Sector Update | Logistics | 11 February 2022

Logistics Monthly Update

Majority of the key logistics indicators remain positive during Jan-22; Cargo volumes at major ports fell due to coking coal, iron ore; Container volume remains healthy; IR freight loading reported decent growth led by coal; Trend in E-way bill generation, Toll collections remained healthy; Diesel consumption declined

Cargo volume at major ports fell for the 3rd straight month at 2.8% YoY; key commodities like Coking Coal, Iron Ore and POL registered declined

- Cargo volumes at India's 12 major ports **declined for the third consecutive month during the month of Jan-22, registering a fall of 1.8 mn tn or 2.8% YoY at 62.7 mn tn** (vs 64.5 mn tn). On compared to **pre-covid level, i.e. Jan-20, the volume was higher by 1.8%.**
- The decline was mainly contributed by **Coking Coal/Iron Ore,** which registered sharp decline in volume by **-40.8%/ -32.3% YoY** at **3.8/ 4.2 mn tn**, respectively. The volume for POL, which has the highest share, declined marginally by 1.2% YoY at 20.2 mn tn. The three commodities **contributed ~45% (vs ~51% YoY) to the total volume** during Jan-22.
- The volume for **Other Misc. Cargo/ Thermal Coal/ Other Liquids** grew by **26.2%/1.4%/ 26.2%** at **8.5/ 7.1/ 2.7 mn tn**, respectively, together **contributing ~29% (vs ~25%) to the total volume**. **Container volume was up 6.6% YoY** at 14.7 mn tn.
- The **YTD-FY22 (Apr-Jan) volume was up by 9.1% YoY at 592 mn tn** against 542.5 mn tn YoY. On **compared to pre-covid period, volume stood marginally higher by 1.1%.** Within total, **Container volume grew by 21.8% YoY** at 139.2 mn tn.

IR Freight loading up 7.7% YoY led by Coal, Food Grains and Cement

- The **freight loading at Indian Railways (IR) grew 7.7% YoY at 129 mn tn during Jan-22**, mainly due to increase in volume for **Coal/ Food Grains/ Cement** by **13.8%/51.7%/4.0%** at **59.3/7.1/13.3 mn tn**, which together contributed **~62% (vs ~58%) to the total volume.**
- The volume for commodities like **Iron Ore/ Fertilizers/ Mineral Oil** declined by **-6.2%/-6.5%/-5.2% YoY** at **15.1/4.4/3.8 mn tn, respectively.**
- **The container volume** at IR registered an **increase of 7.3% YoY at 6.7 mn tn**, led by 21.1% YoY growth in domestic container volume at 1.6 mn tn.
- The **freight earnings stood up by 11.3% YoY at Rs 132 bn; Freight rate improved by 3.3% YoY at Rs 1021 mn/ mn tn.**
- The **YTD-FY22 freight loading at IR stood higer by 17.1% YoY at 1159.3 mn tn**; on compared to pre-covid period, volume was up 15.9%.

Eway bill, toll collection trend healthy; diesel consumption fell during Jan-22

- **Eway bill generation** numbers **stood higher by 9.5% YoY at 68.8 mn**, led by intrastate numbers, which grew 11.4% YoY at 42 mn. On mom, Eway bill generation fell by 3.9%.
- **Diesel consumption for Jan-22 fell 6.4% YoY & 12.8% MoM** at 6.4 mn tn. Compared to pre-covid level also consumption was down by 8.4%.
- **FASTags toll collections continue to maintain strong momentum** for the month of Jan-22, registering a growth of **50.3% YoY at Rs 36 bn.**

Table 1: Cargo Volume at Major Ports & IR Freight Loading – YTD & Jan-22 (In Mn Tn)

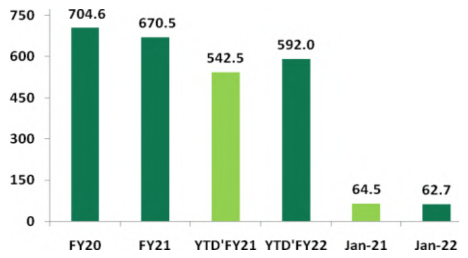
In Mn Tn	YTD-FY21	YTD-FY22	%Ch YoY	Jan-21	Jan-22	%Ch YoY
Cargo Volume at Major Ports:						
P.O.L. (Crude, Prod., LPG/LNG)	168.7	182.7	***8.3***	20.4	20.2	***-1.2***
Iron Ore (Incl. Pellets)	56.8	41.4	***-27.2***	6.2	4.2	***-32.3***
Thermal Coal	62.2	79.2	***27.3***	7.0	7.1	***1.4***
Coking Coal	43.4	40.9	***-5.7***	6.4	3.8	***-40.8***
Containers (Tonnage)	114.3	139.2	***21.8***	13.8	14.7	***6.6***
Total	**542.5**	**592.0**	***9.1***	**64.5**	**62.7**	***-2.8***
		-				
IR Freight Loading:						
Coal for steel plants	42.9	46.9	***9.5***	5.1	4.9	***-3.7***
Coal for thermal plants	173.2	220.6	***27.4***	20.5	24.6	***19.8***
Imported coal	69.7	76.0	***8.9***	8.6	7.5	***-12.9***
Pig Iron & Finished Steel	47.4	56.3	***18.9***	5.9	6.0	***1.2***
Iron Ore for exports	19.9	6.5	***-67.5***	2.1	0.4	***-81.9***
Iron Ore for steel plants, others	107.6	132.6	***23.2***	14.0	14.7	***5.1***
Cement & clincker	93.1	110.9	***19.1***	12.7	13.3	***4.0***
Food grains	55.1	60.2	***9.1***	4.7	7.1	***51.7***
Fertilizers	48.2	42.0	***-12.9***	4.7	4.4	***-6.5***
Container (Domestic+EXIM)	50.8	61.2	***20.4***	6.3	6.7	***7.3***
Total	**990.3**	**1,159.3**	***17.1***	**119.8**	**129.0**	***7.7***

Soure: Indian Port Association, IR, SMIFS Research

Key Logistics Indicators (Jan-22)	YoY trend
Cargo volume at major ports	-2.8%
Container volume at major ports	+6.6%
Indian Railway Freight Loading	+7.7%
IR Domestic Container volume	+21.1%
IR EXIM Container volume	+3.6%
E-Way Bill generation	+9.5%
Diesel consumption	-6.4%
Toll collection	+50.3%

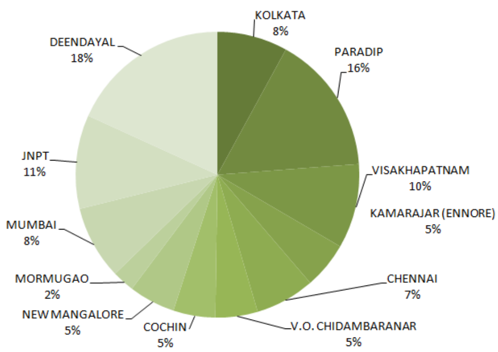
*Source: IPA, IR, GSTN, NPCI, SMIFS Research

Fig 1: Cargo Volume at Major Ports (Mn Tn)



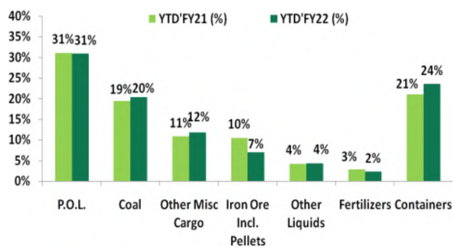
Source: Indian Port Association, SMIFS Research

Fig 2: Port-wise %share of cargo volume (YTD'FY22)



Source: Indian Port Association, SMIFS Research

Fig 3: Commodity-wise %share of cargo volume (YTD'FY22)



Source: Indian Port Association, SMIFS Research

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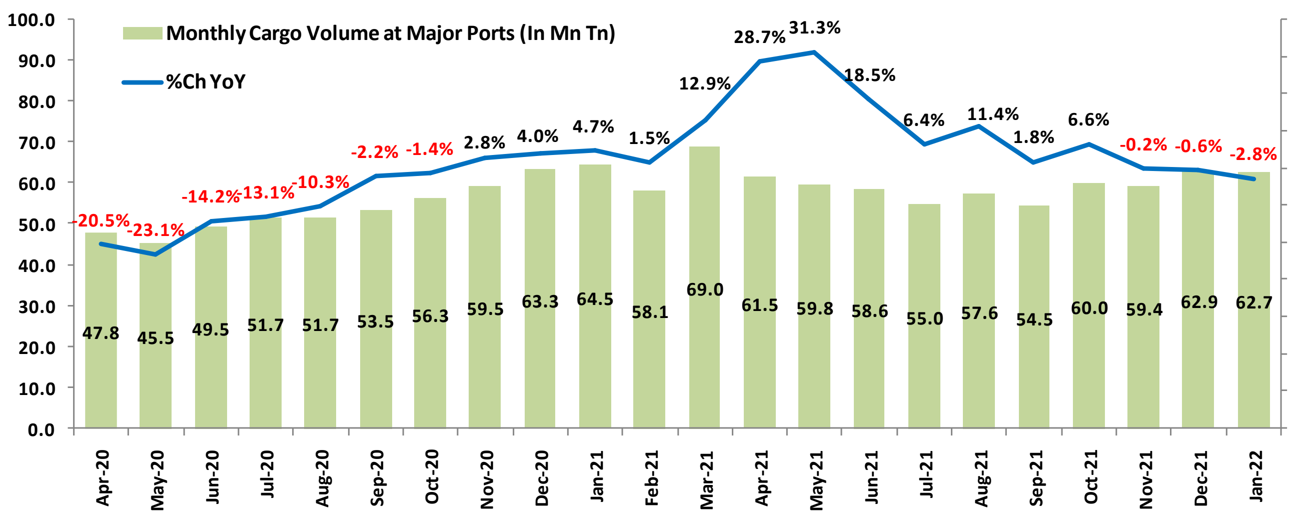
Fig 4: Cargo Volume trend at Major Ports (In Mn Tn)



Source: Indian Port Association, SMIFS Research

Table 2: Port-wise, Commodity-wise Cargo Volume at Major Ports for Jan-22

Port/ Commodities	P.O.L.	Other Liquids	Iron Ore Incl. Pellets	Fertilizers		Coal		Containers		Other	TOTAL
(In Mn Tn)	(Crude, Prod., LPG/LNG)			FIN.	RAW	Thermal & Steam	Coking & Others	Tonnage	*TEUs (Mn Nos)*	Misc. Cargo	
KOLKATA	1.2	0.4	0.0	0.0	0.0	-	1.2	1.0	*0.1*	1.3	**5.1**
PARADIP	2.8	0.2	1.7	0.0	0.5	3.0	0.9	0.0	*0.0*	0.9	**10.0**
VISAKHAPATNAM	1.3	0.2	1.1	0.1	0.1	0.4	0.6	0.7	*0.0*	1.3	**5.9**
KAMARAJAR(ENNORE)	0.4	0.0	-	-	-	1.6	0.3	0.8	*0.0*	0.2	**3.3**
CHENNAI	1.1	0.1	-	-	-	-	-	2.8	*0.1*	0.4	**4.4**
V.O.CHIDAMBARANAR	0.0	0.1	-	0.0	0.1	0.5	0.2	1.3	*0.1*	0.3	**2.4**
COCHIN	1.9	0.1	-	-	0.0	-	-	0.9	*0.1*	0.1	**3.0**
NEW MANGALORE	2.4	0.2	0.4	0.0	-	0.3	-	0.2	*0.0*	0.2	**3.7**
MORMUGAO	0.1	0.0	0.1	-	-	-	0.7	0.0	-	0.5	**1.5**
MUMBAI	3.2	0.2	0.7	-	0.0	0.1	-	0.0	*0.0*	0.9	**5.1**
J.N.P.T.	0.3	0.2	-	-	-	-	-	6.3	*0.5*	0.1	**6.9**
DEENDAYAL	5.3	0.9	0.1	0.6	0.0	1.2	-	0.8	*0.0*	2.4	**11.3**
ALL PORTS	**20.2**	**2.7**	**4.2**	**0.8**	**0.8**	**7.1**	**3.8**	**14.7**	***1.0***	**8.5**	**62.7**

Source: Indian Port Association, SMIFS Research

Table 3: Port-wise, Commodity-wise Cargo Volume for YTD'FY22

Port/ Commodities	P.O.L.	Other Liquids	Iron Ore Incl. Pellets	Fertilizers		Coal		Containers		Other	TOTAL
(In Mn Tn)	(Crude, Prod., LPG/LNG)			FIN.	RAW	Thermal & Steam	Coking & Others	Tonnage	*TEUs (Mn Nos)*	Misc. Cargo	
KOLKATA	8.7	4.7	0.9	0.4	0.3	0.1	12.0	10.0	*0.6*	10.1	**47.3**
PARADIP	28.4	1.7	16.2	0.3	4.1	23.9	11.5	0.2	*0.0*	7.3	**93.6**
VISAKHAPATNAM	11.7	1.7	12.0	1.0	1.3	7.4	4.1	7.1	*0.4*	10.5	**56.8**
KAMARAJAR(ENNORE)	4.1	0.1	-	-	-	15.5	1.7	7.6	*0.4*	2.3	**31.3**
CHENNAI	9.2	1.0	-	-	0.2	-	0.0	26.0	*1.4*	3.6	**40.0**
V.O.CHIDAMBARANAR	0.3	0.8	0.0	0.3	0.6	6.3	4.0	12.9	*0.7*	3.1	**28.5**
COCHIN	17.9	0.4	-	-	0.3	-	-	8.6	*0.6*	1.1	**28.2**
NEW MANGALORE	19.0	2.0	3.2	0.3	0.1	2.9	0.4	1.9	*0.1*	1.5	**31.2**
MORMUGAO	0.4	0.2	2.7	0.0	-	1.4	6.3	0.2	*0.0*	3.9	**14.9**
MUMBAI	30.4	1.4	5.7	0.3	0.1	4.4	0.3	0.2	*0.0*	6.6	**49.4**
J.N.P.T.	2.7	2.4	-	-	-	-	-	57.3	*4.7*	0.7	**63.0**
DEENDAYAL	49.9	9.2	0.7	3.3	0.3	17.4	0.5	7.2	*0.4*	19.2	**107.8**
ALL PORTS	**182.7**	**25.5**	**41.4**	**5.9**	**7.3**	**79.2**	**40.9**	**139.2**	***9.3***	**69.9**	**592.0**

Source: Indian Port Association, SMIFS Research

Table 4: Volume at Major Ports - Commodity-wise for YTD-FY22 & Jan-22

(In Mn Tn)		YTD FY20	YTD FY21	%Ch YoY	YTD FY22	%Ch YoY	Jan-21	Jan-22	%Ch YoY
P.O.L. (Crude, Prod., LPG/LNG)		197.8	168.7	*-14.7*	**182.7**	*8.3*	20.4	**20.2**	*-1.2*
Other Liquids		24.7	22.8	*-7.7*	**25.5**	*11.8*	2.1	**2.7**	*26.2*
Iron Ore Incl. Pellets		45.0	56.8	*26.3*	**41.4**	*-27.2*	6.2	**4.2**	*-32.3*
Fertilizers	**Finished**	8.5	9.1	*6.0*	**5.9**	*-34.5*	1.0	**0.8**	*-16.0*
	Raw	5.7	6.4	*13.1*	**7.3**	*13.6*	0.9	**0.8**	*-12.5*
Coal	**Thermal & Steam**	74.7	62.2	*-16.7*	**79.2**	*27.3*	7.0	**7.1**	*1.4*
	Coking & Others	46.9	43.4	*-7.5*	**40.9**	*-5.7*	6.4	**3.8**	*-40.8*
Containers	**Tonnage**	123.1	114.3	*-7.1*	**139.2**	*21.8*	13.8	**14.7**	*6.6*
	TEUs	*8.4*	*7.6*	*-9.0*	***9.3***	*22.2*	*0.9*	***1.0***	*6.3*
Other Misc. Cargo		59.3	58.7	*-0.9*	**69.9**	*19.0*	6.8	**8.5**	*26.2*
TOTAL		**585.7**	**542.5**	***-7.4***	**592.0**	***9.1***	**64.5**	**62.7**	***-2.8***

Source: Indian Port Association, SMIFS Research

Table 5: Indian Railway Freight Data for YTD-FY22 & Jan-22

In Mn Tn	Jan-21	Dec-21	Jan-21	% YoY	% MoM	YTD'FY21	YTD'FY22	% YoY
Freight Loading (In Mn Tn)	119.8	126.8	**129.0**	*7.7*	*1.8*	990.3	**1159.3**	*17.1*
Freight Earning (Rs Bn)	118	129	**132**	*11.3*	*2.0*	949	**1,172**	*23.5*
Freight/ Mn Tn (Rs Mn)	988	1,019	**1,021**	*3.3*	*0.2*	959	**1,011**	*5.5*
Break-up: (In Mn Tn)								
Coal	52.06	59.4	**59.3**	*13.8*	*-0.2*	433.6	**533.2**	*23.0*
RM for steel plants (ex. Ore)	2.41	2.6	**2.4**	*0.0*	*-5.9*	19.7	**24.0**	*22.0*
Pig Iron & Finished Steel	5.88	5.7	**6.0**	*1.2*	*4.2*	47.4	**56.3**	*18.9*
Iron Ore	16.11	14.0	**15.1**	*-6.2*	*7.6*	127.5	**139.1**	*9.1*
Cement	12.74	11.8	**13.3**	*4.0*	*12.7*	93.1	**110.9**	*19.1*
Food grains	4.66	6.8	**7.1**	*51.7*	*3.8*	55.1	**60.2**	*9.1*
Fertilizers	4.65	4.8	**4.4**	*-6.5*	*-9.4*	48.2	**42.0**	*-12.9*
Mineral Oil	4.01	4.2	**3.8**	*-5.2*	*-9.5*	35.5	**37.2**	*4.9*
Balance other goods	10.99	10.9	**11.1**	*0.6*	*1.1*	79.4	**95.3**	*19.9*
Container services (Domestic+EXIM)	6.28	6.6	**6.7**	*7.3*	*2.1*	50.8	**61.2**	*20.4*
-Domestic Containers	*1.3*	*1.6*	***1.6***	*21.1*	*0.6*	*9.67*	***13.9***	*44.0*
-EXIM Containers	*5.0*	*5.0*	***5.1***	*3.6*	*2.6*	*41.12*	***47.2***	*14.9*

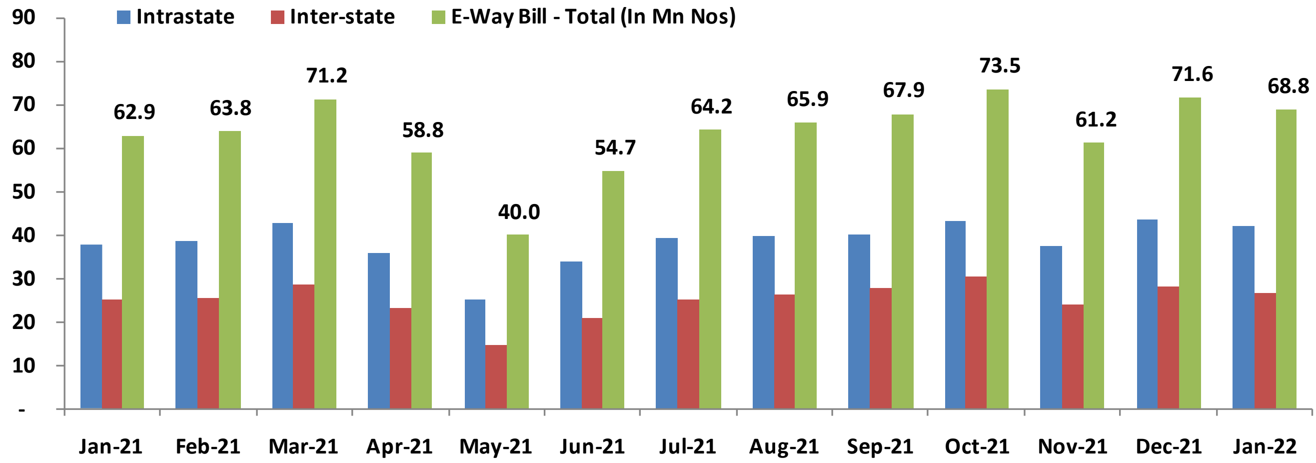
Source: Indian Railways, SMIFS Research

Table 6: Indian Railway Freight Volume Trend (%Growth YoY)

Commodities	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22
Coal	52.0	48.5	28.1	24.0	18.6	10.6	16.7	14.8	16.5	13.8
RM for steel plants (ex. Ore)	78.2	46.3	44.7	48.1	26.9	4.5	3.1	8.3	9.4	0.0
Pig Iron & Finished Steel	155.0	45.9	26.1	10.5	16.1	12.7	12.3	5.5	-2.1	1.2
Iron Ore	88.8	68.5	27.2	14.2	7.5	-17.5	-12.7	-6.5	-8.4	-6.2
Cement	1,291.9	15.0	3.4	26.5	38.6	4.6	8.0	-14.8	-3.5	4.0
Food grains	-44.1	14.8	9.1	7.5	10.3	2.4	25.4	19.8	10.7	51.7
Fertilizers	-8.4	-3.4	2.8	-6.3	-21.1	-22.3	-29.4	-16.9	-8.4	-6.5
Mineral Oil	57.5	-3.4	-0.8	5.8	12.1	2.8	2.3	0.8	-2.1	-5.2
Balance other goods	182.1	35.3	3.7	10.4	30.3	7.7	15.3	10.5	10.3	0.6
Container services (Domestic+EXIM)	35.5	38.6	46.2	27.5	23.7	9.8	12.2	9.6	8.9	7.3

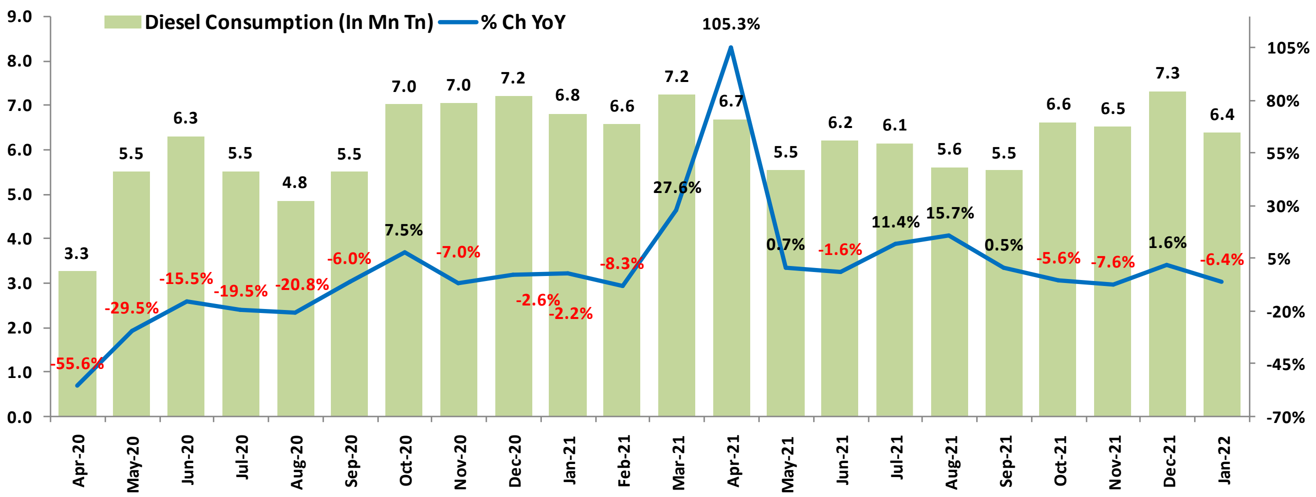
Source: Indian Railways, SMIFS Research

Fig 5: E-way Bill Generation (In Mn Nos)



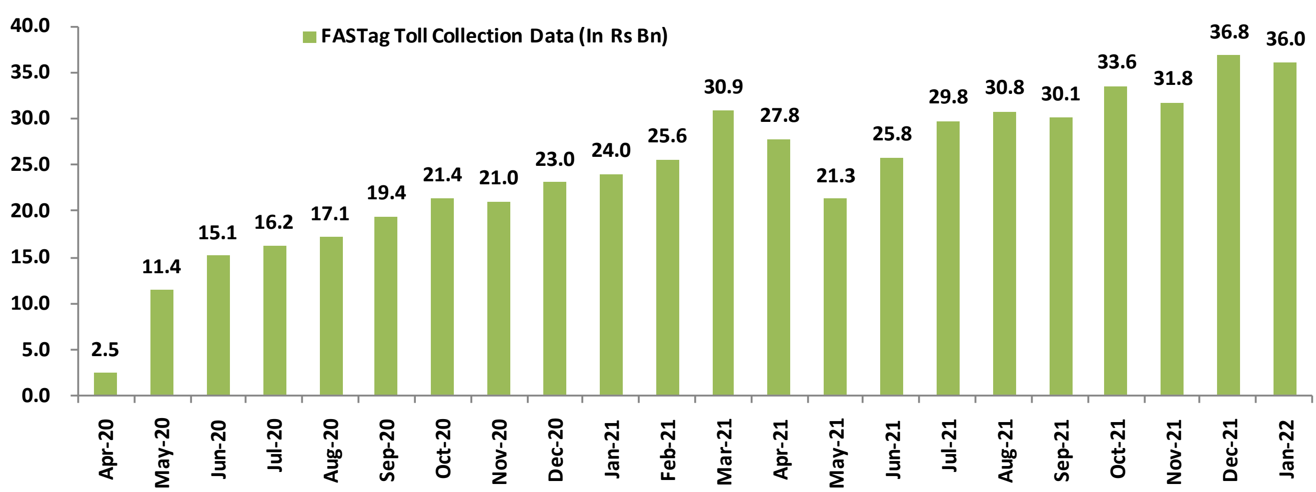
Source: GSTN, SMIFS Research

Fig 6: Diesel Consumption (In Mn Tn)



Source: PPAC, SMIFS Research

Fig 7: FASTag Toll Collection (In Rs Bn)



Source: NPCI, SMIFS Research

Table 7: Logistics Companies - Valuation Matrix

Sr. No.	Company Name	Industry	CMP (Rs)	Mcap (Rs Mn)	PE (x)	PB (x)	EV/EBITDA (x)	Dvd. Yld. (%)	ROE (%)	ROCE (%)	D/E (x)	Promoter Holding (%)	Consol./ Standalone
1	Adani Ports and SEZ	Port	731	14,92,521	29.7	4.6	16.1	0.7	18.0	14.1	1.1	63.8	C
2	Container Corporation Of India	Logistics	624	3,78,402	46.2	3.5	19.7	0.8	4.6	6.7	0.0	54.8	C
3	Blue Dart Express Ltd.	Courier Services	6,610	1,56,996	46.8	19.6	15.9	0.2	18.8	22.7	1.0	75.0	C
4	Allcargo Logistics Ltd.	Logistics	356	87,885	21.2	3.3	10.5	0.6	3.5	7.5	0.8	69.9	C
5	Aegis Logistics Ltd.	Logistics	212	74,781	22.7	3.3	14.0	0.9	14.4	16.3	0.2	58.1	C
6	**TCI Express Ltd.**	**Logistics**	**1,756**	**67,586**	**49.9**	**13.0**	**35.7**	**0.2**	**26.2**	**34.2**	**0.0**	**66.7**	**SA**
7	Shipping Corporation Of India	Shipping	125	57,759	7.3	0.7	5.2	0.2	7.9	5.5	0.4	63.8	C
8	Transport Corporation Of India	Logistics	662	50,850	19.0	3.7	12.8	0.4	12.0	12.5	0.2	66.5	C
9	Great Eastern Shipping	Shipping	320	47,011	9.5	0.6	4.5	2.8	12.7	9.6	0.7	29.2	C
10	Gujarat Pipavav Port Ltd.	Port	96	46,120	24.6	2.1	9.1	4.7	9.5	14.5	0.0	44.0	C
11	VRL Logistics	Logistics	507	44,781	31.7	6.7	11.9	0.8	7.4	13.3	0.2	69.6	SA
12	Mahindra Logistics	Logistics	514	36,849	98.7	6.4	17.9	0.5	5.2	10.1	0.1	58.2	C
13	GATI	Logistics	180	22,159	0.0	3.8	51.8	-	NA	NA	0.5	51.8	C
14	Snowman Logistics	Logistics	39	6,450	437.3	1.5	9.7	-	0.0	4.0	0.2	40.3	SA
15	Navkar Corporation	Logistics	43	6,420	14.2	0.3	5.9	-	0.9	3.9	0.3	69.0	SA

Source: ACE Equity, SMIFS Research *CMP as on 10-Feb-22 end; valuation based on TTM financials; balance sheet data like ROE, ROCE and D/E based on FY21 financials.

OUR PICK: TCI Express Ltd - *A safe play in Indian logistics sector growth story*

We have coverage on **TCI Express Ltd,** which is way ahead of its peers in terms of generating return on investment.

TCI Express Ltd is the leading B2B express logistics company with an extensive network of more than 800 branches across the country covering 708 districts, possesses the capacity of servicing 40,000+ pickup and delivery points through its 5000+ containerized vehicles. The network efficiencies built over past few years has led to outpace the growth in profitability (~28% CAGR) over revenue growth (~3% CAGR) during FY17-21. **Continued focus and investments on technology has enabled company to stay ahead of the competition and deliver value added services to clients.**

TCI Express is well positioned to capitalize on the growing opportunities in the domestic logistics space. The company to further strengthen its efficiencies and capabilities through automation, setting up new sorting centers, adding new branches and launch of new service. Post Q3FY22 earnings, we have increased our **price target at Rs 2,181**, valuing the stock at **40x FY24e EPS.** We have a **"Buy"** rating on the stock.

Please click on link below for the detailed report:-

TCI Express Ltd – Q3FY22 Result Update - SMIFS

TCI Express Ltd - ICR

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