TCI Express

Q1FY26 Result Update | Logistics

Margins improve slightly; Volumes yet to pick up…

DALAL & BROACHA
STOCK BROKING PVT. LTD.

Equity Research Desk

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TCI Express reported a steady set of numbers in Q1FY26, with revenues declining by 2% YoY and 6.7% QoQ amidst modest demand conditions in core domestic segments. Volumes were largely stable, declining marginally by less than 1% YoY, while capacity utilisation in the surface express business stood at ~82%. EBITDA margins at 9.8% reflected resilience despite cost pressures from higher toll charges and labour expenses. The company continued to expand its multimodal network, with strong growth in international air express (+33% YoY) and C2C express (+14% YoY), supported by new branch additions and commissioning of three automated sorting centres. Management reiterated its FY26 guidance of 8–9% volume growth and 11–12% revenue growth in FY26, expects EBITDA margins expected to recover to the 15–16% range from FY27 onwards.

Financial highlights - Quarterly

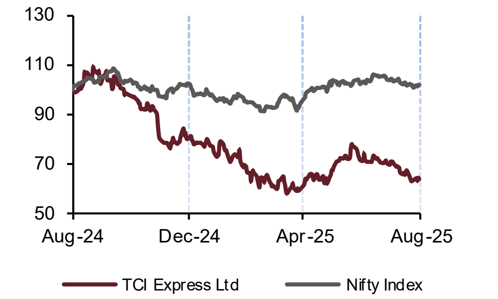
- Revenue stood at ₹287 Cr, declining 2% YoY and 6.7% QoQ, impacted by modest domestic volume growth in auto and industrials.
- EBITDA came in at ₹28 Cr, down 6.8% YoY, while margins stood at 9.78% (vs. 11.1% YoY and 8.5% QoQ).
- PAT was ₹19 Cr, a decline of 13% YoY but an improvement of 1% QoQ, with margins at 6.7%.
- EPS for the quarter was ₹5.05, compared to ₹5.82 in Q1FY25.
- Volumes were 2.33 lakh tons, declining marginally (<1%) YoY;
- Capacity utilisation in surface express stood at ~82%, down slightly from 83.5–84% last year.

Rating	TP (Rs)	Up/Dn (%)
NEUTRAL	734	6

Market data		
Current price	Rs	693
Market Cap (Rs.Bn)	(Rs Bn)	26
Market Cap (US$ Mn)	(US$ Mn)	296
Face Value	Rs	2
52 Weeks High/Low	Rs	1170 / 580.15
Average Daily Volume	('000)	14
BSE Code		540212
Bloomberg		TCIEXP.IN

Source: Bloomberg

One Year Performance



Source: Bloomberg

% Shareholding	Jun-25	Mar-25
Promoters	69.54	69.54
Public	30.46	30.46
Total	100.00	100.00

Source: BSE

Financial Summary

Y/E Mar (Rs mn)	FY23	FY24	FY25	FY26E	FY27E
Net sales	12,410	12,538	12,083	13,291	14,620
EBIDTA	1,945	1,872	1,284	1,570	1,804
Margins	15.7	14.9	10.6	11.8	12.3
PAT (adj)	1,393	1,317	931	1,222	1,405
growth (%)	8.1	(5.5)	(29.3)	31.3	15.0
EPS	36.4	34.4	24.30	31.9	36.7
P/E (x)	19.1	20.2	28.5	21.7	18.9
P/B (x)	4.5	3.8	3.4	3.0	2.7
EV/EBITDA (x)	13.4	13.6	19.4	15.7	13.3
RoE (%)	23.4	18.7	12.0	14.0	14.2
ROCE (%)	29.8	23.7	14.3	15.7	16.2

Source: Dalal and Broacha

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Business Highlights

- Surface express continued to be the largest contributor. To mitigate cost inflation, management implemented a 75 bps price hike in Q1, with another 60–75 bps planned in Q2FY26.
- International air express achieved a milestone of 100 tons handled in a quarter, with revenue growth of 33% YoY; margins remained lower at 10–12% EBITDA given competition.
- Domestic air and rail express segments continued network expansion, with rail gaining traction due to cost effectiveness and environmental benefits.
- C2C express registered 14%+ growth YoY, with ~20% expansion in customer base. Notably, ~50–60% of C2C and air/rail customers are cross-utilising existing relationships.
- Three new automated sorting centres were commissioned at Nagpur, Raipur and Indore (over 2 lakh sq. ft.), while 10 new branches were added in Q1, enhancing central India coverage.

Conference Call Highlights

Revenue & Key Verticals:

- **Guidance:** Management reiterated FY26 guidance of 8–9% volume growth and 11–12% revenue growth, aided by price hikes and improved utilisation. EBITDA margins are expected to recover to 15–16% from Q3FY26 onwards**.** Demand from core sectors like automotive and manufacturing showed only marginal volume growth.
- **Medium-term**: FY27 targets include double-digit volume growth, ~13% revenue growth and EBITDA margins at 15–16%.
- **Segmental outlook:** Multimodal businesses (rail, air, C2C, international) are expected to grow 14–15%, outpacing surface (~8%). E-commerce: Renewed profitable B2C focus with a dedicated team.
- **Branches:** 10 new branches were opened in Q1, 3 in July, with 12–13 more targeted in Q2. FY26 target stands at 80 branches.

EBITDA

- Core surface express margins compressed ~200 bps YoY due to higher tolls and labour costs. Domestic air and rail margins are broadly similar to surface; international air margins remain lower at 10–12%.

Volume Details

- Total volumes were 2.33 lakh Tonss, down <1% YoY. April was steady, May strong, while June was weak. July has started well..

Capex & Balance Sheet

- Capex spend in Q1FY26 was ₹13 Cr, allocated to branch expansion, IT, and new sorting centres.
- The ongoing ₹500 Cr five-year capex plan (FY23–FY27) has already seen ~₹200 Cr spent; this may extend into FY28.
- Of the total, ₹80–100 Cr is earmarked for automation with the balance for land and construction.
- Balance sheet remains debt-free, with expansion funded entirely through internal accruals.
- Net working capital cycle stood at 23 days, with receivable days at 58 and payable days at 35.

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 693 the stock trades at 22x of FY26E EPS of Rs 31.9 & 19x FY27E EPS of Rs 36.7

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 10% CAGR on topline, 19% 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 a **target price of Rs 734 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 700-900 levels, unless the growth trajectory for TCI express improves significantly.

Quarterly Financials

Rs MNS	Q1FY26	Q1FY25	Q4FY25	YoY Growth	QoQ Growth
Sales	2,867.50	2,929.80	3,072.80	-2%	-7%
Other income	37.60	22.80	61.30	65%	-39%
Total Revenue:	2,905.10	2,952.60	3,134.10	-2%	-7%
Expenses:-	-	-	-		
Operating Expenses	2,059.60	2,088.80	2,204.50	-1%	-7%
% to Operating Income	71.8%	71.3%	71.7%	1%	0%
Employee benefit expenses	351.50	346.10	357.10	2%	-2%
% to Operating Income	12%	12%	12%	4%	5%
Other expenses	175.90	167.60	248.50	5%	-29%
% to Operating Income	6%	6%	8%	7%	-24%
Total Expenses	2,587.00	2,602.50	2,810.10	-1%	-8%
EBITDA (exc OI)	280.50	327.30	262.70	-14%	7%
EBITDA Margin %	9.78%	11.17%	8.55%	-12%	14%
EBITDA	318.10	350.10	324.00	-9%	-2%
Depreciation	52.60	50.80	59.30	4%	-11%
Interest	2.60	2.70	4.70	-4%	-45%
PBT	262.90	296.60	260.00	-11%	1%
PBT %	9%	10%	8%	-9%	8%
Tax expenses	68.20	73.50	66.40	-7%	3%
Tax Rate	0.26	0.25	0.26	5%	2%
PAT	194.70	223.10	193.60	-13%	1%
	-	-	-		
Adjusted PAT	194.70	223.10	193.60	-13%	1%
NPM	6.7%	8%	6%	-11%	8%
Equity	76.60	76.60	76.60	0%	0%
EPS	5.05	5.82	5.04	-13%	0%

Source: Dalal & Broacha Research, Company

Financials

P&L (Rs mn)	FY23	FY24	FY25	FY26E	FY27E
Net Sales	12,410.1	12,538.2	12,082.7	13,291.0	14,620.1
Raw Materials	(8,497.0)	(8,585.7)	(8,621.4)	(9,330.3)	(10,160.9)
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)	(839.6)	(918.1)
Operating Profit	**1,944.8**	**1,872.2**	**1,284.3**	**1,570.1**	**1,803.9**
Depreciation	(153.0)	(189.5)	(163.2)	(184.5)	(198.9)
PBIT	1,791.8	1,682.7	1,121.1	1,385.6	1,605.0
Other income	71.7	71.5	134.5	259.4	284.4
Interest	(18.2)	(14.7)	(12.0)	(12.0)	(12.0)
PBT	1,845.3	1,739.5	1,243.6	1,633.0	1,877.5
Exceptionals	-	-	-	-	-
Profit before tax (post exceptional)	1,845.3	1,739.5	1,243.6	1,633.0	1,877.5
Provision for tax	(452.6)	(422.8)	(313.0)	(411.0)	(472.6)
Reported PAT	**1,392.7**	**1,316.7**	**930.6**	**1,222.0**	**1,404.9**
MI	-	-	-	-	-
Net Profit	**1,392.7**	**1,316.7**	**930.6**	**1,222.0**	**1,404.9**
Adjusted Profit (excl Exceptionals)	1,392.7	1,316.7	930.6	1,222.0	1,404.9

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	8,666.7	9,790.6
Net worth	**5,963.7**	**7,039.8**	**7,765.7**	**8,743.3**	**9,867.2**
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	1,391.8	1,538.9
CAPITAL EMPLOYED	**7,349.4**	**8,504.0**	**9,221.3**	**10,308.6**	**11,579.7**
Non Current Assets	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 Investment	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	4,693.0	5,646.5
Current investments	321.1	900.4	900.4	900.4	900.4
Inventories	-	-	-	-	-
Trade Receivables	2,114.7	2,317.6	2,058.9	2,264.8	2,491.3
Cash and Bank Balances	163.7	203.8	788.2	1,044.6	1,723.4
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**	**10,308.6**	**11,579.7**

Cash Flow St. (Rs. mn)	FY23	FY24	FY25	FY26E	FY27E
Net Profit	1,392.7	1,316.7	930.6	1,222.0	1,404.9
Add: Dep. & Amort.	153.0	189.5	163.2	184.5	198.9
Cash profits	**1,545.7**	**1,506.2**	**1,093.8**	**1,406.5**	**1,603.8**
(Inc)/Dec in					
-Sundry debtors	(219.3)	(202.9)	258.7	(205.9)	(226.5)
-Inventories	-	-	-	-	-
-Loans/advances	(31.8)	(12.0)	(39.9)	(43.9)	(48.3)
'-Current Liab and Provisions	116.4	25.9	(8.5)	109.7	147.1
Change in working capital	(134.7)	(189.0)	210.2	(140.1)	(127.7)
CF from Oper. activities	**1,411.0**	**1,317.2**	**1,304.0**	**1,266.4**	**1,476.1**
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)**	**(244.4)**	**(281.0)**
Cash generated/(utilised)	**(16.3)**	**40.1**	**584.4**	**256.4**	**678.7**
Cash at start of the year	180.0	163.7	203.8	788.2	1,044.6
Cash at end of the year	163.7	203.8	788.2	1,044.6	1,723.4

Ratios	FY23	FY24	FY25	FY26E	FY27E
OPM	15.7	14.9	10.6	11.8	12.3
NPM	11.2	10.4	7.6	9.0	9.4
Tax rate	(24.5)	(24.3)	(25.2)	(25.2)	(25.2)
Growth Ratios (%)					
Net Sales	14.8	1.0	(3.6)	10.0	10.0
Operating Profit	11.3	(3.7)	(31.4)	22.3	14.9
PBIT	8.8	(6.1)	(33.4)	23.6	15.8
PAT	8.1	(5.5)	(29.3)	31.3	15.0
Per Share (Rs.)					
Net Earnings (EPS)	36.36	34.38	24.30	31.91	36.68
Cash Earnings (CPS)	40.4	39.3	28.6	36.7	41.9
Dividend	8.0	7.6	5.3	6.4	7.3
Book Value	155.7	183.8	202.8	228.3	257.6
Free Cash Flow	18.6	6.0	20.6	13.1	25.1
Valuation Ratios					
P/E(x)	**19.1**	**20.2**	**28.5**	**21.7**	**18.9**
P/B(x)	4.5	3.8	3.4	3.0	2.7
EV/EBIDTA(x)	13.4	13.6	19.4	15.7	13.3
Div. Yield(%)	1.2	1.1	0.8	0.9	1.1
FCF Yield(%)	**2.7**	**0.9**	**3.0**	**1.9**	**3.6**
Return Ratios (%)					
RONW	23%	19%	12%	14%	14%
ROCE	30%	24%	14%	16%	16%
Net D/E	0.0	0.0	0.0	0.0	0.0

Source: Dalal & Broacha Research, Company

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