

BUZZING

STOCK

Transport Corporation of India Ltd.

CMP – Rs.82

Analyst

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Key Stock Data

Sensex	13846
Nifty	3971
Sector	Transport - Road
Bloomberg	TCI@IN
Reuters	TCIL.BO
No. of shares (m)	68
Market Cap (Rs m)	5,511
Market Cap (US\$ m)	124
52-week H/L	Rs.95/41

Shareholding Pattern (%)

Promoters	72.64
Mutual Funds	2.69
FII's	7.41
Corporate Bodies	2.71
Pubic & Others	14.55

Highlight: Transport Corporation of India (TCI), an integrated logistics solutions provider, is reportedly exploring options of Qualified Institutional Placement (QIP), Foreign Currency Convertible Bonds (FCCBs), and private equity placement to fund its whopping Rs.4,500m expansion plan. There are also buzz around that the company may consider running container trains.

Company Profile: TCI is an integrated supply chain and logistics solutions provider with 1,000 company branches across the country, around 3,000 trucks moving about 15,000 consignments daily and more than 1,50,000 client base including top 500 domestic and MNCs in the country.

Equipped with state-of-the-art equipments to transport consignment of any size and weight TCI handles over 5.5million tonnes of cargo annually. Apart from ordinary cargos the company also handles more sophisticated items like refrigerated cargo, time sensitive and high value cargo. It also owns well-equipped and secure godowns, offices and warehouses having an occupied space of over 3 million square feet.

Capex plan: Enthused by central government's stress on infrastructure development TCI has worked out aggressive capex plan of Rs.4,500m over next 4 years. Out of the total investment Rs.1,500m would go into development of five modern warehouses of 2,00,000 square feet of space each, Rs1,250m will be employed to buy new trucks, Rs1,000 m on ships and Rs. 500m on wind power facilities. The company plans to buy one ship every year for next four years.

Reportedly, the company will raise Rs1,250 m through equity and Rs1,290 m through debt and the balance via internal accruals. On that huge investment the company projects a two-fold increase in revenue to Rs. 20 b by 2010.

The company is also working on to hive off its trading business.

Concerns: The Rs.4,500 m investment plan is too big for TCI with net-worth of Rs.1,620m and total asset size of Rs.2,750m. Going by the current market price the company will need to dilute more than 23% of its existing equity. Moreover, an internal accrual of Rs.1,960m, required to part finance the investment plan, seems difficult against its latest annualized cash profit of Rs. 440m. It doesn't have any visible liquid assets either.

Financials and valuation: The company registered more than 24% growth at H1FY07 revenue of Rs.5,162m. The net profit stood at Rs.131.3m compared with Rs.100.3m last year. The current price of Rs 82 is around 4x the Q2FY07 annualized EPS of Rs 19.4.

Financial Snapshot

Transport Corporation of India Ltd.						Rs.m	Ratios (%)			
	Q2 FY07	Q2 FY06	Chg. (%)	FY06	FY05	Chg. (%)		FY06	FY05	Chg.(%)
Financial Year End: March										
Net Sales	2728	2169	26	9049	7343	23	Debt -Equity	1.2	1.5	(16)
Other Income	7	7	(8)	92	12	653	PBIDTM	7	5	34
Total Income	2735	2176	26	9141	7355	24	PBDM	6	4	40
Total Expenditure	2570	2043	26	8514	7011	21	RoCE	21	15	45
PBIDT	165	133	24	628	344	82	RoNW	27	17	55
Interest	23	16	50	71	54	31				
PBDT	142	117	21	556	290	92				
Depreciation	47	47	1	185	138	35				
Tax	19	1	2011	46	15	209				
Reported Profit After Tax	65	50	32	268	103	161				
Extra -ordinary Items	0	0	0	4	(3)	250				
Adj. Profit After Extra-ordinary item	65	50	32	264	106	150				
No. of shares (m)	68	11	-	11	11	-				
EPS (annualised.) (Rs.)	19.4	18.9	-	25.6	9.8	-				
P/E	4.3	4.4	-	3.2	8.4	-				

