



Q1 FY2021 Earnings Presentation



TCI EXPRESS
LEADER IN EXPRESS



Q1 FY2021 Highlights

Positive EBITDA and PAT despite lockdown restrictions and disruption of business activities due to Covid-19

Rs. 89 Cr

(65.4)% y-o-y

Q1 FY21 Op. Revenue

Rs. 4 Cr

Margin 3.9%

Q1 FY21 EBITDA

Rs. 1 Cr

Margin 1.0%

Q1 FY21 PAT

(0.20)x

Net Debt/ Equity Ratio

Key Highlights:

- Q1 FY21 was impacted due to the outbreak of Covid-19. With nationwide lockdown and new regional lockdowns in different parts of the country resulted in lower business activity and thereby impacting all industries including the logistics sector
- April was a washout, with gradual recovery in May. Levels in June have reached 70% of pre-Covid levels. It was only during the last 5 weeks that there was substantial recovery
- During the quarter, the company was focused on implementing cost rationalization measures and were reflected in the break-even cost of running operations





Commenting on the results, Mr. Chander Agarwal, Managing Director, said:

“The first quarter of FY2021 was expected to be worst impacted by the COVID-19 pandemic due to nationwide lockdown in the month of April and partial lockdown in the month of May. The complete or partial closure of factories coupled with lower business sentiments and demand has impacted all businesses and industries resulting in subdued business and economic activity in the first two months of the quarter. The logistics sector was also impacted in these market conditions due to lower industrial production, restriction on transportation of non-essential goods and inter-state challenges in view of the pandemic. The gradual recovery started from the later part of May however, it is still below the pre-Covid levels.

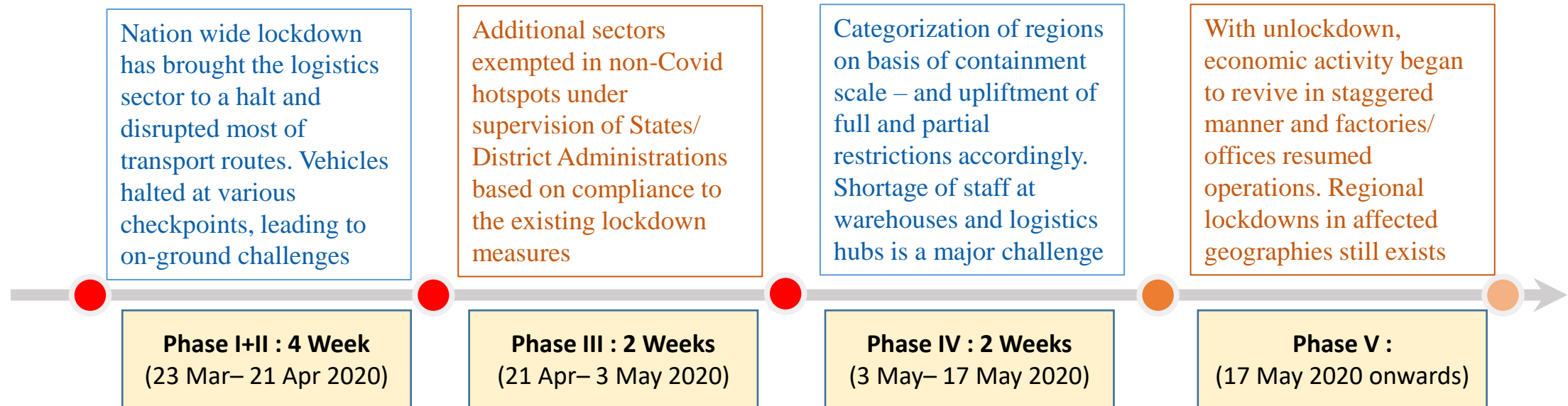
We are into transportation of B2B goods and therefore we were able to resume our operations in May with ease of restrictions on movement of non-essential products. In the month of May our utilization was 35%, which increased to 70% in June 2020. In view of these market conditions, the Company delivered Revenue from operations of Rs. 89 crores and EBITDA stood at Rs. 4 crores with margins of 4% and company delivered break-even profitability with PAT of Rs. 1 crore. The efficacy of cost rationalization measures implemented by the company were reflected in the break-even cost of running operations and the low operating leverage achieved in our business model due to lower fixed costs will result in cost synergies in the year ahead when the entire logistics sector is grappling with challenges of high operational costs.

The company’s strategy of moving towards owned sorting centres remains on track. During the quarter, we have incurred a capex of Rs. 16 crores primarily utilized in construction of two new sorting centres in Gurgaon and Pune and also increasing automation at our existing sorting centres to improve turnaround time and overall efficiency. We are expecting to commence commercial operations from new sorting centres from the third quarter of fiscal year FY2021.

Our clients, both Corporates and SME’s, initially faced complete disruption in first half due to lockdown restrictions but were able to resume operations in staggered manner in second half of the quarter. We are extending support to our customers and staying close to them to meet their requirements. Furthermore, the support of our employees to scale back services and operations quickly while complying with health and safety guidelines issued by the government and our unique and strong partnership arrangement with vendors has helped us to mitigate operational challenges to a large extent.

The economic activity has started show some early signs of recovery with resumption of factories, people returning to offices and improved business activity is expected to bode well for logistics sector and economy. TCI Express continues to solidify its position as the industry leader in terms of providing time definite services to customers and with our asset light business model, we are well positioned to navigate through the challenges and continue on the path of growth on quarter on quarter basis.

Covid -19 | Timeline and Impact



Impact on Domestic Economy:

- Markets rapidly deteriorated after mid-March due to nationwide lockdown
- Economic growth will be disrupted in H1FY21 as Covid 19 affects all sectors and both demand and supply
- GDP growth estimates for fiscal year has been downgraded by multiple agencies
- Restrictions on manufacturing activities and decreased demand hindered logistic sectors' operations and growth
- Reverse migration of labors resulting in manpower shortage will prolong recovery period
- The full impact on economy business will depend on the severity and course of the Covid-19 in the near term



TCI Express : Safety measures for Employees and Vendors



TCI Express Strengths : An agile and asset light business model, strong balance sheet and diversified clientele across industries will allow us to overcome the near-term challenges and TCI Express will emerge stronger

Cost Structure Optimization

- All cost heads being reviewed, focus on improving productivity and optimizing working capital

Solidarity and Support of Leadership during Crisis

- Managing Director decided to forego salary for 3 months (no salary cuts for employees)

Balanced and Prudent Cost Control Measures

- Promoting digital communication tools and reducing field operations footprint

Judicious Cash Utilization

- Evaluating Capex requirements and focusing on areas which are critical for future growth

Restructuring Operations

- Collaborating on Government projects to deliver health equipment's like ventilators and medicines



Fastest Express Delivery Company in India

TCI XPS was established in 1996 as one of the foremost divisions of Transport Corporation of India


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 All India

Serves 95% of B2B customers & 5% of B2C Customers

The only express cargo company in India with own set up across nation. Offers Sunday, Holiday and late pickup services

Ranked 402 in Top 500 Companies based on Market Cap, as on March 31, 2020

	Year of Commencement	1997
	Locations Serviced	40,000
	Countries Serviced	202
	Containerized Vehicles	5,000
	Air Gateways	24
	Company Branch Setup	800 +
	Workforce	3000 +
	Sorting Centres	28



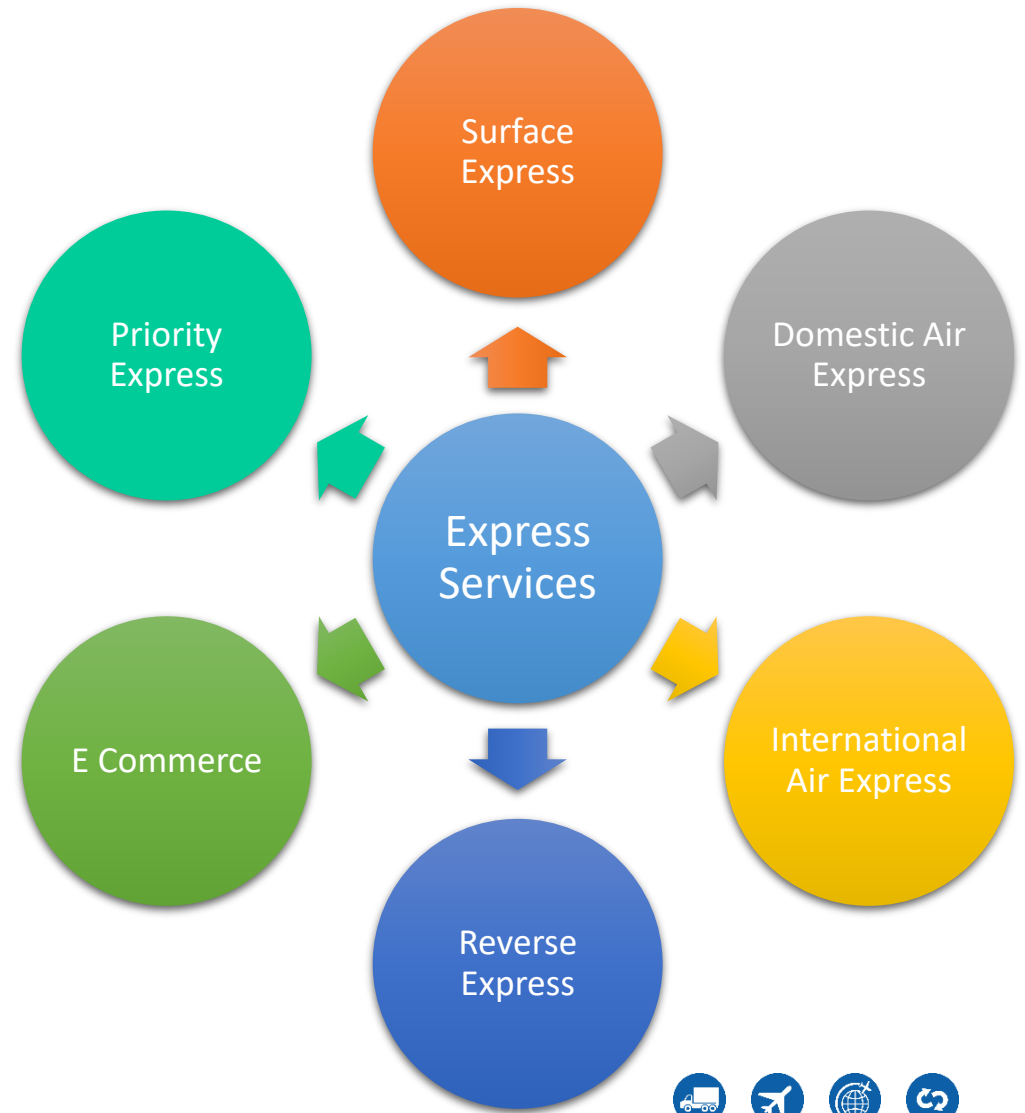
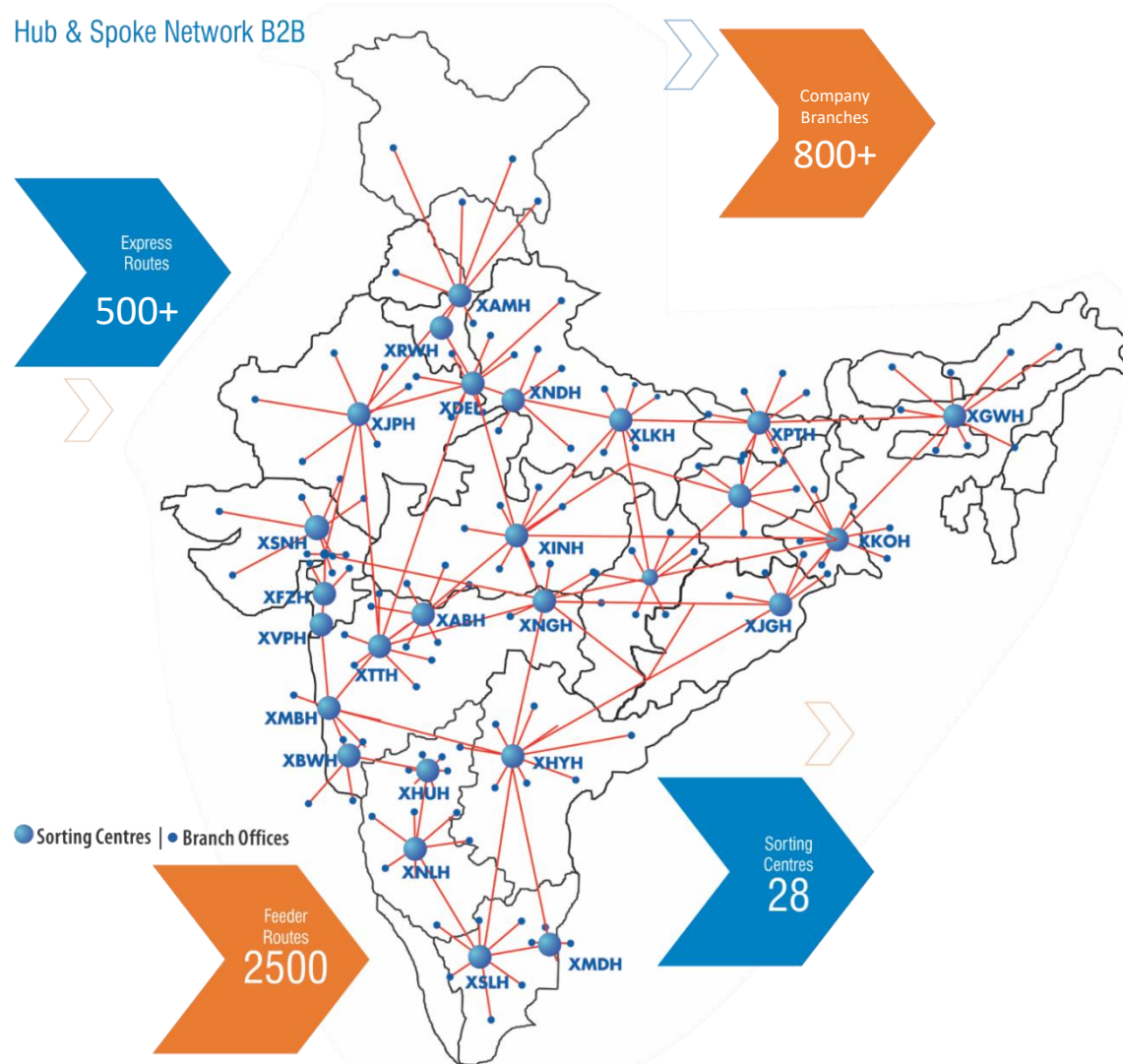
Why TCI Express?

Ranked 402 in Top 500 Companies based on Market Cap, as on March 31, 2020

- 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 

Geographical Footprint

Fastest Delivery Company in India





Revenue Growth

Impacted due to overall economic slowdown however it is minimized with:

- Highly diversified client base and well spread across industry verticals
- Continuous expansion in Metro and Tier I Cities through new branch offices



Capital Expenditure

Planned CapEx of Rs. 400 crores in 5 years

- Investment in sorting centres
- Automation and enhancing technological capabilities
- Out of which Rs. 119 crores have been spent in last three years



TCI Express Offering

- Expand value added services
- Continuous focus on volume growth through B2B client acquisition
- Expand air international business



Financial Performance

Particulars (in Cr)	Q1 FY21		Y-o-Y	Q4 FY20	Q-o-Q	Full Year		Y-o-Y
	FY2021	FY2020	Growth (%)	FY2020	Growth (%)	FY2020	FY2019	Growth (%)
Income from Operations	88.7	256.2	(65.4)%	237.9	(62.7)%	1,032.0	1,023.8	0.8%
Other Income	1.5	0.7		1.2		4.4	3.2	
Total Income	90.2	256.9	(64.9)%	239.1	(62.3)%	1,036.3	1,027.0	0.9%
EBITDA	3.5	30.3	(88.4)%	27.9	(87.4)%	125.7	122.2	2.9%
Margin (%)	3.9%	11.8%		11.7%		12.1%	11.9%	
EBIT	1.4	28.6	(95.1)%	25.8	(94.6)%	117.9	115.7	1.9%
Margin (%)	1.5%	11.1%		10.8%		11.4%	11.3%	
PBT	1.3	28.3	(95.5)%	25.5	(95.0)%	117.0	111.9	4.6%
Margin (%)	1.4%	11.0%		10.7%		11.3%	10.9%	
PAT	0.9	18.4	(95.0)%	19.0	(95.1)%	89.1	72.8	22.3%
Margin (%)	1.0%	7.2%		8.0%		8.6%	7.1%	
EPS	0.24	4.81	(95.0)%	4.95	(95.1)%	23.23	19.02	22.2%

Notes:

- EBITDA and EBIT includes other income
- All Margins calculated on Total Income

* All numbers in Crores unless specified



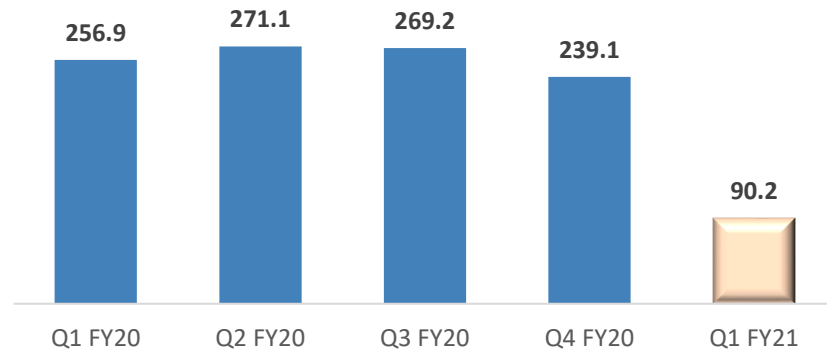
Q1 FY2021 Performance Discussion

- Total Income declined to Rs. 90 Crores vs Rs. 257 Crores in Q1 FY20 due to Covid-19 related lockdown restrictions which resulted in low volumes in April and May
- Positive EBITDA and margins of 3.9% were achieved even at the worst of the pandemic:
 - Effective cost control measures – lower operating expenses, employee benefit expenses and other expenses
 - Impacted by challenging and subdued economic environment
- Capex of Rs. 16 Cr incurred during Q1FY2021 on expansion of sorting centres and IT infrastructure
- Construction of new sorting centres at Gurgaon and Pune was affected by lockdown and we expect both of our new sorting centres to commence commercial operations from third quarter of fiscal year FY21

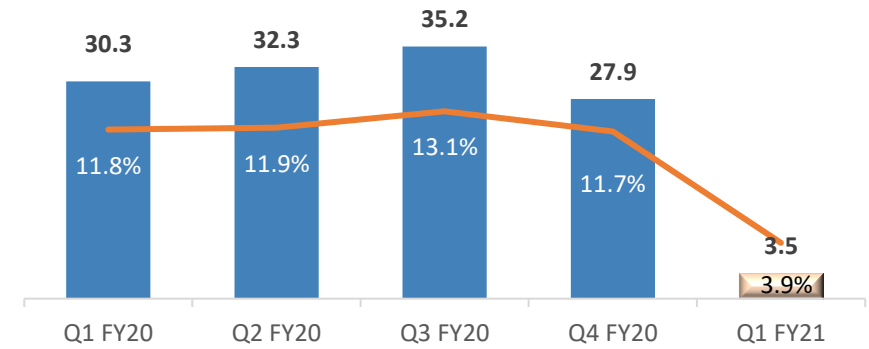


Quarter Performance Trends

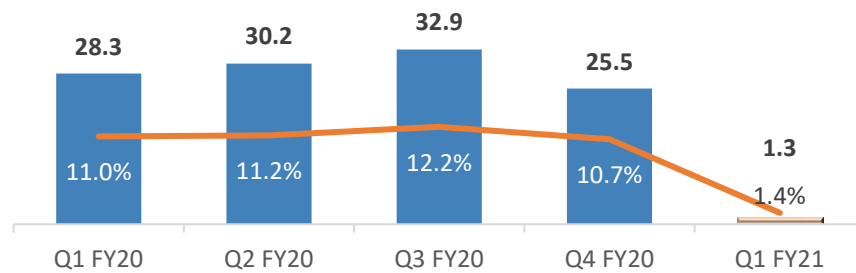
Total Income



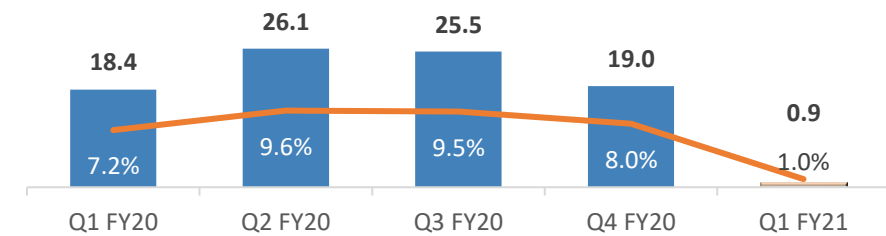
EBITDA and Margins



PBT and Margins



PAT and Margins



Notes:

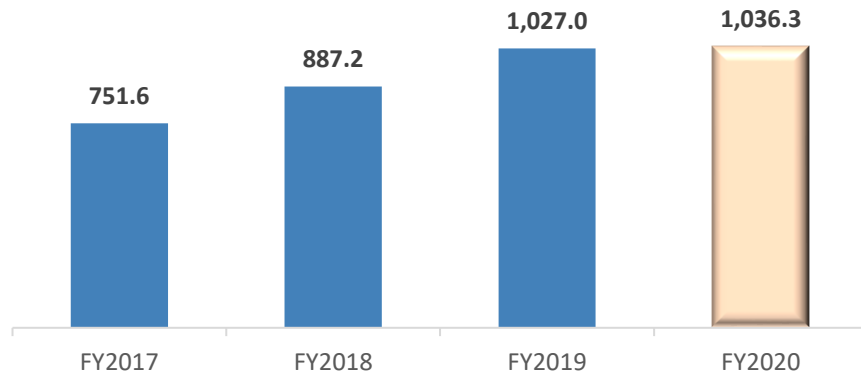
1. EBITDA includes other income
2. All Margins are calculated on Total Income

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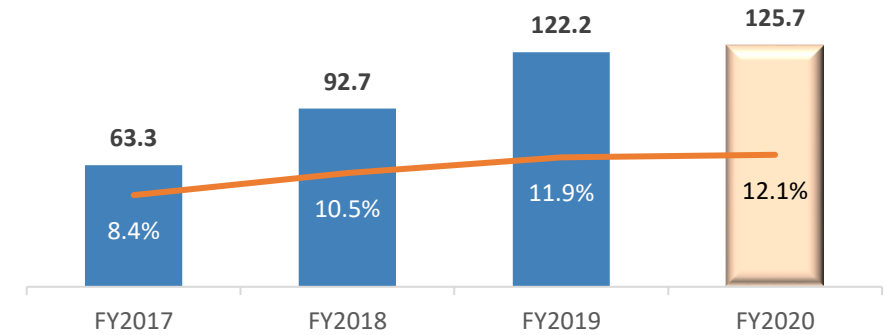


Annual Performance Trends

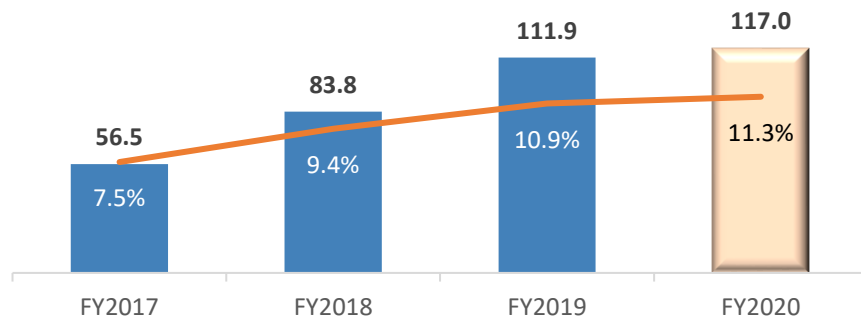
Total Income from Operations



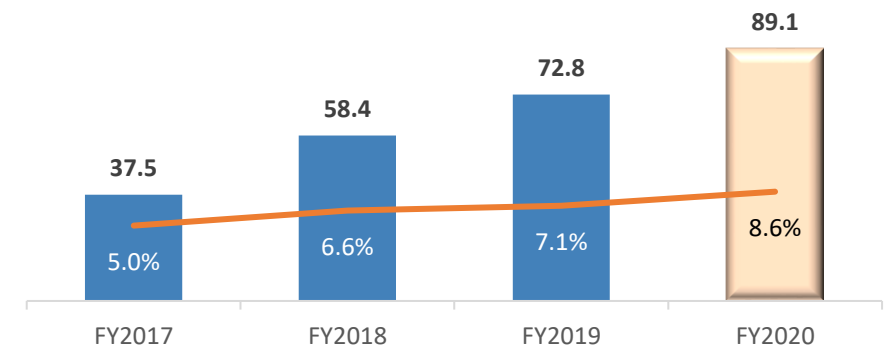
EBITDA and Margins



PBT and Margins



PAT and Margins



Notes:

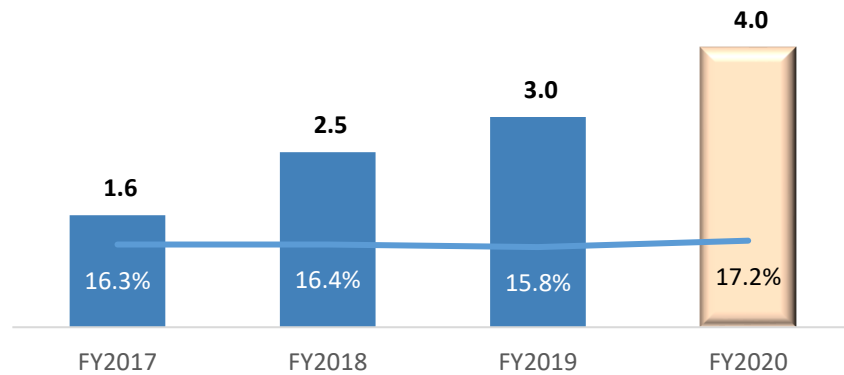
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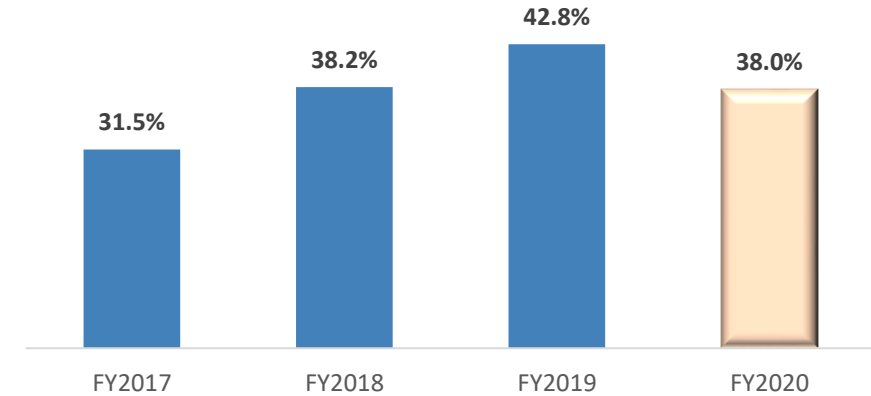


Key Ratios

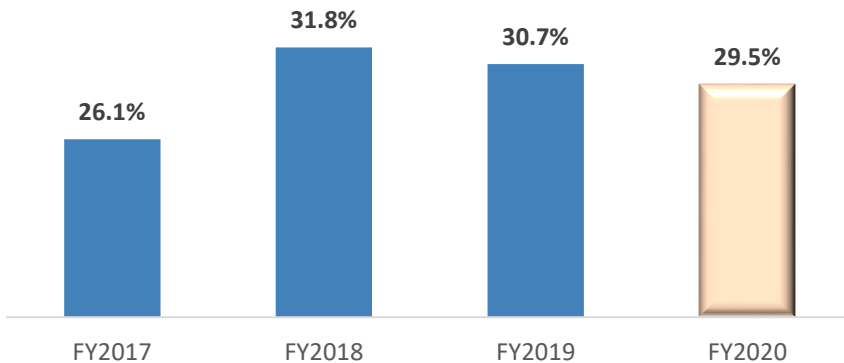
Dividend per Share (Rs) & Payout (%)



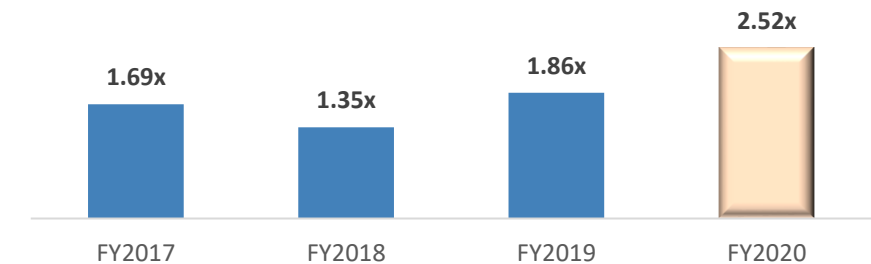
Return on Capital Employed (%)



Return on Equity (%)



Current Ratio (x)

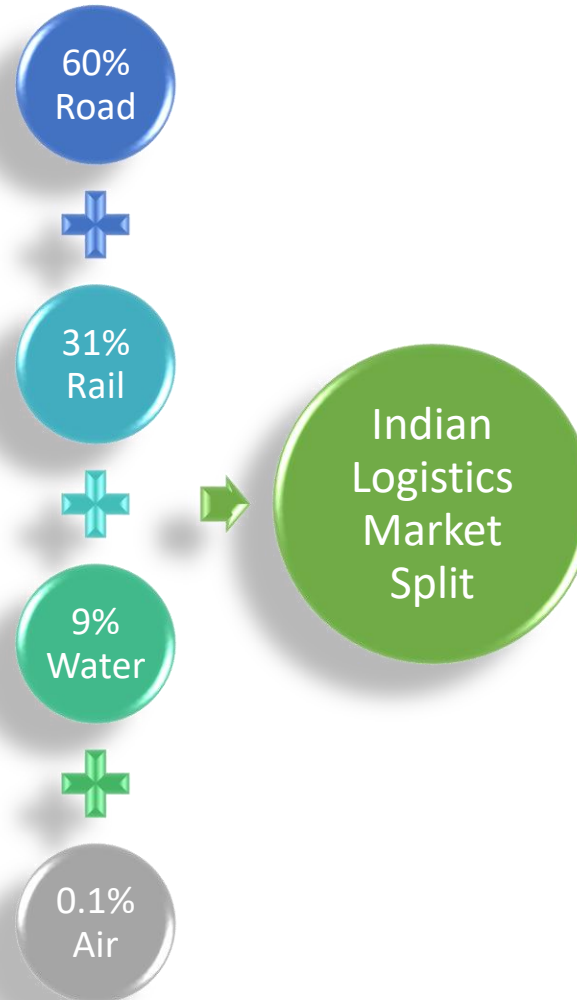
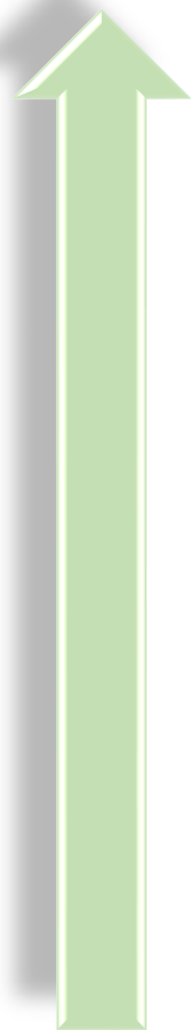


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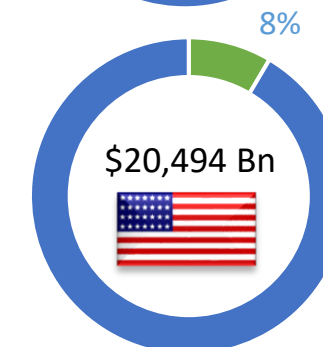
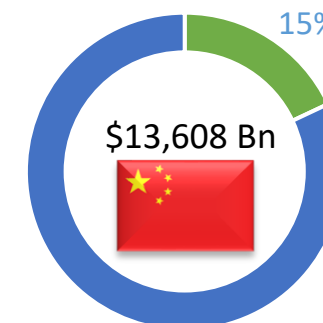
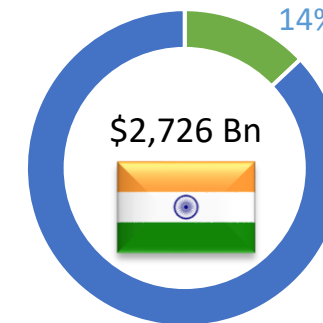
1. RoE= PAT/Average Total Equity
2. RoCE= EBIT/ Average Capital Employed



Express Industry – An Outlook



Logistics as % of GDP

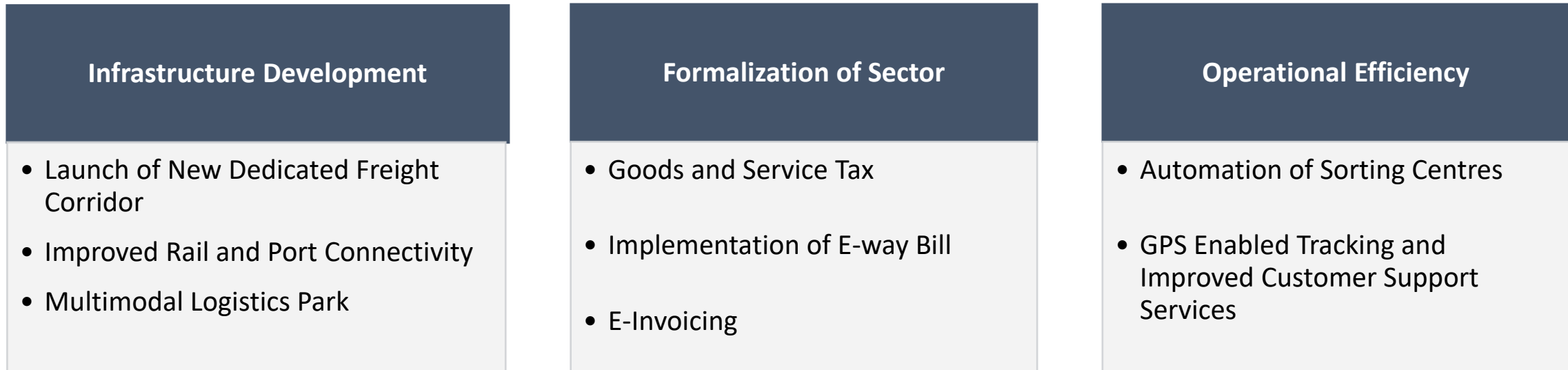


Notes:

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



Recent Logistics Sector Transformation Initiatives



Key areas for creating a sustainable growth in logistics sector



Management Team



Mr. D P Agarwal, *Chairman & Director*

Mr. D P Agarwal is the Chairman and Director of TCI. Mr. Agarwal has been associated with the transport industry for more than 51 years. He has been contributing in developing the unorganized logistics sector into an organized one.

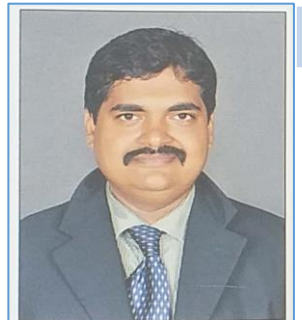
Mr. Agarwal is also associated with various Chambers of Commerce including CII, FICCI & PHDCCI. He also takes active participation in many social and philanthropic activities for the common good.



Mr. Chander Agarwal, *Managing Director*

Mr. Chander Agarwal is a Bachelor of Science in Business Administration from 1996 to 2001 from Bryant College, Smithfield, RI. He joined TCI as Summer Intern and worked in various departments including operations, logistics and marketing etc. thereby getting fair amount of exposure to the key functions in the Company.

His hands-on experience with Transfreight USA, a 3PL specializing in 'lean logistics' for Toyota Motor vehicles, USA, has given him unmatched knowledge of the Supply Chain Management. Currently he is spearheading Group TCI's international expansion across Asia, Latin America & Africa.



Mr. Pabitra Panda, *Chief Operating Officer*

Mr. Pabitra Mohan Panda, is a Chief Operating Officer (COO) of the Company effective from August 7, 2019. He is Post Graduate in Computer Applications and Statistics. He has joined TCI Group in the year 1998 and has a distinguished service record of 21 Years in the Company.

He worked in various functions and departments and risen to the designation of Regional Express Manager. Prior to such elevation as COO, he was appointed Regional Manager-Delhi Region on May 2, 2016.

Management Team



Mr. Mukti Lal, Chief Financial Officer

Mr. Mukti Lal is the Chief Financial Officer at TCIEXPRESS. He is a qualified Chartered Accountant and has been associated with Transport Corporation of India Limited (the Demerged Company) in various capacities for last 16 years. He was working as CFO-XPS, Division of Transport Corporation of India Limited. He is a finance professional with over a decade of experience spanning the entire gamut of finance and had played major role in overall strategy and corporate governance.



Mr. Manish Jain, Sales, Mktg & Corporate Communication

Mr. Manish Jain, Management graduate with 20 years of Logistics/ Express Industry expertise. Worked at all levels from Trainee Sales to Senior Management position. He is currently heading Sales and Marketing for TCI EXPRESS LIMITED. He believes at strong values, team collaboration, consistent and dedicated performance. He always thrives on "Out of the Box" thinking for most complex situations. Ethical, Self-motivated, Conscientious Leader is what defines him the best.

Awards and Recognitions

TCI Express is now certified as Great Place to Work



Logistics Excellence Tech innovator of The Year
At India Logistics Summit & Awards 2019



Best Express Logistics Services Provider of the Year
13th Express , Logistics & Supply chain Leadership Awards



Bharariya Manvata Vikash Puraskar 2019 to
Mr. Chander Agarwal, MD TCI Express
as Power Brands Inspirational Leader of India



ASIAN Business Leaders Award to
Mr. Chander Agarwal, MD TCI Express
for Demonstrating Exemplary Leadership Qualities



WCRC International Leaders Award to
Mr Chander Agarwal, MD TCI Express
as India's Inspirational Leader



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



Corporate Governance

LISTED ENTITY



Ranked 402 in Top 500 Companies based on Market Cap, as on March 31, 2020

IATA CERTIFICATE



ISO CERTIFIED



RATED BY



Business Superbrand of 2019



The Economic Times Iconic Brands Of India



Key Takeaways

- ❑ TCI Express revenue has grown at CAGR of 11.2% in last 4 years
- ❑ Asset light model continues to drive strong cash flows
- ❑ Consistently paying dividend for last 4 years and generating high return on capital employed
- ❑ Strong balance sheet and flexible capital structure
- ❑ Continued focus on technological advancement to reduce turnaround time

Contact Information

This presentation contains statements that are “forward looking statements” including, but without limitation, statements relating to the implementation of strategic initiatives, and other statements relating to TCI Express’ future business developments and economic performance. While these forward looking statements indicate our assessment and future expectations concerning the development of our business, a number of risks, uncertainties and other unknown factors could cause actual developments and results to differ materially from our expectations.

These factors include, but are not limited to, general market, macro-economic, governmental and regulatory trends, movements in currency exchange and interest rates, competitive pressures, technological developments, changes in the financial conditions of third parties dealing with us, legislative developments, and other key factors that could affect our business and financial performance.

TCI Express undertakes no obligation to publicly revise any forward looking statements to reflect future / likely events or circumstances.

For further information, please contact:

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