

# Investor Presentation

Aug 2019



**TCI EXPRESS**

LEADER IN EXPRESS





- 
1. Business Overview
  2. Logistics Industry Overview
  3. Financial Performance
  4. Way Forward
  5. Corporate Governance
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## 1. Business Overview

2. Logistics Industry Overview

3. Financial Performance

4. Way Forward

5. Corporate Governance

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Redefining Express Service in India

## Vision

TCI Express should be a customer oriented, multi-technology, multi specialist transport system in the Indian and International markets, with a proven commitment to excellence in every facet of activity and pursuit of value-based policies to satisfy aspirations of society, customers, vendors, employees, shareholders and the transport industry.

## Mission

- L** *Loved by customers in Indian and International Markets*
- E** *Express multimodal fastest company*
- A** *Always ahead of the rest in speed and professionalism*
- D** *Delight our customers every time*
- E** *Excellence in service using the latest in technology*
- R** *Reliable to all our customers and respected by all our stakeholders*

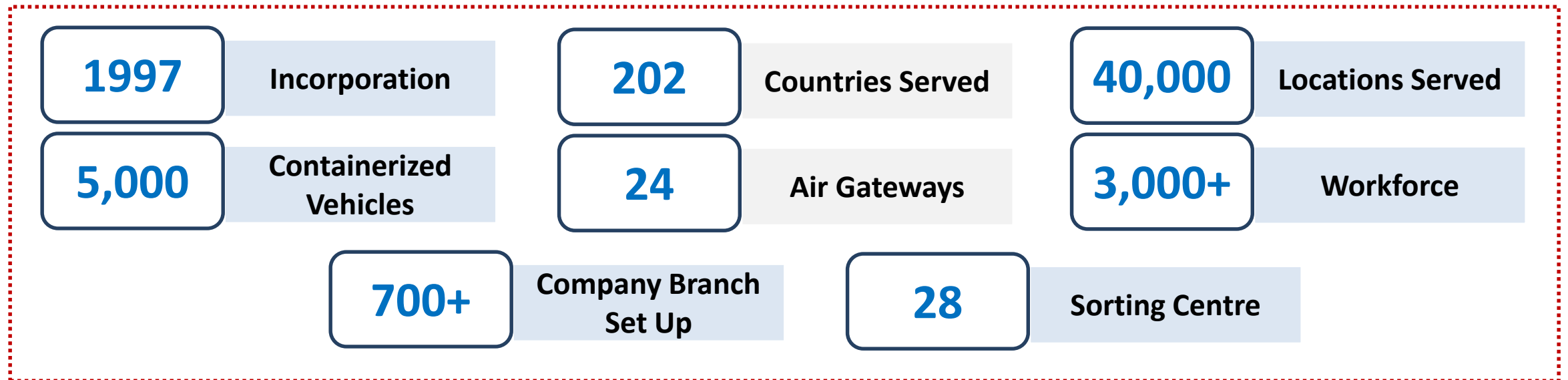
# We Are - Fastest Express Delivery Company in India

India's leading Express logistics player providing Door-to-Door Express Distribution Services

Specialized in offering time definite solutions with focus on Tier II and III cities

ERP enabled operations, Barcoding on packaging, GPS enabled vehicles and CCTV surveillance

Ranked 457 in Top 500 Companies based on Market Cap, as on March 31, 2019



# Why TCI Express?

Ranked 457 in Top 500 Companies based on Market Cap, as on March 31, 2019

1

**Asset Light  
Business Model**



2

**High Value Cargo  
(Low volume, high margins)**



3

**No Franchise:  
All owned  
Branches**



4

**Lowest Cost  
Structure**



5

**API based back-  
end technology**



6

**Containerized  
Movement**



7

**Superior  
Customer Support  
Services**





## Key Characteristics

- 5,000+ vehicles from 1,500+ vendors and 18 out of 28 sorting centres are on lease
- An asset light business model facilitates scalability through partnerships with asset owners

## Benefits and Competitive Advantages

- Does not require large capital expenditure on equipment, thus focusing only on investments generating better returns for shareholders
- Operating on a per km-based cost model, improving cost efficiency and profitability
- Access to exclusive resources in the value chain, through partnership
- Revitalization of fleet after every 7 years through replacement of vehicles

## B2B



### Surface Express

- 40,000 Pickup & Delivery Locations
- Fully containerized fleet
- Customized Valued Added Services



### Domestic Air Express

- Connecting 34 domestic airports
- 24hr delivery into Tier 1 cities
- Multi-modal options for small towns
- Time sensitive distribution



### International Air Express

- Servicing 202 countries
- 3<sup>rd</sup> Country billing option



### Reverse Express

- Customized Reverse pick ups
- Effective Return management

(95%)

## B2C

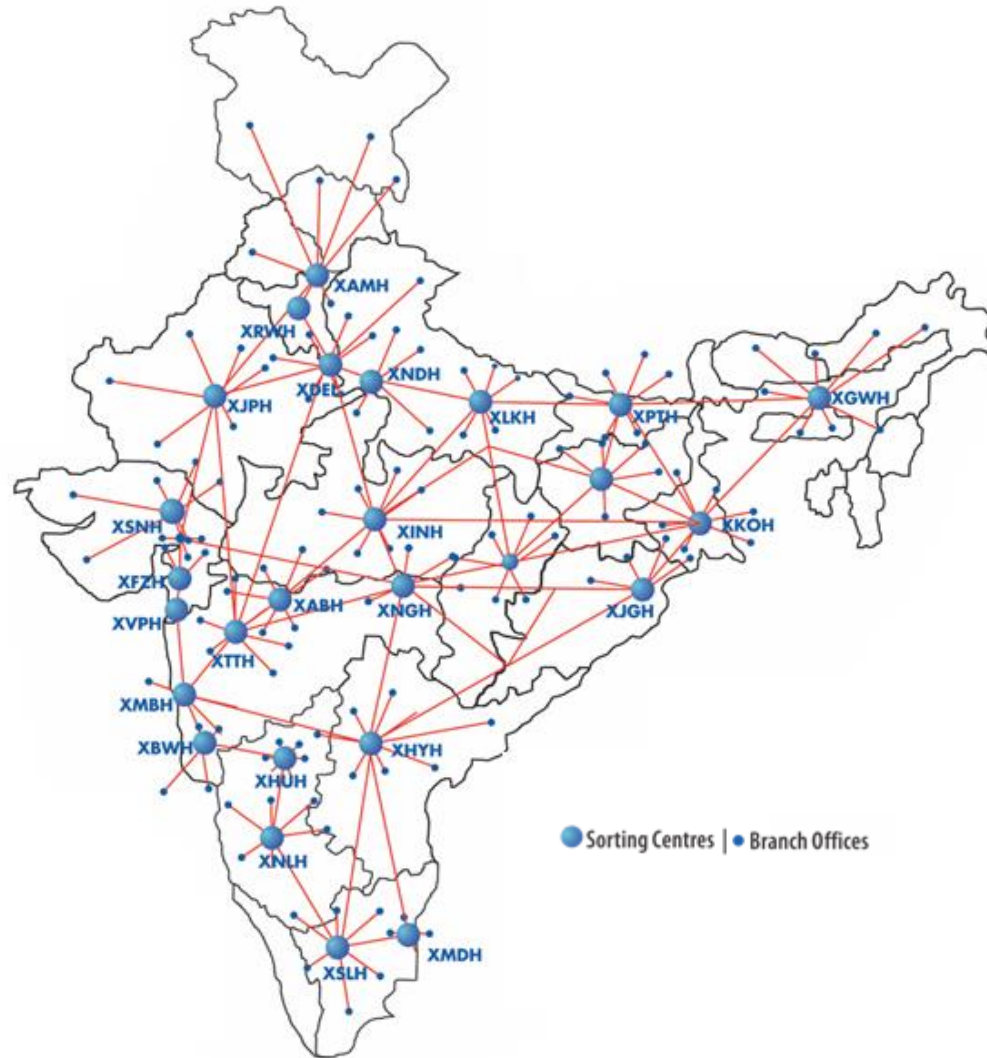


### Ecommerce Express

- Last mile delivery service
- Technology driven product
- Effective market place handling
- Multi- modal network leverage
- Value added feature of Cash-on-Delivery
- Focus on tier II and III cities

(5%)





**500+**  
Express Routes

**700+**  
Company Branches

**28**  
Sorting Centres

**2,500+**  
Feeder Routes

**50**  
Zonal Offices

**8**  
Regional Offices

**708**  
Districts Served

## COD

- Collection on Delivery for B2C

## Key Account Management (KAM)

- Customized Solutions as per the customer specification

## Scheduled Delivery

- Sunday/Holiday delivery services

## EPOD

- Scanned colored POD image available on the web on same day of delivery of the shipment)

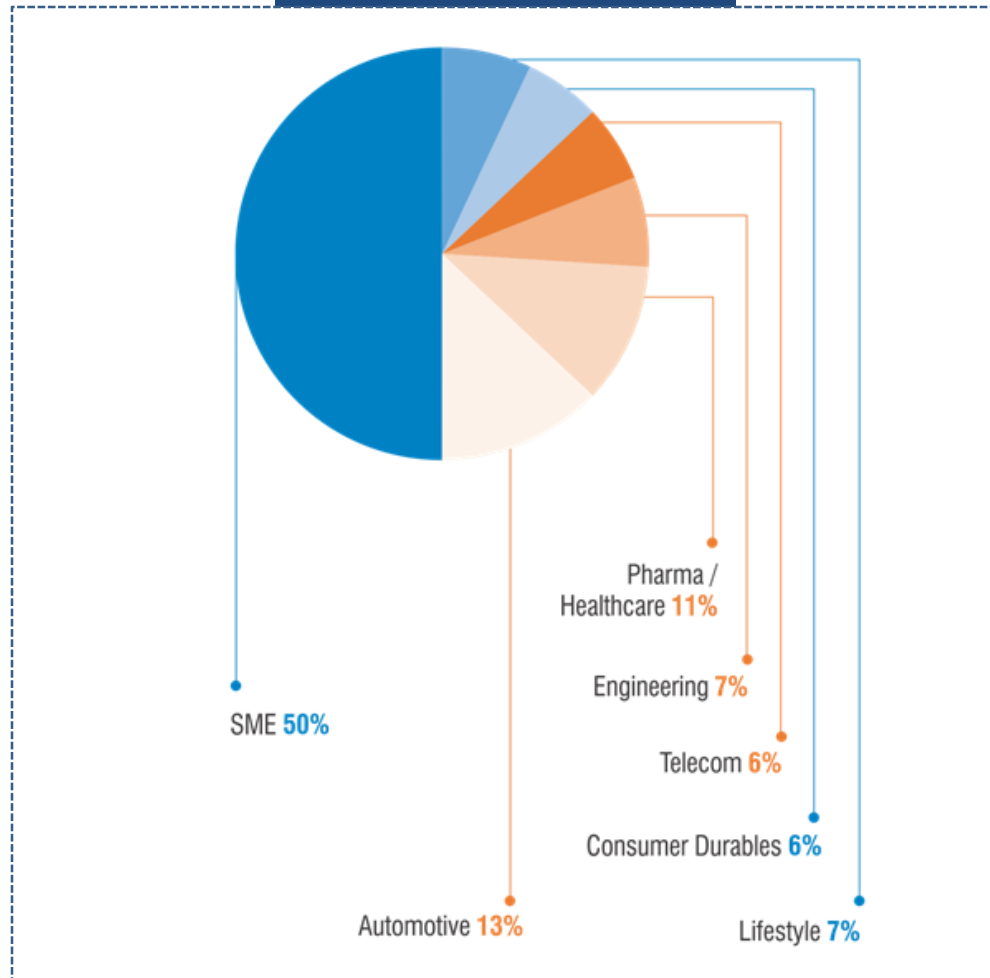
## ODA

- ODA Services (Out of Delivery)

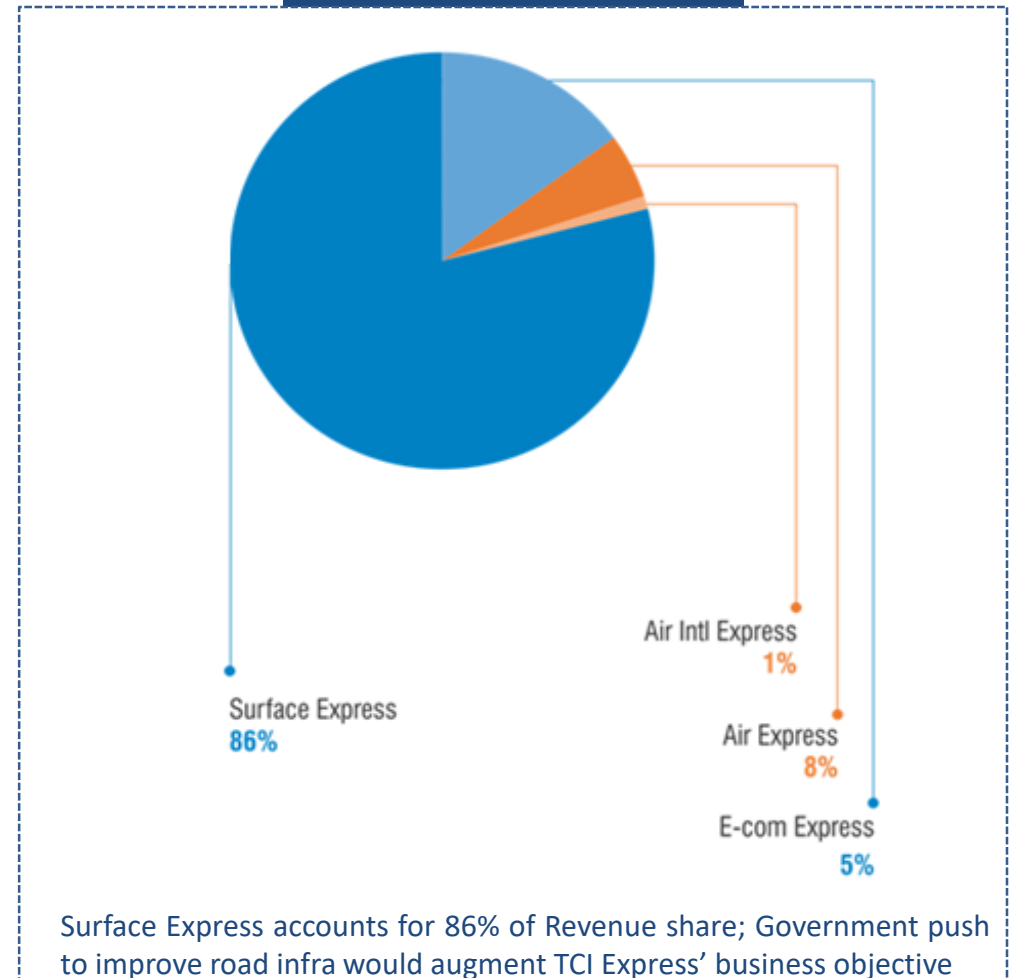
## e-Billing

- GST enabled customized billing options to Customers

## Industry Vertical



## Product Mix



# Our Esteemed Clientele – Vertical wise

50 %

50 %

Automobile	Pharma	Electrical / Energy	Retails	Engineering & Telecom	eCom



Small and Medium Enterprises

## New Age Sorting Centres



## Package Handling





Better Fleet Control, Back up vehicles available without adding per Lane Cost

Performance monitoring, Lanes wise Analysis

Per KM Model, fluctuates based on Increase/ Decrease of Diesel Prices

Always New Fleet, Change vehicle after 7 years of service

Control on scheduled Arrival & Departure

Working Effectively from last 21 years

**2,000**

Inter-state Vehicles

**1,000**

Intra-state Vehicles

**2,000**

Intra-City Vehicles

## Barcoding & RFID

*(Accurate dispatch & billing)*



- Barcoded Labels printed for accuracy
- Barcode Scanning of packets for movement of packet to exact position.

## Hand Held Terminals

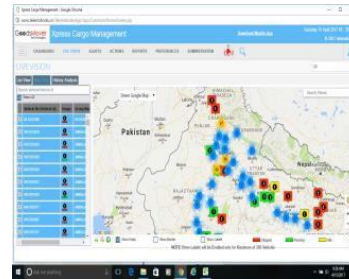
*(Scanning for speed & accuracy)*



- Onsite Booking and Delivery
- In/Out Scan Updating
- Dynamic routing and misroute alert system

## GPS- Ground Technical Support

*(Real-time shipment visibility)*



- GPS in all vehicles for real time tracking of packet status
- Facilitates 24\*7 visibility

## Mobile Apps

*(Higher efficiency & accessibility)*



- Mobile App for pickup and delivery update at customer point
- Instant POD uploading
- Services and Business Locations Enquiry
- Freight Calculator

## CCTV Surveillance

*(Safety & Security of cargo)*



- CCTV surveillance in all sorting centers and main pickup and delivery locations
- Operation Control Centre Monitoring for Real Time Corrective Action

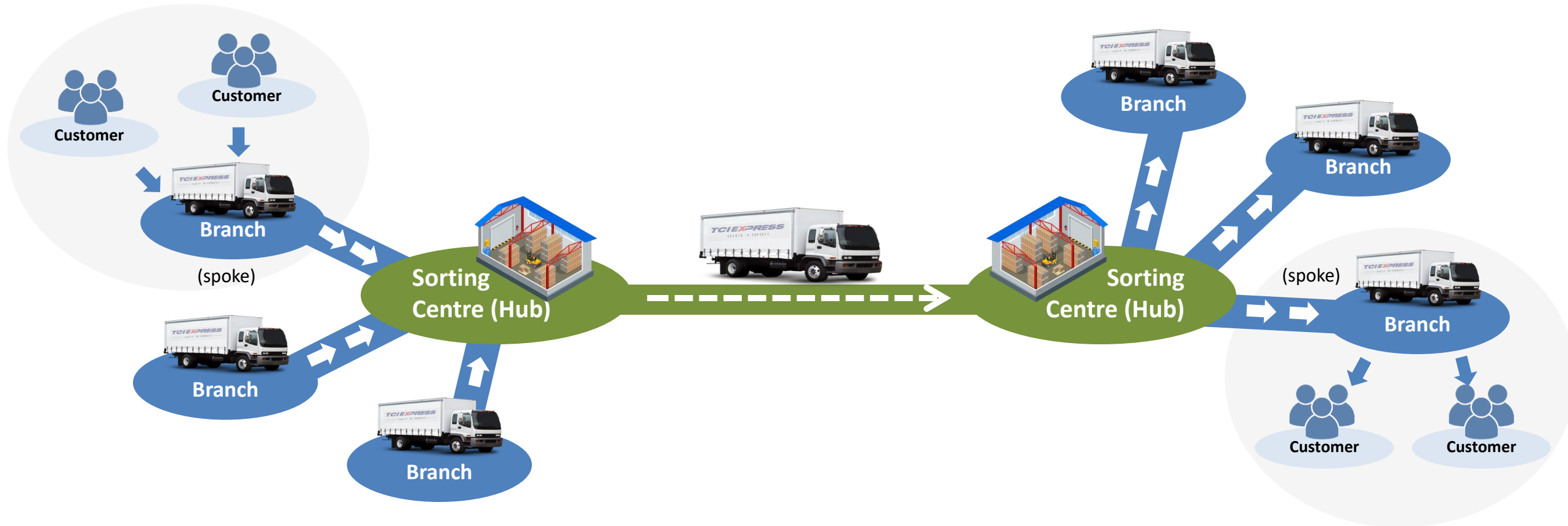
## API

*(Enterprise Resource Planning)*



- Implementation of business intelligence tools such as API's, geotagging
- Performance measurement tool and automation
- Oracle ERP enabled branches

# Hub and Spoke Model

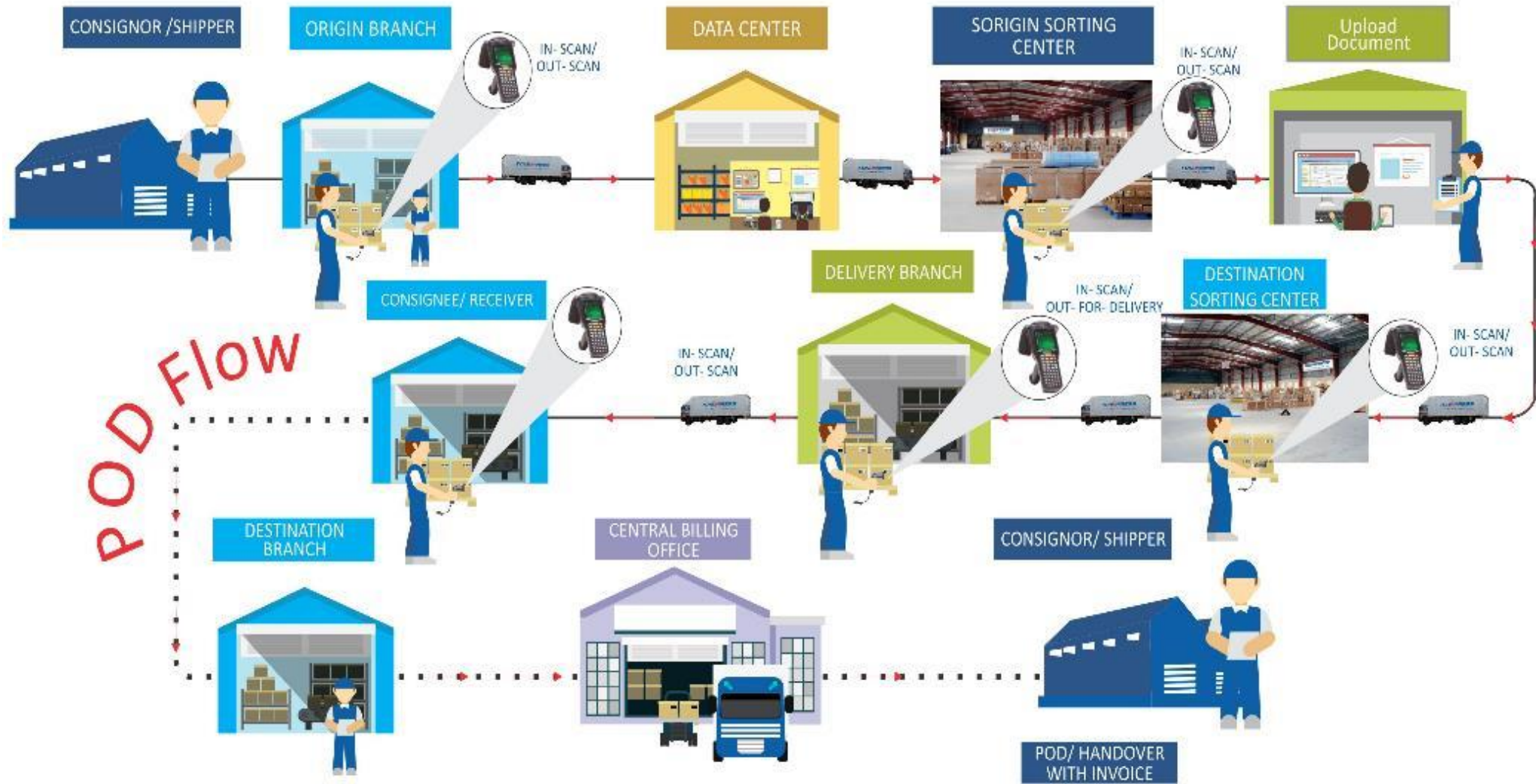


## A centralized and integrated logistics system

- Increased transit dependability and performance
- Reduced cargo acquisition and transportation cost
- Optimize economies of scale at branches and routes
- Opportunity for rapid geographical expansion
- Better capital efficiency and higher fleet utilization
- Lower carbon footprint



# Shipment Process Flow- Using Technology

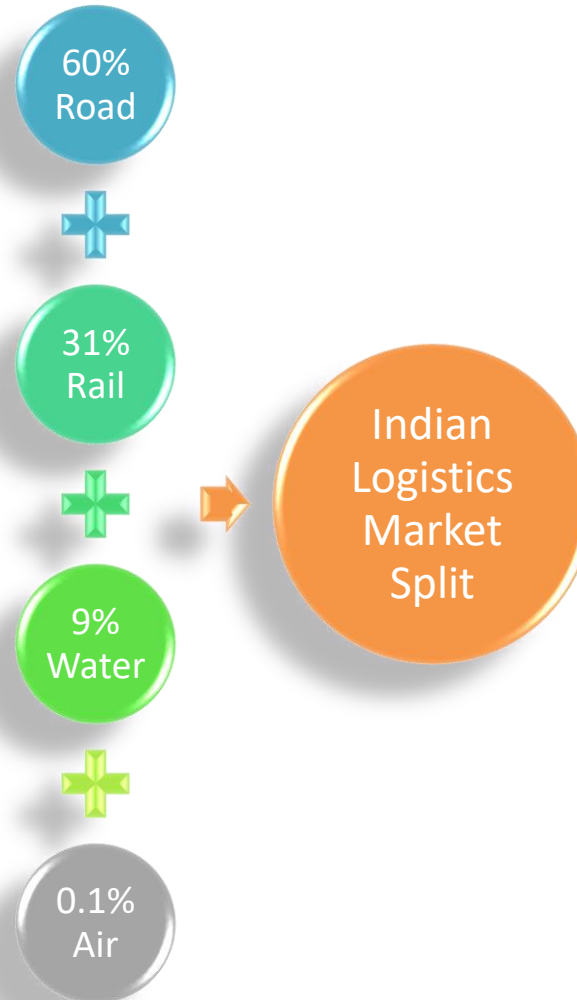
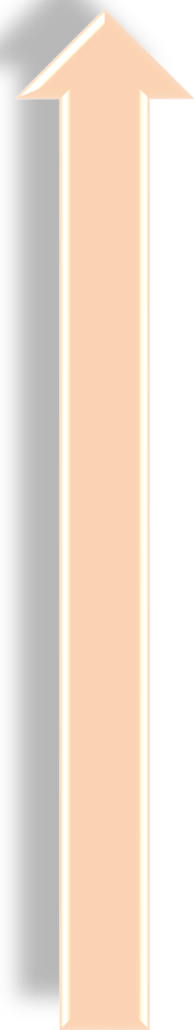




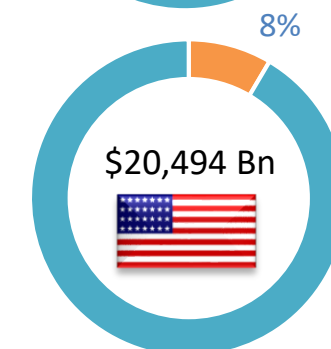
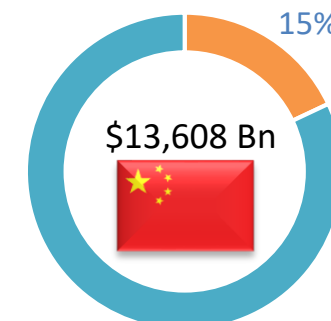
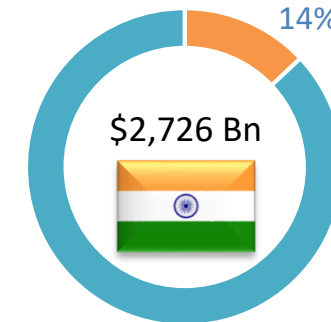
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# Express Industry – An Outlook

- India GDP \$2.7 TN
- Total Logistics Spend \$360 Bn
- Road Transportation \$210 Bn
- Un-Organised Segment 95%
- TCI Express Carries \$10 Bn
- TCI Express Market Share 5%



## Logistics as % of GDP



Source : World Bank Database - 2018 Figures, Department of Commerce – Gov. of India

Road infrastructure development initiatives	Make in India	Infrastructure status for logistic industry
<ul style="list-style-type: none"> <li>▪ Bharatmala Pariyojna to provide 50 national corridors</li> <li>▪ Government target to increase the length of NH to 200,000km</li> <li>▪ Development of 15 multimodal logistic parks under the Logistics Efficiency Enhancement Program</li> </ul>	<ul style="list-style-type: none"> <li>• Flagship project of Gov. of India to transform the country into “Global Manufacturing Hub”</li> <li>• Identified multiple key economic sectors for setting up manufacturing bases</li> <li>• Will generate new business opportunities for logistics sector</li> </ul>	<ul style="list-style-type: none"> <li>• Easy and economical financing for the industry Surge in private investments</li> <li>• Growth of large format warehouses and multimodal logistics parks</li> </ul>

## Road Express

- Small but Premium and significant segment of the Logistics Industry
- Fastest growing segment and expecting 17% Y-o-Y growth in next 3 years
- Express industry is expected to receive a fillip from the higher level of consumption demand in the country
- Consumption demand in India is expected to grow at 10% annually → **Creating additional demand for express industry**

### Key areas for creating a sustainable growth in logistics sector



## Express (Premium)

### Hub & Spoke (Small Pkgs)



## Conventional

### Full-truckload (FTL)



<b>Operating model</b>	<ul style="list-style-type: none"> <li>▪ Plying on Key routes</li> </ul>	<ul style="list-style-type: none"> <li>▪ Catering to Industrial towns/ Rural locations</li> </ul>
<b>Key Presence</b>	<ul style="list-style-type: none"> <li>▪ Metros and Tier- I cities</li> </ul>	<ul style="list-style-type: none"> <li>▪ Tier-II to Tier-IV cities</li> </ul>
<b>Key Industrial Sectors</b>	<ul style="list-style-type: none"> <li>▪ IT &amp; Mobile, Apparel, Pharma, Auto, Engineering/Industrial</li> </ul>	<ul style="list-style-type: none"> <li>▪ Textiles(Yarn/Fabric), Agro, Auto</li> </ul>
<b>Pricing</b>	<ul style="list-style-type: none"> <li>▪ High</li> </ul>	<ul style="list-style-type: none"> <li>▪ Low</li> </ul>
<b>Cash Conversion Cycle</b>	<ul style="list-style-type: none"> <li>▪ High</li> </ul>	<ul style="list-style-type: none"> <li>▪ Low</li> </ul>
<b>Time Sensitive</b>	<ul style="list-style-type: none"> <li>▪ Yes</li> </ul>	<ul style="list-style-type: none"> <li>▪ No</li> </ul>
<b>Truck Fill Factor</b>	<ul style="list-style-type: none"> <li>▪ Low</li> </ul>	<ul style="list-style-type: none"> <li>▪ High</li> </ul>
<b>Competition</b>	<ul style="list-style-type: none"> <li>▪ Route Specific</li> </ul>	<ul style="list-style-type: none"> <li>▪ Regional</li> </ul>
<b>Key Characteristics</b>	<ul style="list-style-type: none"> <li>▪ Door to Door Delivery</li> <li>▪ Time Definite</li> <li>▪ High Value Cargo Movement</li> <li>▪ Containerized Movement</li> <li>▪ Value Added Services</li> </ul>	<ul style="list-style-type: none"> <li>▪ No Door-to-Door Setup</li> <li>▪ Non time Definite</li> <li>▪ Spot Buying, Un-organized</li> <li>▪ Non-Containerized vehicles</li> <li>▪ No Value-Added Services</li> </ul>

# Comparing parameters- Industry Listed Players



	Express		FTL/LTL	
		Express Player 1*	Express Player 2	Conventional Player
<b>Primary Service</b>	Ground Express Etail Express	Ground Express Contract Logistics E-tail Logistics Cold Chain Logistics	Air Express Ground Express E-tail Logistics	Ground Non-express Full Truckload Transit Warehousing Passenger Transportation
<b>Key Trait</b>	Fastest growing ground express LSP	One of the Largest ground express LSP	Largest air express LSP Only domestic LSP with dedicated freighters	Largest pan India LTL operator Largest owned truck fleet
<b>Customer Profile</b>	High value products requiring time bound and secure transportation; Predominantly from metros and tier-I cities (E-tail logistics provided for Tier-II and Tier-III cities)			Cost sensitive customers predominantly operating in Tier-I to Tier-IV cities
<b>Infrastructure</b>				
<b>Fleet Size</b>	5,000+	5,000+	11,000+	4,500
<b>Branches/ No. of facilities</b>	700+	700	1,600+	1,000
<b>Rent as % of Revenue(FY2019)</b>	3%	3%	6%	5%
<b>ROCE</b>	<b>40-45%</b>	<b>7-9%</b>	<b>16-28%</b>	<b>18-23%</b>
<b>Employee Cost as % of Revenue (FY2019)</b>	8%	11%	22%	15%



## Big data service

- Forecast changes in volume and customer demands by analyzing original data
- Provides solutions based on real time data analysis for improving network operation, supply chains and customer relationship management



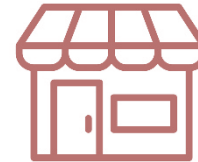
## Cloud service

- Use of cloud computing services for software platform and infrastructure services
- Provides technical support such as large-scale computers for the internal operations of express enterprises



## Internet of Things

- Streamline transport by using real time data and alerts to optimize delivery routes
- Monitor performance
- Quickly respond to delays or issues as they happen



## On-demand marketplaces

- Improve efficiencies by disintermediation
- Address information asymmetry
- Facilitate price discovery



## On Road, Integrated, Optimization and Navigation Software

- Real time planning of driver delivery routes by making use of a large amounts of data from online maps
- Optimization computation to save on delivery time and fuel consumption

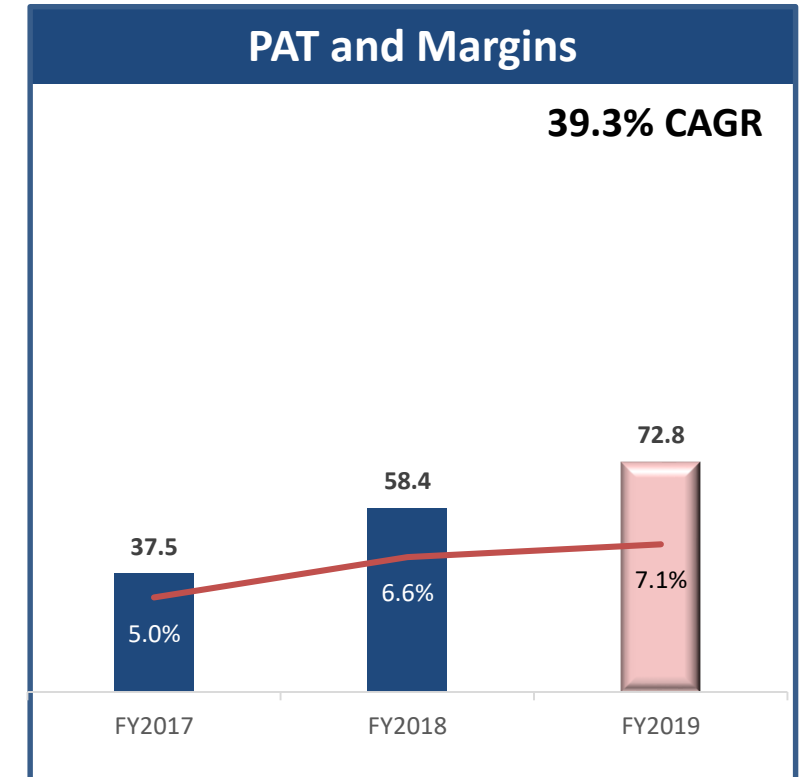
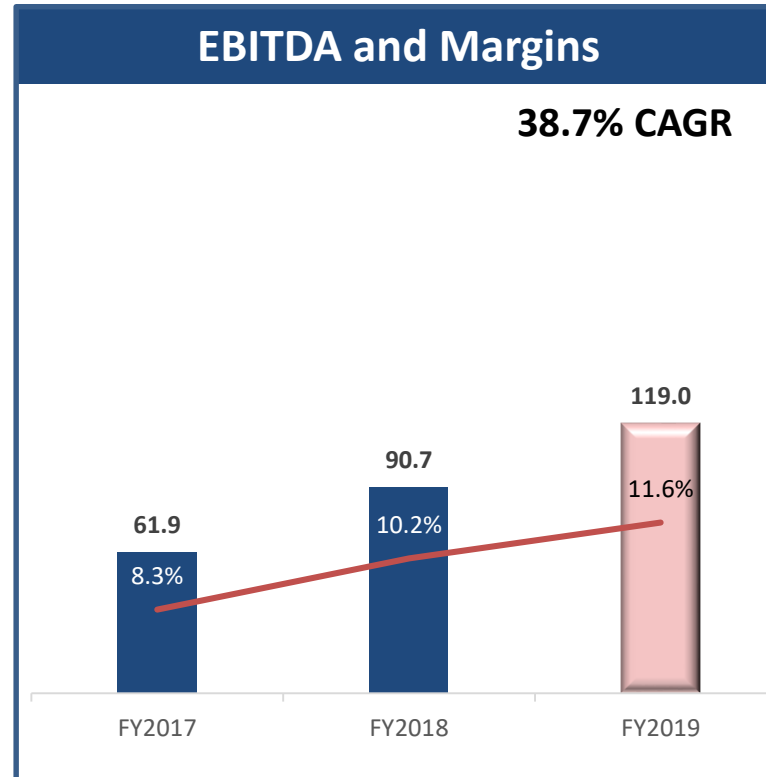
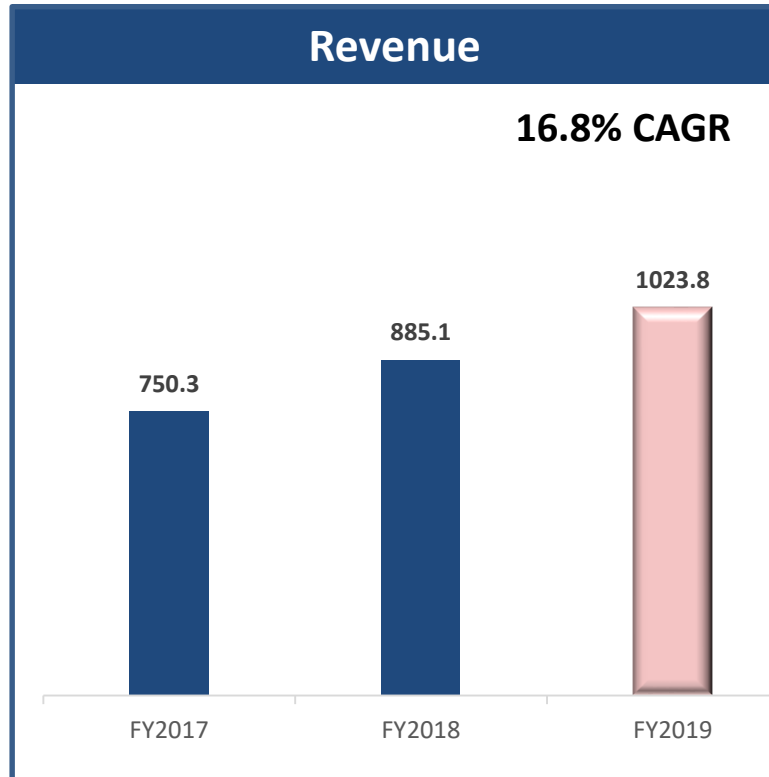


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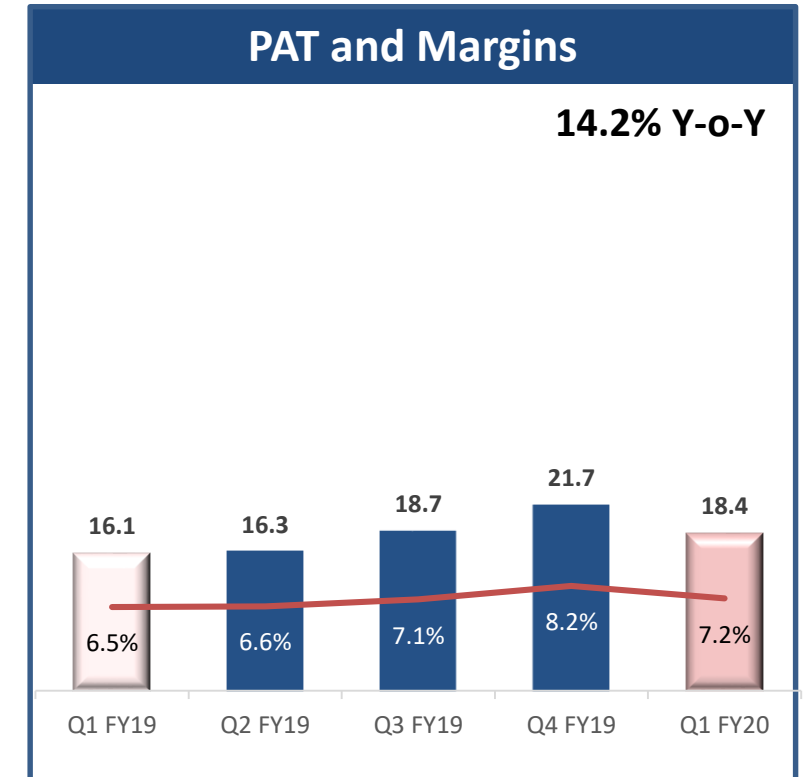
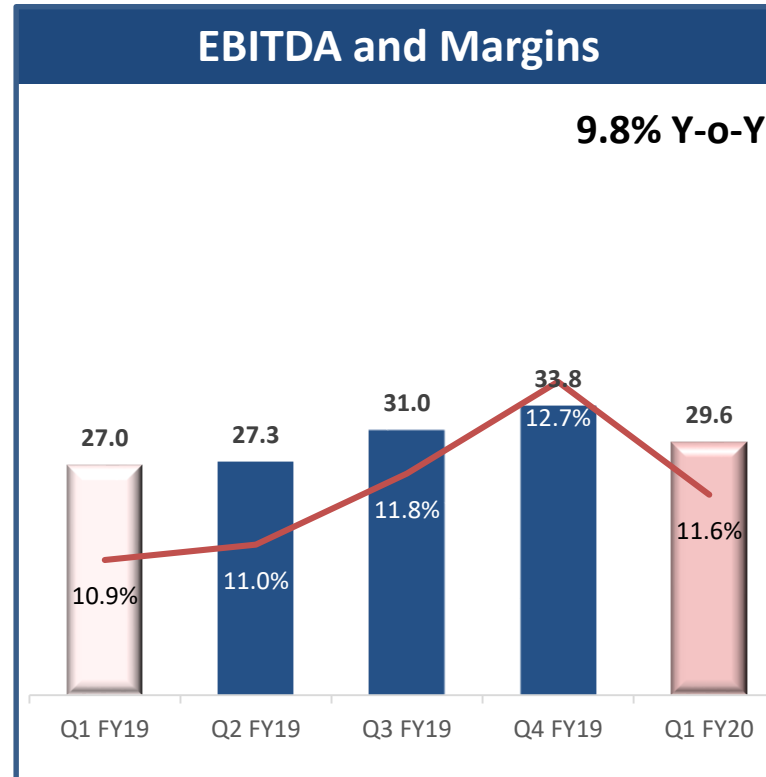
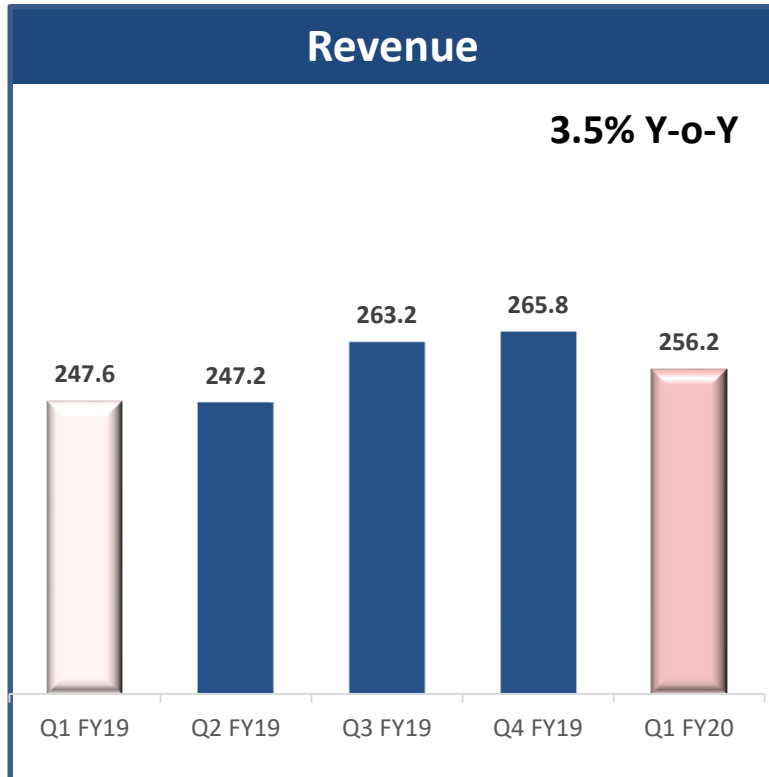
# Key Metrics of last 3 Years

All numbers in Crores unless specified



# Key Metrics of last 5 Quarters

All numbers in Crores unless specified



# Key Balance Sheet Items

All numbers in Crores unless specified

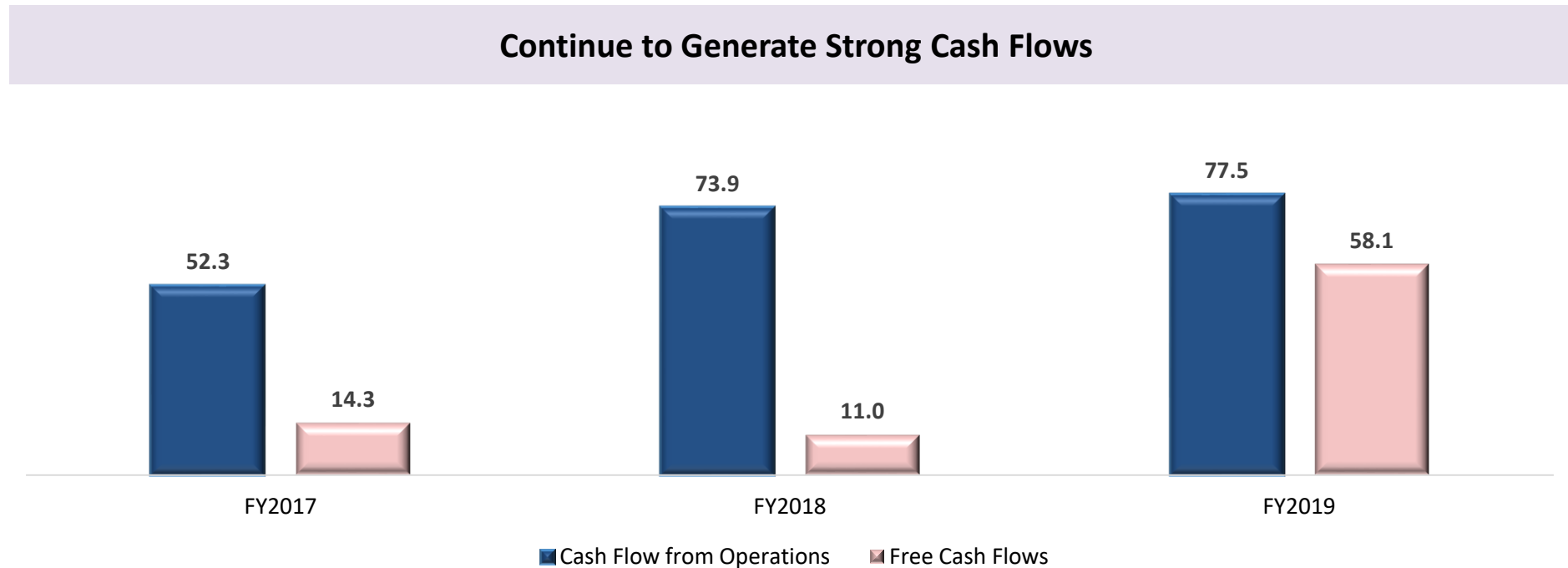
Particulars (in Cr)	Mar-19	Sep-18	Mar-18
Long Term Debt	2.3	2.5	1.7
Short Term Debt	6.4	38.7	38.2
<b>Total Debt</b>	<b>8.7</b>	<b>41.1</b>	<b>39.8</b>
Less: Cash & Cash Equivalents	17.1	18.7	12.2
<b>Net Debt / (Net Cash)</b>	<b>(8.4)</b>	<b>22.4</b>	<b>27.6</b>
Total Equity	267.2	232.7	206.8
<b>Net Debt / Equity</b>	<b>(0.03x)</b>	<b>0.10x</b>	<b>0.13x</b>

- Repayment of Debt amounting to Rs 32.9 Cr during FY2019

**The Company became debt free during Q1FY20 with surplus funds of Rs. 10 Cr**

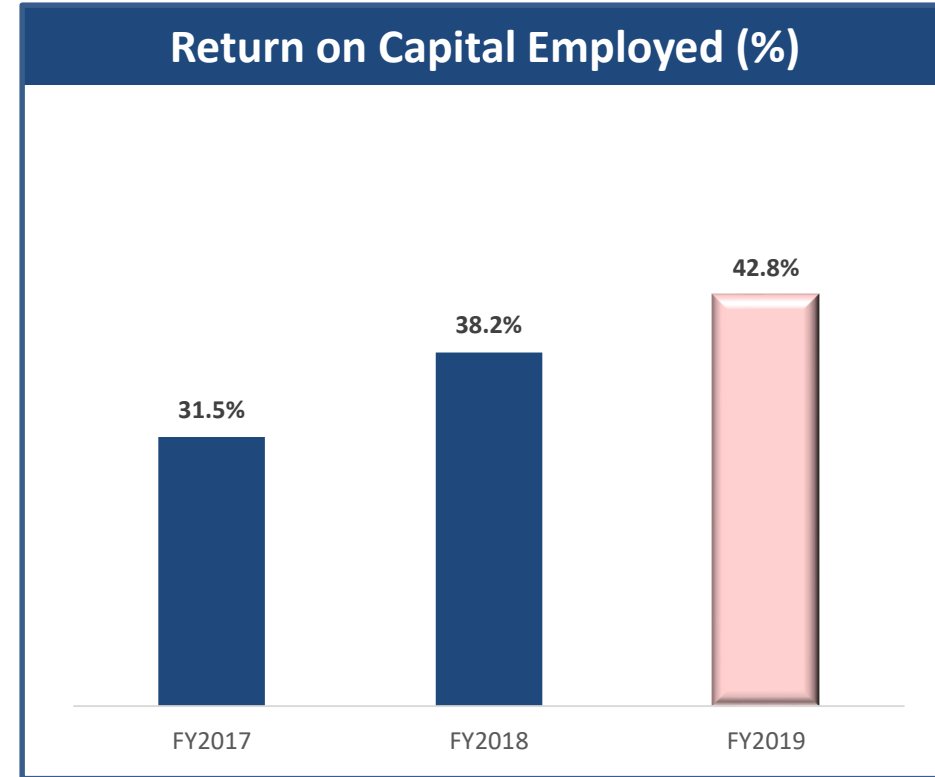
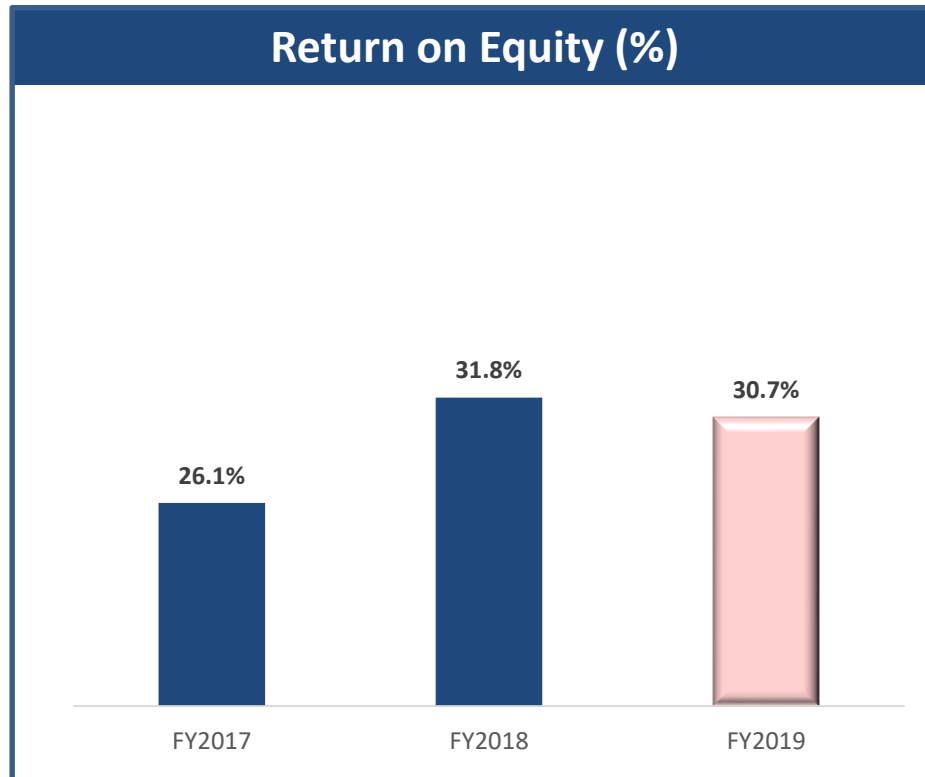
# Cash Flow from Operations vs Free Cash Flows

All numbers in Crores unless specified



- Track record of consistent generation of cash flows with a focus on enhancing free cash flows
- High EBITDA to cash flow conversion due to zero debt<sup>#</sup> and lower level of depreciation
- Efficient working capital management with strong cash flow conversion cycle

All numbers in Crores unless specified

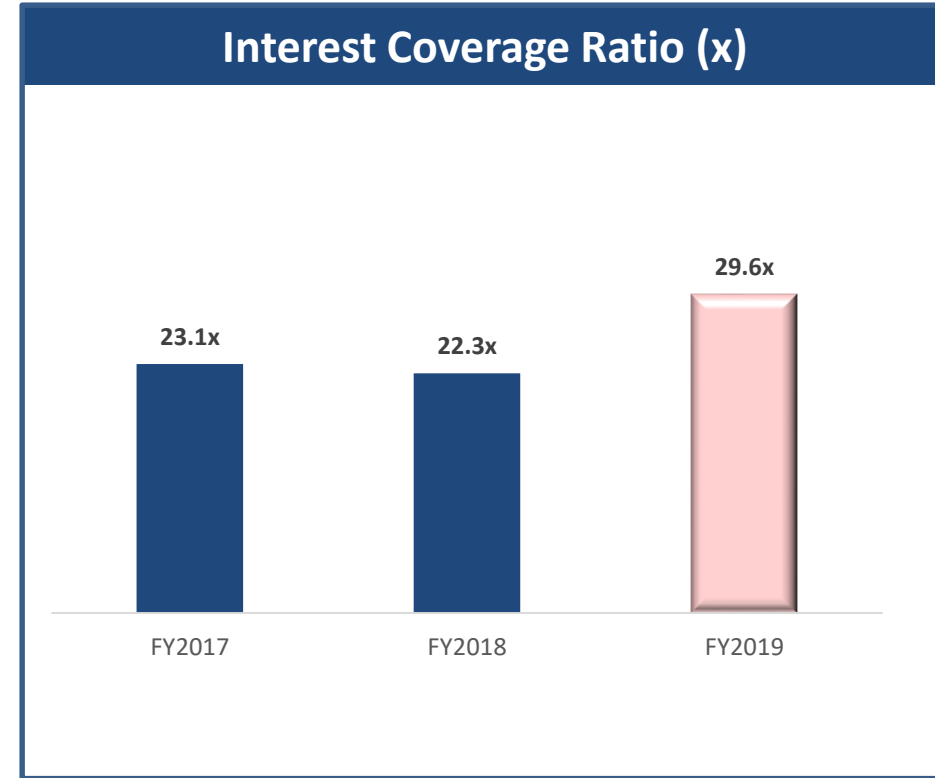
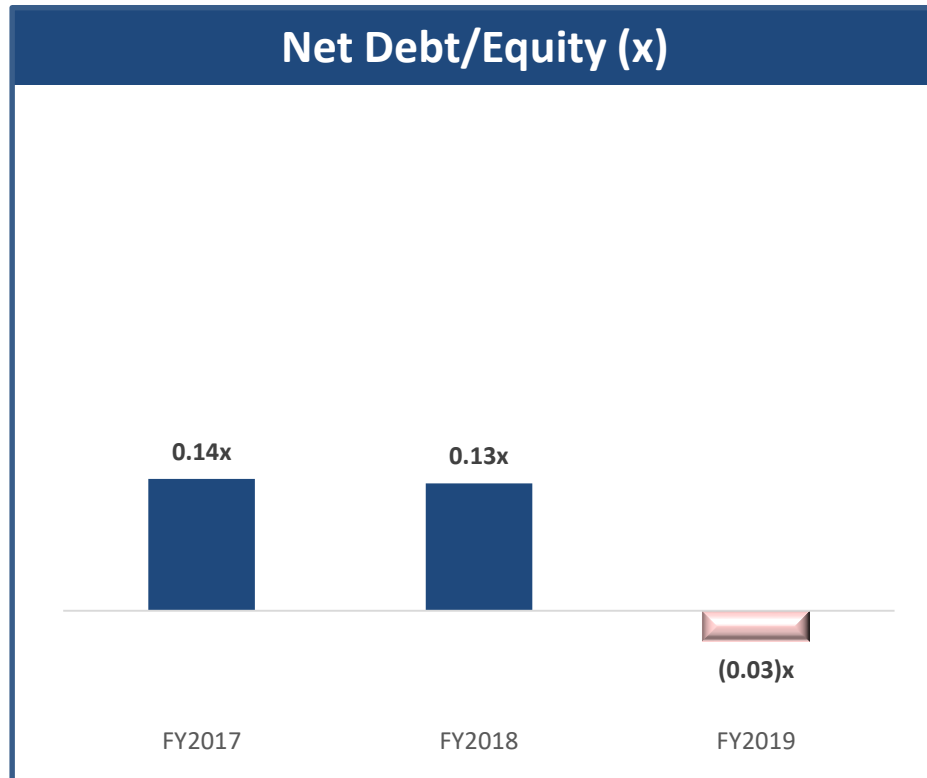


Consistent returns to shareholders resulting in wealth creation

Notes:

1. RoE= PAT/Average Total Equity
2. RoCE= EBIT/ Average Capital Employed

All numbers in Crores unless specified

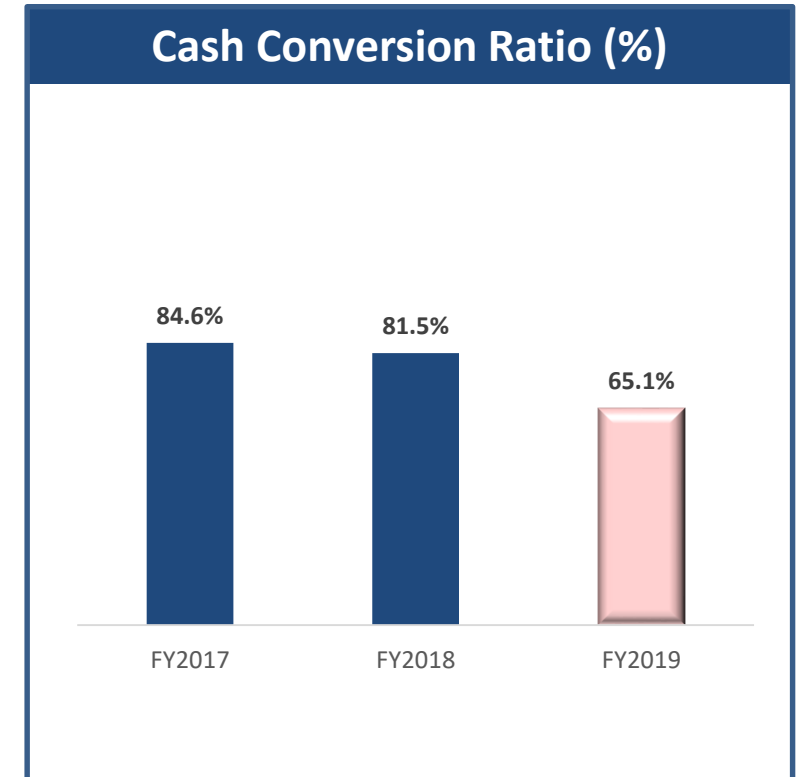
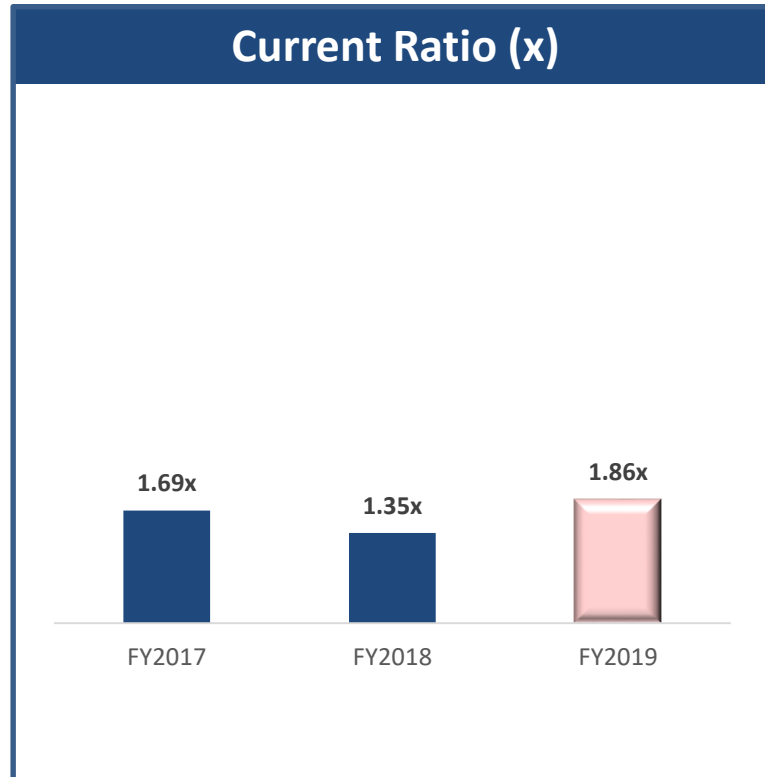
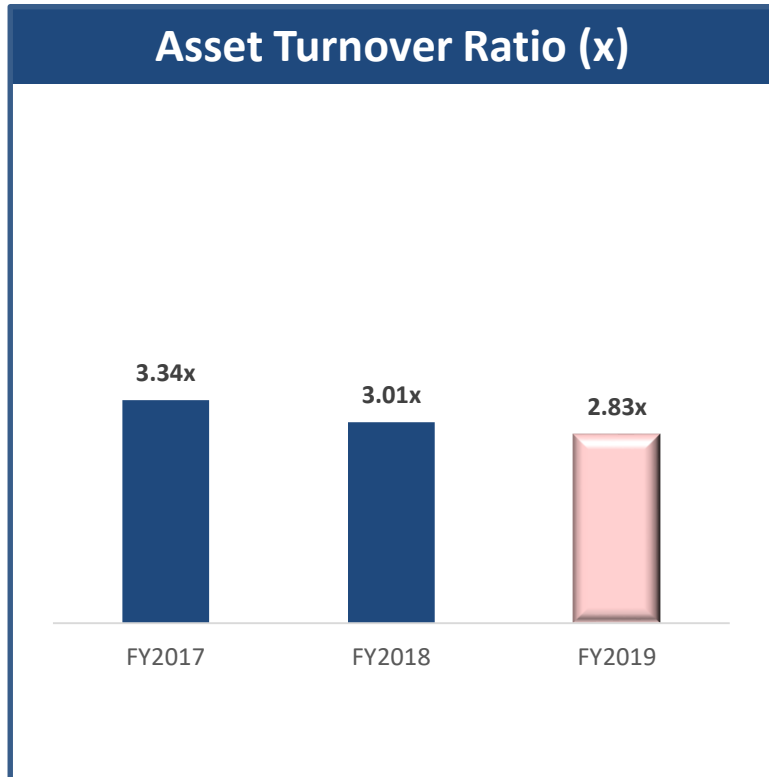


Notes:

1. Net Debt/Equity: (Total Debt – Cash and Cash Equivalents)/Total Equity
2. Interest Coverage Ratio: EBIT(Excluding other income)/Interest Expense

# Key Efficiency Ratios

All numbers in Crores unless specified



Notes:

1. Asset Turnover Ratio: Revenue from Operations/ Average Total Assets
2. Current Ratio: Current Assets/ Current Liabilities
3. Cash Conversion Ratio: Cash flow from Operations / EBITDA

# Financial Performance

All numbers in Crores unless specified

Particulars (in Cr)	Q1		Y-o-Y	Q4	Q-o-Q	Full Year		Y-o-Y
	FY2020	FY2019	Growth (%)	FY2019	Growth (%)	FY2019	FY2018	Growth (%)
Income from Operations	256.2	247.6	3.5%	265.8	(3.6)%	1,023.8	885.1	15.7%
EBITDA	29.6	27.0	9.8%	33.8	(12.4)%	119.0	90.7	31.3%
Margin (%)	11.6%	10.9%		12.7%		11.6%	10.2%	
EBIT	27.8	25.5	9.2%	32.1	(13.3)%	112.5	85.4	31.6%
Margin (%)	10.9%	10.3%		12.1%		11.0%	9.7%	
PBT	28.3	24.8	14.1%	32.8	(13.6)%	111.9	83.8	33.6%
Margin (%)	11.0%	10.0%		12.3%		10.9%	9.4%	
PAT	18.4	16.1	14.2%	21.7	(15.3)%	72.8	58.4	24.7%
Margin (%)	7.2%	6.5%		8.1%		7.1%	6.6%	
EPS	4.81	4.21	14.2%	5.68	(15.3)%	19.02	15.25	24.7%

Notes:

1. EBITDA and EBIT excludes other income; PBT and PAT includes other income
2. EBITDA and EBIT Margins are calculated on Income from Operations; PBT And PAT Margins on Total Income



# Capital Expenditure Plan

(In Rs. Cr)	Fixed Assets as on Mar 31, 2018	Fixed Assets as on Mar 31, 2019	Addition (Net) during FY 2019	Proposed Cap-Ex for FY 2020
Sorting Centres: Land and Construction	137.6	146.4	+8.8	~40-45
Plant & Machinery	8.3	7.9	-0.5	11.3
Cars	4.3	6.0	+1.8	2.1
Furniture & Fixtures	4.6	5.3	+0.7	1.8
IT Equip. (Hardware & Software)	4.3	4.4	+0.1	1.5
Office Equip.	2.9	3.2	+0.3	1.1
Capital WIP	0.03	1.4	+1.3	0.5
<b>Total</b>	<b>162.0</b>	<b>174.4</b>	<b>+12.4</b>	<b>60</b>

## Strategic Objectives:

- Owned Sorting Centres in lieu of leased and rented , with higher capacity utilization
- Strategic Locations for wider geographic access
- Direct Cost Benefits and Shorter Turnaround Time
- Operational Efficiencies through inhouse ERP and Automation
- Enhanced Profitability in the long run



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## Operations



Aligned with GST Registration/ Billing needs and E-Waybill generation for Intra/ Inter State movement of goods

## Information Technology



In house ERP has been upgraded to facilitate the state wise Revenues/Expenses recognition, reports, and other requirements to upload returns under GST regime

## Accounts



State wise set of books of accounts have been started and monitored centralized by corporate office. Line item wise reconciliation with customers/suppliers, tax deposition and return filing getting controlled from corporate office

## Marketing



Post implementation of GST, customers have realigned their warehouses from Regional to National structure and our system has supported them for multi locational services

# Important Macro-Economic changes In India

## GST

- Rationalizing the impact of taxes on Production, Distribution and Inventory management
- Would lead to faster movement of goods, increase consumption
- Consolidation of warehouses and emergence of point to point model
- Increase in manufacturing hubs

**Positive impact for TCI Express**

## DFC/Diamond Quadrilateral

- Creation of additional dedicated rail freight capacity resulting in reduction of unit cost of transportation
- Increased bulk multi modal movement for improved productivity and efficiency
- Development of logistics warehouses in the vicinity of freight corridors

**No impact for TCI Express**

## Increased outsourcing of Logistics

- Growth in trend towards outsourcing of logistics in non traditional industries
- Bringing in more focus from industry perspective

**Positive impact for TCI Express**

## E-commerce driven growth in consumption

- With increased per capita disposable income, consumption driven sectors will grow
- Sectors like Fashion, Lifestyle, Telecom and consumer durables etc, will get a boost.

**Positive impact for TCI Express**





## Diesel Price Fluctuation

- Most uncertain cost of production
- Sporadic over the past four years
- Impact Mitigation by TCI Express through Diesel Fuel Surcharge in contracts with both vendors and customers



## Lack of Infrastructure

- Cargo terminals and road conditions have remained a concern for Express industry
- Multiple initiatives have been taken by the government to reduce the gaps



## Unorganised Local Players

- Pose a continuous threat to the industry
- Expected consolidation to happen post GST



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# Board of Directors



**DP Agarwal**

*CHAIRMAN & DIRECTOR*



**Chander Agarwal**

*MANAGING DIRECTOR*



**Phool Chand Sharma**

*WHOLE TIME DIRECTOR & CEO*



**Vineet Agarwal**

*NON- EXECUTIVE DIRECTOR*



**Murali Krishna Chevuturi**

*DIRECTOR*



**Ashok Kumar Ladha**

*DIRECTOR*



**Taruna Singhi**

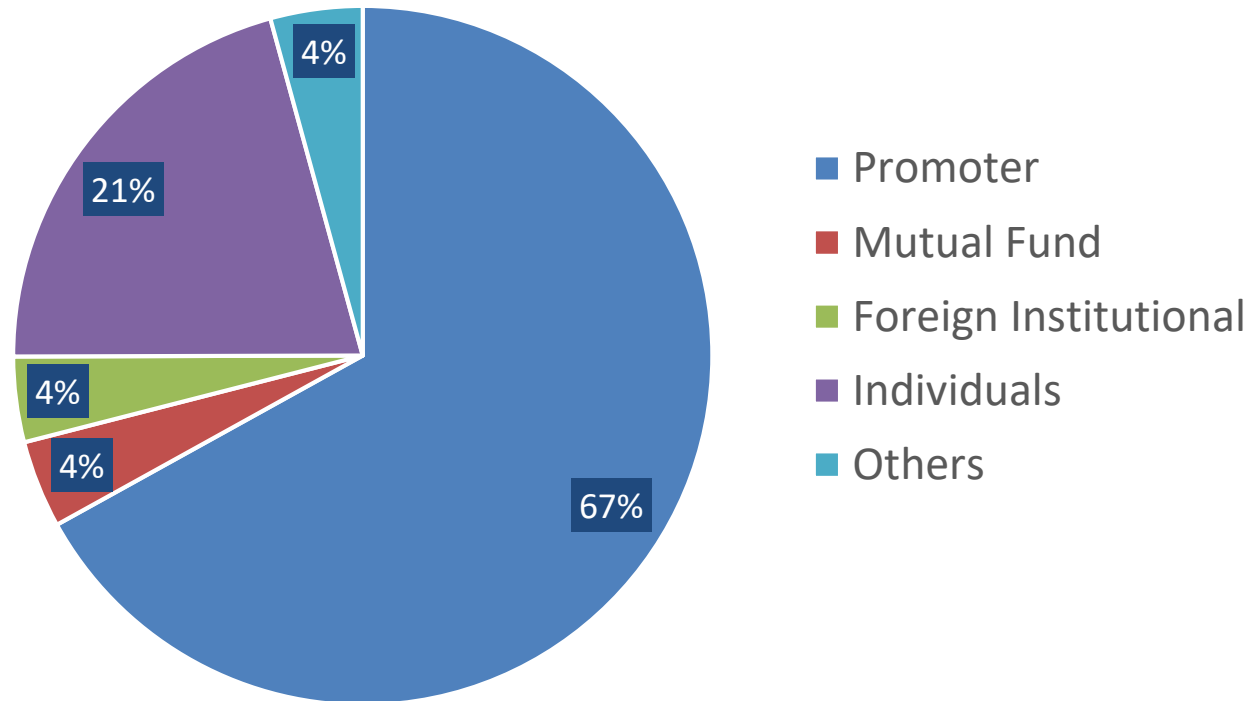
*DIRECTOR*



**Prashant Jain**

*DIRECTOR*

## Shareholding pattern as on 30<sup>th</sup> June 2019





# Awards and Recognitions

Won ET Now Stars of the Industry Awards for Excellence in CSR in 2018



Received Best CFO Award 2019 by Financial Express



Mr. Chander Agarwal, MD, awarded India's Inspirational Business Leaders 2019 in London



Won India Cargo Awards as 'Best Express Distribution Company' 2018



**Business Superbrand  
of 2019**



**The Economic Times  
Iconic Brands Of India**

**LISTED ENTITY**



Ranked 457 in Top 500 Companies based on Market Cap, as on March 31, 2019

**RATED BY**



**ISO CERTIFIED**



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# Key Associate Company & other group Companies

## SBU's and Services



FTL/FCL, LTL & Over-dimensional cargo services through road, rail & sea.



A single-window solutions enabler from conceptualization to implementation



Leading player in Coastal shipping, NVOCC & Project Cargo



Engaged in areas of education, women and child health, disability alleviation and rural sports growth

## Other Group Companies



JV with CONCOR to provide end to end multi modal solutions



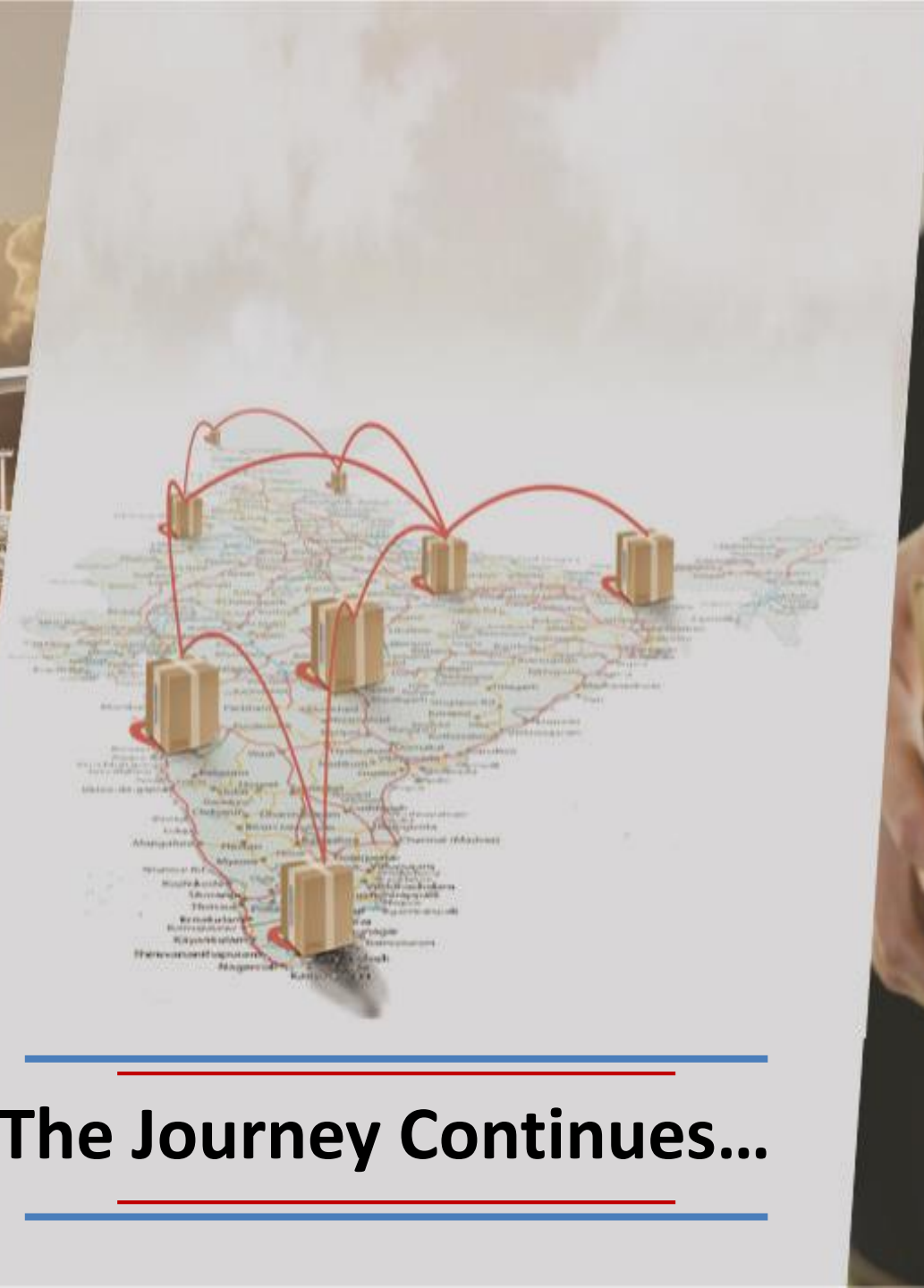
TDL undertakes development of the commercial properties of TCI. It also develops large scale warehouses, logistics parks etc.



JV with Mitusui & Co for Auto logistics (Toyota India project)

TCI Transportation Company Nigeria Ltd.

JV between Indorama Eleme Petrochemicals Ltd and TCI Global



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**The Journey Continues...**

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