

TCI Express delivered a muted performance in Q2FY26, with revenue largely flat YoY at ₹309 Cr despite a sequential recovery (+7.6% QoQ) and resilient margins. Volume growth remained subdued amid GST-related disruptions and a slower-than-expected MSME recovery, underscoring weak underlying demand in the core surface express segment. While management expects growth momentum to revive from H2FY26 as MSME demand normalizes and multimodal traction builds up, near-term topline momentum remains a key monitorable.

Financial highlights - Quarterly

- Revenue Revenues stood at ₹312 Cr, up +7.6% QoQ (₹290 Cr in Q1FY26) but flat YoY (₹314 Cr in Q2FY25), reflecting GST transition-related disruptions and continued softness in MSME volumes.
- EBITDA improved sequentially to ₹33.5 Cr (margin ~11%) vs ₹28 Cr (9.8%) in Q1FY26, driven by disciplined cost control and improving network utilization.
- PAT came in at ₹25 Cr, translating to a 8.1% margin (vs 7.3% in Q1FY26).
- Volumes stood at 2.5 lakh tons for Q2 (H1FY26: 4.82 lakh tons), marginally down YoY but showing signs of revival post-GST normalization in October–November.
- Key sectors driving growth:** Pharma, Electronics, Lifestyle, and Consumer Goods; MSME traction improving sequentially.

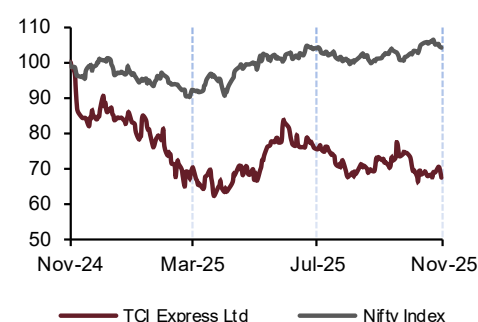
Rating	TP (Rs)	Up/Dn (%)
NEUTRAL	698	5

Market data

Current price	Rs	663
Market Cap (Rs.Bn)	(Rs Bn)	25
Market Cap (US\$ Mn)	(US\$ Mn)	287
Face Value	Rs	2
52 Weeks High/Low	Rs	998.3 / 580.15
Average Daily Volume	('000)	18
BSE Code		540212
Bloomberg		TCIEXP.IN

Source: Bloomberg

One Year Performance



Source: Bloomberg

% Shareholding	Sep-25	Jun-25
Promoters	69.54	69.54
Public	30.46	30.46
Total	100	100

Source: BSE

Financial Summary

Y/E Mar (Rs mn)	FY 23	FY 24	FY 25	FY 26E	FY 27E
Net sales	12,410	12,538	12,083	12,928	14,221
EBIDTA	1,945	1,872	1,284	1,491	1,771
Margins	15.7	14.9	10.6	11.5	12.5
PAT (adj)	1,393	1,317	931	1,163	1,379
growth (%)	8.1	(5.5)	(29.3)	24.9	18.6
EPS	36.4	34.4	24.30	30.4	36.0
P/E (x)	18.3	19.3	27.3	21.9	18.4
P/B (x)	4.3	3.6	3.3	2.9	2.6
EV/EBITDA (x)	12.8	13.0	18.5	15.8	12.9
RoE (%)	23.4	18.7	12.0	13.4	14.1
ROCE (%)	29.8	23.7	14.3	14.9	15.9

Source: Dalal and Broacha

Kunal Bhatia
+91 22 67141442
kunal.bhatia@dalal-broacha.com

Akash D. Vora
+91 22 6714 1449
bhavya.gandhi@dalal-broacha.com

Other Highlights

- Company remains debt-free with ₹150 Cr liquid assets and ~20 days net working capital cycle (Receivables: 60 days; Payables: 40 days).
- Operating cash flow: ₹20 Cr in H1FY26.

Conference Call Highlights

Outlook & Guidance:

- **Volume Growth guidance** ~8% (Flat for H1FY26); **Revenue Growth Guidance** - 10% (in H1FY26 they stand at a degrowth of 2.5% on a YoY basis) .
- **Medium-term margin target: 15%+ sustainable EBITDA margin** once truck utilization stabilizes at 85%+
- EBITDA Margin guidance of reaching to 12.5%-13% by Q4FY26.
- **Focus areas:** Expanding multimodal operations, replicating automation infrastructure, and tapping new verticals (Defense, EV, Solar, Home Furnishing).
- **Strong balance sheet and asset-light model** continue to underpin expansion without leveraging debt.
- **Surface Express (Core Business):**
- Continues to be the primary revenue driver (~82% of mix).
- Growth moderated due to GST system transition and MSME weakness; underlying momentum visible from Oct'25 onwards.
- GST disruption impacted Q2 volumes by ~2-3%; management expects full normalization in H2FY26.
- Strategic steps: expansion of direct sales teams, client cross-selling, and deeper presence in East & South India.
- New EV logistics contract (South India) to commence in Q3FY26

Capex & Balance Sheet:

- Capex (H1FY26): ₹28 Cr, directed toward new branches, sorting centers, and IT upgradation.
- New large sorting center leased in Mumbai — 3x size of existing facility; strategically located on Nashik Road for cost optimization.
- Automation technologies (like Gurugram & Pune) to be replicated at Kolkata & Ahmedabad centers by FY27.
- Branch expansion: 35 new branches opened in H1 (25 Rail + 10 Surface).
- Full-year target: 60-80 new branches across all verticals.

- Automation at select facilities has improved truck turnaround time (from 12-18 hrs to 6-8 hrs) and truck utilization (now ~83.5%).

Operational Efficiency & Strategy

- Truck utilization: ~83.5% in Q2 vs 83% in H1; expected to rise to 85-86% in H2FY26, driving margin recovery.
- AI-based routing (“milk run”) used selectively in dense city clusters to reduce empty runs and optimize cost per trip.
- Continued focus on CRM digitization, branch-level control teams, and direct sales model to improve customer stickiness.
- Corporate-to-MSME mix: 52:48; management aims to reach 55:45 over the medium term to enhance yield quality.
- B2C vertical: Management targets ₹100 Cr revenue within 2 years by scaling selective D2C partnerships (excluding high-discount e-com players).

Valuation & Outlook

Looking at the recent scenario, the company’s volume growth has been impacted due to absence of underlying base demand in the sectors. And due to the rising competition & increasing cost pressures – recently they have also seen substantial decline in margins. At CMP of Rs 664 the stock trades at 22x of FY26E EPS of Rs 30.4 & 19x FY27E EPS of Rs 36 .

The company plans to announce price hikes for its customers – and with slight improvement in margins & volumes we do believe PAT growth can be significant. Hence we have factored in a growth of 8% CAGR on topline, 17% EBITDA CAGR(improved margins on account of price hikes & better volumes assumed) & 23% PAT CAGR from FY25-27E. Although, we re-iterate caution on the stock – considering the company has shown flattish to negative growth in recent times– investors will have to keep any eye on their volume growth going forward. We have assigned a target price of Rs 698 (5% upside from CMP) valuing the company at 23x FY26 EPS [1x PEG from FY25-27], we retain our “NEUTRAL” rating on the stock.

We expect the stock to move in a narrow range between 600-800 levels, unless the growth trajectory for TCI express improves significantly.

Quarterly Financials

Rs MNS	Q2FY26	Q2FY25	Q1FY26	YoY Growth	QoQ Growth
Sales	3,085.30	3,115.40	2,867.50	-1%	8%
Other income	42.40	24.70	37.60	72%	13%
Total Revenue:	3,127.70	3,140.10	2,905.10	0%	8%
Expenses:-	-	-	-		
Operating Expenses	2,200.60	2,197.70	2,059.60	0%	7%
% to Operating Income	71.3%	70.5%	71.8%	1%	-1%
Employee benefit expenses	355.70	352.90	351.50	1%	1%
% to Operating Income	12%	11%	12%	2%	-6%
Other expenses	193.90	197.20	175.90	-2%	10%
% to Operating Income	6%	6%	6%	-1%	2%
Total Expenses	2,750.20	2,747.80	2,587.00	0%	6%
EBITDA (exc OI)	335.10	367.60	280.50	-9%	19%
EBITDA Margin %	10.86%	11.80%	9.78%	-8%	11%
EBITDA	377.50	392.30	318.10	-4%	19%
Depreciation	54.20	53.10	52.60	2%	3%
Interest	3.80	3.30	2.60	15%	46%
PBT	319.50	335.90	262.90	-5%	22%
PBT %	10%	11%	9%	-4%	13%
Tax expenses	80.40	86.60	68.20	-7%	18%
<i>Tax Rate</i>	<i>0.25</i>	<i>0.26</i>	<i>0.26</i>	<i>-2%</i>	<i>-3%</i>
PAT	239.10	249.30	194.70	-4%	23%
	-	-	-		
Adjusted PAT	239.10	249.30	194.70	-4%	23%
NPM	7.6%	8%	7%	-4%	14%
Equity	76.60	76.60	76.60	0%	0%
EPS	6.24	6.51	5.05	-4%	24%

Financials

P&L (Rs mn)	FY23	FY24	FY25	FY26E	FY27E
Net Sales	12,410.1	12,538.2	12,082.7	12,928.5	14,221.3
Raw Materials	(8,497.0)	(8,585.7)	(8,621.4)	(9,062.9)	(9,812.7)
Employee Cost	(1,242.9)	(1,338.7)	(1,410.0)	(1,551.0)	(1,737.1)
Other Expenses	(725.4)	(741.6)	(767.0)	(823.9)	(900.8)
Operating Profit	1,944.8	1,872.2	1,284.3	1,490.7	1,770.7
Depreciation	(153.0)	(189.5)	(163.2)	(184.5)	(198.9)
PBIT	1,791.8	1,682.7	1,121.1	1,306.2	1,571.8
Other income	71.7	71.5	134.5	259.4	283.5
Interest	(18.2)	(14.7)	(12.0)	(12.0)	(12.0)
PBT	1,845.3	1,739.5	1,243.6	1,553.7	1,843.3
Exceptionals	-	-	-	-	-
Profit before tax (post exceptional)	1,845.3	1,739.5	1,243.6	1,553.7	1,843.3
Provision for tax	(452.6)	(422.8)	(313.0)	(391.1)	(464.0)
Reported PAT	1,392.7	1,316.7	930.6	1,162.6	1,379.3
MI	-	-	-	-	-
Net Profit	1,392.7	1,316.7	930.6	1,162.6	1,379.3
Adjusted Profit (excl Exceptionals)	1,392.7	1,316.7	930.6	1,162.6	1,379.3

Balance Sheet	FY23	FY24	FY25	FY26E	FY27E
Equity capital	76.6	76.6	76.6	76.6	76.6
Reserves	5,887.1	6,963.2	7,689.1	8,619.1	9,722.6
Net worth	5,963.7	7,039.8	7,765.7	8,695.7	9,799.2
MI	-	-	-	-	-
Non Current Liabilites	143.3	173.6	173.6	173.6	173.6
Current Liabilites	1,242.4	1,290.6	1,282.1	1,364.7	1,511.0
CAPITAL EMPLOYED	7,349.4	8,504.0	9,221.3	10,234.0	11,483.8
Non Current Asset s	4,362.6	4,682.9	5,034.5	5,615.6	5,933.2
Fixed Assets	4,352.1	4,677.7	5,028.8	5,609.3	5,926.3
Goodwill	-	-	-	-	-
Non Current Investments	10.5	5.2	5.7	6.3	6.9
Deferred Tax Asset	-	-	-	-	-
Long Term Loans and Advances	-	-	-	-	-
Current Assets	2,986.8	3,821.1	4,186.8	4,618.4	5,550.6
Current invest ment s	321.1	900.4	900.4	900.4	900.4
Inventories	-	-	-	-	-
Trade Receivables	2,114.7	2,317.6	2,058.9	2,203.0	2,423.3
Cash and Bank Balances	163.7	203.8	788.2	1,031.8	1,695.4
Short Term Loans and Advances	-	-	-	-	-
Other Current Assets	387.3	399.3	439.2	483.2	531.5
CAPITAL DEPLOYED	7,349.4	8,504.0	9,221.3	10,234.0	11,483.8

Cash Flow St. (Rs. mn)	FY23	FY24	FY25	FY26E	FY27E
Net Profit	1,392.7	1,316.7	930.6	1,162.6	1,379.3
Add: Dep. & Amort.	153.0	189.5	163.2	184.5	198.9
Cash profit s	1,545.7	1,506.2	1,093.8	1,347.1	1,578.2
(Inc)/Dec in					
-Sundry debtors	(219.3)	(202.9)	258.7	(144.1)	(220.3)
-Inventories	-	-	-	-	-
-Loans/advances	(31.8)	(12.0)	(39.9)	(43.9)	(48.3)
'-Current Liab and Provisions	116.4	25.9	(8.5)	82.6	146.3
Change in working capital	(134.7)	(189.0)	210.2	(105.4)	(122.3)
CF from Oper. activities	1,411.0	1,317.2	1,304.0	1,241.7	1,455.9
CF from Inv. activities	(697.3)	(1,089.1)	(514.8)	(765.6)	(516.4)
CF from Fin. activities	(730.0)	(188.0)	(204.7)	(232.5)	(275.9)
Cash generated/(ut ilised)	(16.3)	40.1	584.4	243.5	663.6
Cash at start of the year	180.0	163.7	203.8	788.2	1,031.8
Cash at end of the year	163.7	203.8	788.2	1,031.8	1,695.4

Ratios	FY23	FY24	FY25	FY26E	FY27E
OPM	15.7	14.9	10.6	11.5	12.5
NPM	11.2	10.4	7.6	8.8	9.5
Tax rate	(24.5)	(24.3)	(25.2)	(25.2)	(25.2)
Growth Ratios (%)					
Net Sales	14.8	1.0	(3.6)	7.0	10.0
Operating Profit	11.3	(3.7)	(31.4)	16.1	18.8
PBIT	8.8	(6.1)	(33.4)	16.5	20.3
PAT	8.1	(5.5)	(29.3)	24.9	18.6
Per Share (Rs.)					
Net Earnings (EPS)	36.36	34.38	24.30	30.36	36.01
Cash Earnings (CPS)	40.4	39.3	28.6	35.2	41.2
Dividend	8.0	7.6	5.3	6.1	7.2
Book Value	155.7	183.8	202.8	227.0	255.9
Free Cash Flow	18.6	6.0	20.6	12.4	24.5
Valuation Ratios					
P/E(x)	18.3	19.3	27.3	21.9	18.4
P/B(x)	4.3	3.6	3.3	2.9	2.6
EV/EBIDTA(x)	12.8	13.0	18.5	15.8	12.9
Div. Yield(%)	1.2	1.1	0.8	0.9	1.1
FCF Yield(%)	2.8	0.9	3.1	1.9	3.7
Return Ratios (%)					
RONW	23%	19%	12%	13%	14%
ROCE	30%	24%	14%	15%	16%
Net D/E	0.0	0.0	0.0	0.0	0.0

Source: Dalal & Broacha Research, Company

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Name	Designation	E-mail	Phone	Sector
Mr Kunal Bhatia	Head of Research	kunal.bhatia@dalal-broacha.com	022-67141442	Retail FMCG Logistics
Mr Mayank Babla	Sr. Analyst	mayank.babala@dalal-broacha.com	022-67141412	IT Telecom Media
Mr. Bhavya Gandhi	Associate	bhavya.gandhi@dalal-broacha.com	022-67141444	Midcaps
Mr. Miraj Shah	Associate	miraj.shah@dalal-broacha.com	022-67141489	FMCG Retail
Mr. Harsh Shah	Associate	Harsh.shah@dalal-broacha.com	022-67141496	Midcaps

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