



Stake sale to steer TCI onto growth street

10% Share May Net Co 68 Cr

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NEW DELHI

TRANSPORT Corporation of India (TCI), one of India's largest logistics operators, is all set to dilute promoter holding by about 10% to raise capital for its expansion plan. This is the second time the company is looking at fund managers to finance its growth plans. Last year, Fidelity picked up 6-7% stake in the company. With this dilution, promoter holding in the company is expected to be around 57% at the end of the current fiscal.

"The company plans to raise between Rs 50-75 crore in the third quarter of financial year 2008-09. The company plans to use the funds to expand its shipping fleet and trucking fleet and developing more warehousing centres across the country," TCI executive director Vineet Agarwal said.

A 10% divestment is expected to go at 15% premium and will raise about Rs 68 crore for the company at the current market rate, a senior industry analyst tracking the firm said.

The promoter shareholding stands at 67.53% currently. Financial institutions already have a 12% stake in the company and this is expected to go up to 25% post dilution. The BSE-listed company has a market cap of Rs 580 crore ap-



GOING PLACES

- **Promoter stake** will fall to 57% after the dilution
- **Fidelity had** picked up 6-7% stake last year
- **TCI plans** to invest about Rs 200 crore to expand fleet, develop more warehousing centres
- **Stake of FIs** to go up to 25% post dilution

proximately at the prevailing price of Rs 83 per share.

"We plan to invest about Rs 200 crore for expansion in the next two years. We will raise only a limited amount this year to kick off the second phase of our expansion," he said.

The company plans to add about 1.5 million square feet of warehousing space every year for the next two years and already has about 7.5 million square feet of warehousing space a part of which is owned and the rest taken on lease. The company, which recorded a top line of Rs 1,240 crore in 2007-08 expects to grow by 18% this fiscal.

Even though the company is still considering investors, fund managers such as ICICI, Kotak Mahindra and Fidelity have been interested in stocks such as TCI in the past.

TCI group has six subsidiaries — Transport Corporation of India (TCIL) dealing with rail and truck freight, XPS dealing with express and courier delivery, TCI Seaways dealing with shipping, TCI supply chain engaged in providing tailor-made solutions for retail industry, TCI Tansystem, which is a joint venture with Mitsui, and TCI Foundation — a corporate social responsibility division.

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