b>	<b>155</b>	<b>198</b>
% chg	18.1	(1.8)	22.6	27.8	27.4
Prior Period & Extra. Exp./ (Inc.)	-	-	-	-	-
<b>PBT (reported)</b>	<b>101</b>	<b>99</b>	<b>122</b>	<b>155</b>	<b>198</b>
Tax	32	27	34	47	59
(% of PBT)	31.2	27.7	28.0	30.0	30.0
<b>PAT (reported)</b>	<b>70</b>	<b>72</b>	<b>88</b>	<b>109</b>	<b>139</b>
Add: Share of earnings of asso.	-	-	-	-	-
Less: Minority interest (MI)	0	0	0	0	0
<b>PAT after MI (reported)</b>	<b>70</b>	<b>72</b>	<b>87</b>	<b>109</b>	<b>138</b>
<b>ADJ. PAT</b>	<b>70</b>	<b>72</b>	<b>87</b>	<b>109</b>	<b>138</b>
% chg	16.8	3.0	22.1	24.3	27.4
(% of Net Sales)	3.3	3.2	3.5	3.8	4.1
<b>Basic EPS (₹)</b>	<b>9.2</b>	<b>9.5</b>	<b>11.6</b>	<b>14.4</b>	<b>18.3</b>
<b>Fully Diluted EPS (₹)</b>	<b>9.2</b>	<b>9.5</b>	<b>11.6</b>	<b>14.4</b>	<b>18.3</b>
% chg	16.8	3.0	22.1	24.3	27.4

### Consolidated Balance sheet

Y/E March (₹ cr)	FY2013	FY2014	FY2015E	FY2016E	FY2017E
<b>SOURCES OF FUNDS</b>					
Equity Share Capital	15	15	15	15	15
Reserves & Surplus	422	476	606	691	796
<b>Shareholders Funds</b>	<b>437</b>	<b>491</b>	<b>621</b>	<b>706</b>	<b>811</b>
Minority Interest	1	3	3	3	3
Total Loans	354	336	395	430	460
Deferred Tax Liability	32	33	33	33	33
<b>Total Liabilities</b>	<b>824</b>	<b>863</b>	<b>1,052</b>	<b>1,172</b>	<b>1,307</b>
<b>APPLICATION OF FUNDS</b>					
Gross Block	652	693	823	973	1,123
Less: Acc. Depreciation	234	262	315	378	451
<b>Net Block</b>	<b>418</b>	<b>432</b>	<b>508</b>	<b>595</b>	<b>672</b>
Capital Work-in-Progress	5	18	18	18	18
<b>Investments</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>
Current Assets	534	543	677	731	828
Inventories	2	2	2	2	2
Sundry Debtors	395	380	419	481	569
Cash	46	43	120	85	53
Loans & Advances	67	65	74	91	114
Other Assets	24	53	62	74	90
Current liabilities	141	138	159	181	218
<b>Net Current Assets</b>	<b>393</b>	<b>405</b>	<b>518</b>	<b>551</b>	<b>609</b>
Mis. Exp. not written off	-	-	-	-	-
<b>Total Assets</b>	<b>824</b>	<b>863</b>	<b>1,052</b>	<b>1,172</b>	<b>1,307</b>

### Consolidated Cash flow

Y/E March (₹ cr)	FY2013	FY2014	FY2015E	FY2016E	FY2017E
Profit before tax	101	99	122	155	198
Depreciation	46	47	54	63	73
Change in Working Capital	(46)	15	(35)	(69)	(91)
Interest / Dividend (Net)	29	25	33	36	38
Direct taxes paid	(26)	(28)	(34)	(47)	(59)
Others	0	0	0	0	0
<b>Cash Flow from Operations</b>	<b>104</b>	<b>158</b>	<b>138</b>	<b>140</b>	<b>159</b>
(Inc.)/ Dec. in Fixed Assets	(55)	(98)	(130)	(150)	(150)
(Inc.)/ Dec. in Investments	(6)	-	-	-	-
<b>Cash Flow from Investing</b>	<b>(61)</b>	<b>(98)</b>	<b>(130)</b>	<b>(150)</b>	<b>(150)</b>
Issue of Equity	1	1	60	0	0
Inc./(Dec.) in loans	13	(19)	60	35	30
Dividend Paid (Incl. Tax)	(8)	(12)	(17)	(24)	(33)
Interest / Dividend (Net)	(35)	(33)	(33)	(36)	(38)
<b>Cash Flow from Financing</b>	<b>(28)</b>	<b>(63)</b>	<b>69</b>	<b>(25)</b>	<b>(41)</b>
Inc./(Dec.) in Cash	15	(3)	78	(35)	(32)
<b>Opening Cash balances</b>	<b>31</b>	<b>46</b>	<b>43</b>	<b>120</b>	<b>85</b>
<b>Closing Cash balances</b>	<b>46</b>	<b>43</b>	<b>120</b>	<b>85</b>	<b>53</b>



### Key Ratios

Y/E March	FY2013	FY2014	FY2015E	FY2016E	FY2017E
<b>Valuation Ratio (x)</b>					
P/E (on FDEPS)	27.2	26.4	21.6	17.4	13.7
P/CEPS	16.3	15.9	13.4	11.0	8.9
P/BV	4.3	3.9	3.0	2.7	2.3
Dividend yield (%)	0.6	0.7	0.9	1.3	1.8
EV/Sales	1.0	1.0	0.9	0.8	0.7
EV/EBITDA	12.5	12.8	10.9	8.9	7.6
EV / Total Assets	2.3	2.2	1.8	1.6	1.5
<b>Per Share Data (₹)</b>					
EPS (Basic)	9.2	9.5	11.6	14.4	18.3
EPS (fully diluted)	9.2	9.5	11.6	14.4	18.3
Cash EPS	15.3	15.7	18.7	22.7	28.0
DPS	1.5	1.8	2.3	3.2	4.4
Book Value	57.8	64.9	82.1	93.3	107.2
<b>Returns (%)</b>					
ROCE	16.2	14.9	14.2	16.4	18.0
Angel ROIC (Pre-tax)	17.4	15.9	16.3	17.8	18.9
ROE	15.9	14.6	14.1	15.4	17.1
<b>Turnover ratios (x)</b>					
Asset Turnover (Gross Block)	5.1	5.2	4.9	4.8	5.0
Inventory / Sales (days)	0	0	0	0	0
Receivables (days)	68	62	62	62	62
Payables (days)	15	13	13	12	12
WC cycle (days)	53	50	49	50	50
<b>Solvency ratios (x)</b>					
Net debt to equity	0.7	0.6	0.4	0.5	0.5
Net debt to EBITDA	1.7	1.7	1.3	1.5	1.4
Interest Coverage (EBIT / Int.)	3.8	4.0	4.4	4.8	5.7

Research Team Tel: 022 - 39357800

E-mail: research@angelbroking.com

Website: www.angelbroking.com

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Disclosure of Interest Statement	Transport Corporation of India
1. Analyst ownership of the stock	No
2. Angel and its Group companies ownership of the stock	No
3. Angel and its Group companies' Directors ownership of the stock	No
4. Broking relationship with company covered	No

*Note: We have not considered any Exposure below ₹ 1 lakh for Angel, its Group companies and Directors*

**Ratings (Based on expected returns over 12 months investment period):**

Buy (> 15%)

Accumulate (5% to 15%)  
Reduce (-5% to -15%)

Neutral (-5 to 5%)  
Sell (< -15%)

6<sup>th</sup> Floor, Ackruti Star, Central Road, MIDC, Andheri (E), Mumbai- 400 093. Tel: (022) 39357800

#### Research Team

##### Fundamental:

Sarabjit Kour Nangra	VP-Research, Pharmaceutical	sarabjit@angelbroking.com
Vaibhav Agrawal	VP-Research (Banking)	vaibhav.agrawal@angelbroking.com
Amarjeet Maurya	Analyst (FMCG, Media, Mid-Cap)	amarjeet.maurya@angelbroking.com
Bharat Gianani	Analyst (Automobile, Auto Ancillary)	bharat.gianani@angelbroking.com
Rahul Dholam	Analyst (Metal, Oil & Gas)	rahul.dholam@angelbroking.com
Santosh Yellapu	Analyst (Infrastructure)	santosh.yellapu@angelbroking.com
Shrenik Gujrathi	Analyst (Cap Goods, Cement)	shrenik.gujrathi@angelbroking.com
Umesh Matkar	Analyst (Banking)	umesh.matkar@angelbroking.com
Twinkle Gosar	Analyst (Mid-Cap)	gosar.twinkle@angelbroking.com
Neha Sinha	Economist	neha.sinha@angelbroking.com
Tejas Vahalia	Research Editor	tejas.vahalia@angelbroking.com

##### Technical and Derivatives:

Siddarth Bhamre	Head – Technical & Derivatives	siddarth.bhamre@angelbroking.com
Sameet Chavan	Technical Analyst	sameet.chavan@angelbroking.com
Sneha Seth	Associate (Derivatives)	sneha.seth@angelbroking.com

##### Institutional Sales Team:

Mayuresh Joshi	VP - Institutional Sales	mayuresh.joshi@angelbroking.com
Meenakshi Chavan	Dealer	meenakshis.chavan@angelbroking.com
Gaurang Tisani	Assistant Manager	gaurangp.tisani@angelbroking.com

##### Production Team:

Dilip Patel	Production Incharge	dilipm.patel@angelbroking.com
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