

# LIFELINE OF COMMERCE

## CORPORATE PRESENTATION

## **Cautionary Statement**

Statements in this “Presentation” describing the Company’s objectives, estimates, expectations or predictions may be “forward looking statements” within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company’s operations include global and Indian demand supply conditions, cyclical demand and pricing in the Company’s principal markets, changes in Government regulations, tax regimes, economic developments within India and other factors. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statement, on the basis of any subsequent development, information or events, or otherwise.

# Heritage and Market Positioning



## Leadership Market Position

- Started as a *'one man, one office, one truck'* company in 1958
- India's leading integrated supply chain and logistics solutions provider
- Customer focused strategic diversification in value added areas of logistics and transportation

## Best-in-Class Operations

- Fleet of 9,000 owned and managed trucks/trailers/reefer vehicles
- 10.5 MN sq. ft of warehousing space
- Skilled work force of 6,500 personnel and 20,000 outsourced positions

## Pan India Network

- Strong distribution network provides access to large and growing aftermarket
- 1,400 company owned branches nationwide, covering 99.5% of the GDP area and 17,000 locations within India and abroad.
- Transporting 2.5% by value of India's GDP

## Strong IT Backbone

- In-house ERP: EDI Capable
- Web-based "Track and Trace" through GPS

## Listed Entity



## Rated and Certified



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

## Corporate Social Responsibility



## Non Discrimination Policy

## On-going Investor Outreach programs

- Regular conference calls and annual meet with shareholders and analysts
- Timely and transparent disclosures through comprehensive annual reports and corporate presentations (readily available on the Company's website)

Unique to Logistics industry with high degree of professionalism



# Board of Directors



<b>Name</b>	<b>Designation</b>
Mr. S M Datta	Chairman (Non-executive independent director)
Mr. D P Agarwal	Vice Chairman & Managing Director
Mr. S N Agarwal	Non-executive director
Mr. O S Reddy	Non-executive independent director
Mr. K S Mehta	Non-executive independent director
Mr. Ashish Bharat Ram	Non-executive independent director
Mrs. Urmila Agarwal	Non-executive director
Mr. M P Sarawagi	Non-executive director
Mr. Vineet Agarwal	Managing Director
Mr. Chander Agarwal	Jt. Managing Director

# Impact of Macro-economic changes on Logistics

## GST

- Rationalizing the impact of taxes on Production, Distribution and Inventory management
- Consolidation of warehouses and moving towards Hub-and-spoke model
- Multi modal movement between Hubs

## DFC/ Diamond Quadrilateral

- Creation of additional dedicated rail freight capacity,
- Will reduce unit cost of Transportation by speeding up freight train operations.
- Increased bulk multi modal movement for improved productivity & efficiency
- Will result in development of logistic Warehouses in the vicinity of Freight Corridor.

## Increased outsourcing of Logistics

- Growth in trend towards outsourcing of logistics in non traditional industries
- Larger scope of outsourcing e.g. order processing, packaging, kitting etc. will go up

## E-commerce driven growth in consumption

- With increased per capita disposable income, consumption driven sectors will grow
- Sectors like Food services, e-commerce, consumable durables etc. will get a boost .

GST

- Rationalizing the impact of taxes on Production, Distribution & Inventory management
- Consolidation of warehouses
- Multi modal movement between Hubs

## Transportation

- Larger Warehouses and borderless movement of goods would lead to increased transportation lot sizes, multimodal movement
- Lesser border checks/paper work would lead to faster movement of trucks. Transit times and hence cost may shrink by 20-30%

## Warehouse

- Network to be determined based on the ambit of Additional Tax.
- Network optimization efforts to commence
- Consolidation of warehousing to commerce.
- Emergence of hub and Spoke model
- Larger sizes of warehouses (hubs)
- Warehouses closer to manufacturing and/ or consumption areas.



# Macro impact on Logistics: E-commerce driven growth in consumption

E-commerce driven growth in consumption

With increased per capita disposable income, E-commerce to drive consumption

Now

Current market size of E-com  
**\$ 2.3 billion or 0.4% of Retail market .**

Estimated size by 2020: **\$ 32 billion or 3% of the retail market**

Impact

Current logistics spend of E.com \$164 Mn

Expected by 2020: \$737 Mn

# TCI : Serving the Complete Ecommerce Chain



## 1. At Supplier

- i Supplier Coordination
- ii Scheduling
- iii Route optimization

## 2. Inventory / Marketplace / Cross Dock- FC

- i Receipts and Bar Coding
- ii Put away and Storage
- iii Order processing on SLA
- iv Sortation and Ship
- v Return Shipment Management
- Vi Return To Vendor

## 3. At Customer place

- i Doorstep delivery
- ii FOD
- iii Reverse logistics

# Industry Dynamics and SBU Snapshot



	<b>TCI Freight</b>	<b>TCI XPS</b>	<b>TCI Supply Chain Solutions</b>	<b>TCI Seaways</b>
<b>Industry Scenario</b>	Mature, Fragmented, Low barriers to entry, low cost	Growth, niche, high entry barriers, cost efficiency	Nascent, knowledge based, very high barriers, single window	Growth, high entry barriers, low cost
<b>Industry Growth</b>	5-8%	8-12%	15-20%	10-15%
<b>% of Total Revenues (FY 14-15)</b>	37% (811 cr.)	30% (659 cr.)	28% (612 cr.)	5% (113 cr.)
<b>TCI EBIDTA Margins</b>	3-5%	8-10%	10-12%	25-30%
<b>Rev. Growth CAGR 5 Yrs.</b>	-	9.4%	11.7%	12.9%
<b>ROCE (5-yr Average)</b>	11%	46%	25%	17%
<b>ROCE (10-yr Average)</b>	15%	40%	23%	19%

- One of India's premier organized freight services provider with pan India presence
- Around 2400 trucks and trailers, both owned and leased, provide freight movement services on a daily basis

## Road

Provides full truck load (FTL), less than truck load (LTL) and parcel services

600 owned offices

Large client base with a strong Key Account Management system

## Rail

Provides different types of services such as containers, wagons and special automotive wagons

## Over Dimensional Cargo

Provides logistics solutions for over dimensional, bulk and heavy cargo

Project management

Own hydraulic axles and trailers



51% equity stake



**TCI CONCOR**  
*Multimodal Logistics Solutions*

49% equity stake



*Container Corporation of India Ltd*

## Potential Benefits

- Integration of rail and road cargo movement
- Establishing synergy between two rail and road giants
- JV company provides end to end multi modal solutions
- Providing ideal mix of cost & speed
- Total Paid up Equity- Rs 7 Cr
- FY 2014-15 Net Revenues- RS. 77.7 Cr. and Net Profit of RS. 0.5 Cr.

# TCI Freight Division: Financials



<i>Rs. In Crores</i>	2014-15 (Audited)	% increase over last year	2013-14 (Audited)
Revenues	810.6	4.8	773.5
EBDITA	21.4	58.3	13.5
EBITDA Margin %	2.6		1.7
PBIT	12.6	142.3	5.2
Capital Employed	194.7	5.9	183.8

**Division's share in overall business consistently reducing**

	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15
Share in total Revenue	46%	43%	40%	38%	37%

## Outlook:

- Projected growth of around 5-10% with better economic conditions
- Focusing on high margin sundry and LTL business and better capacity utilization

- The division provides express door-to-door service for time sensitive and high value documents and parcels
- Operates through dedicated vendors
- 10% business is through air cargo
- Growing in both B2B and B2C part of e-commerce business

## Domestic & International

13000 locations in India &  
200 countries

Air (chartered space from  
Airlines)

Surface: Road & Rail

## Value Added Services

Diplomat (non service  
location) Delivery

Holiday Service

Freight on Delivery

Money back guarantee  
scheme

## USP

Packages: 5-50 KGs.

Air cargo: all dimensions

Well positioned hubs

Key Account Management  
system

# TCI XPS Division: Financials



<i>Rs. In Crores</i>	2014-15 (Audited)	% increase over last year	2013-14 (Audited)
Revenues	658.9	9.8	600.2
EBDITA	51.9	7.6	48.3
EBITDA Margin %	7.9		8.0
PBIT	45.9	4.6	43.9
Capital Employed	105.0	14.0	92.1

## Outlook

- Business growth projected at 15%-20% with increased focus on ecommerce, high consumption driven sectors
- Focusing on improvements in operating margins by better capacity utilization and services automation



- SCS division provides inbound/outbound logistics and supply chain solutions from conceptualization to implementation
- Operates with a customized fleet of 1100 own trucks including 34 refrigerated trucks
- Auto sector currently contributes to 75% of total SCS revenue
- High growth in managing Fulfillment centers and backend operations for e-commerce

## Supply Chain Consulting

Design of Supply chain strategy from procurement to distribution

## Cold Chain

Transport & storage solutions for perishable cargo in Pharma, Foods & Chem

## Supply Chain Execution

Lead Logistics Provider

## Key Account Management

Group Services

## Warehousing

Distribution Centers, Cross Docks & In-Plant

## Marquee Customers

Maruti, VW Group, Tata Motors, Hero, Bajaj, Hindustan Unilever, Samsung,

Auto	Retail & CP	Hi-Tech	Pharma	Cold Chain	Chemicals	Record Management Services -RMS
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49% equity stake



51% equity stake



**Mitsui & Co. Ltd**

## Synergy with TCI

- Lead logistics partner for Toyota Kirloskar Motors Ltd. and for other Japanese auto companies in India
- Complete logistics solutions from inbound to outbound transportation across India and abroad

# TCI Supply Chain Division: Financials



Rs. In Crores	2014-15 (Audited)	% increase over last year	2013-14 (Audited)
Revenues	611.8	13.2	540.4
EBDITA	64.8	19.8	54.1
EBITDA Margin %	10.6		10.0
PBIT	37.4	18.0	31.7
Capital Employed	163.6	0.4	162.8

## Outlook

- Planned growth of 20+% with improvement in auto retail and economy in general
- Aims to be significant player in warehousing in Apparel, Retail, FMCG and E-commerce
- Significant pipeline of potential contracts in all verticals

- This division provides coastal shipping services for transporting container and bulk cargo along the Western & Eastern coast of India

## Ships Owned

04 domestic ships with capacity of 3500 – 10600 DWT, including Project Ships equipped with own cranes

(Total capacity of 23360 DWT)

## Coastal Shipping Services

Scheduled services on both coasts:

-Mundra to Cochin

-Chennai/Vizag to Andamans

## Other Services

Chartering of Vessels

Stevedoring & MTO License

NVOCC with own & leased containers

# TCI Seaways Division: Financials



Rs. In Crores	2014-15 (Audited)	%increase over last year	2013-14 (Audited)
Revenues	112.9	5.3	107.2
EBDITA	33.7	16.1	29.0
EBITDA Margin %	29.9		27.1
PBIT	28.6	16.7	24.5
Capital Employed	156.0	88.6	82.7

- 1 Dry-dock in H-1 took place in Q1/FY 15.
- Two ships were added in the year 2014-15 with a DWT of 15362.

## Outlook

- West coast service to stabilize and grow
- Increasing awareness of coastal service as a multi modal option

## Energy division

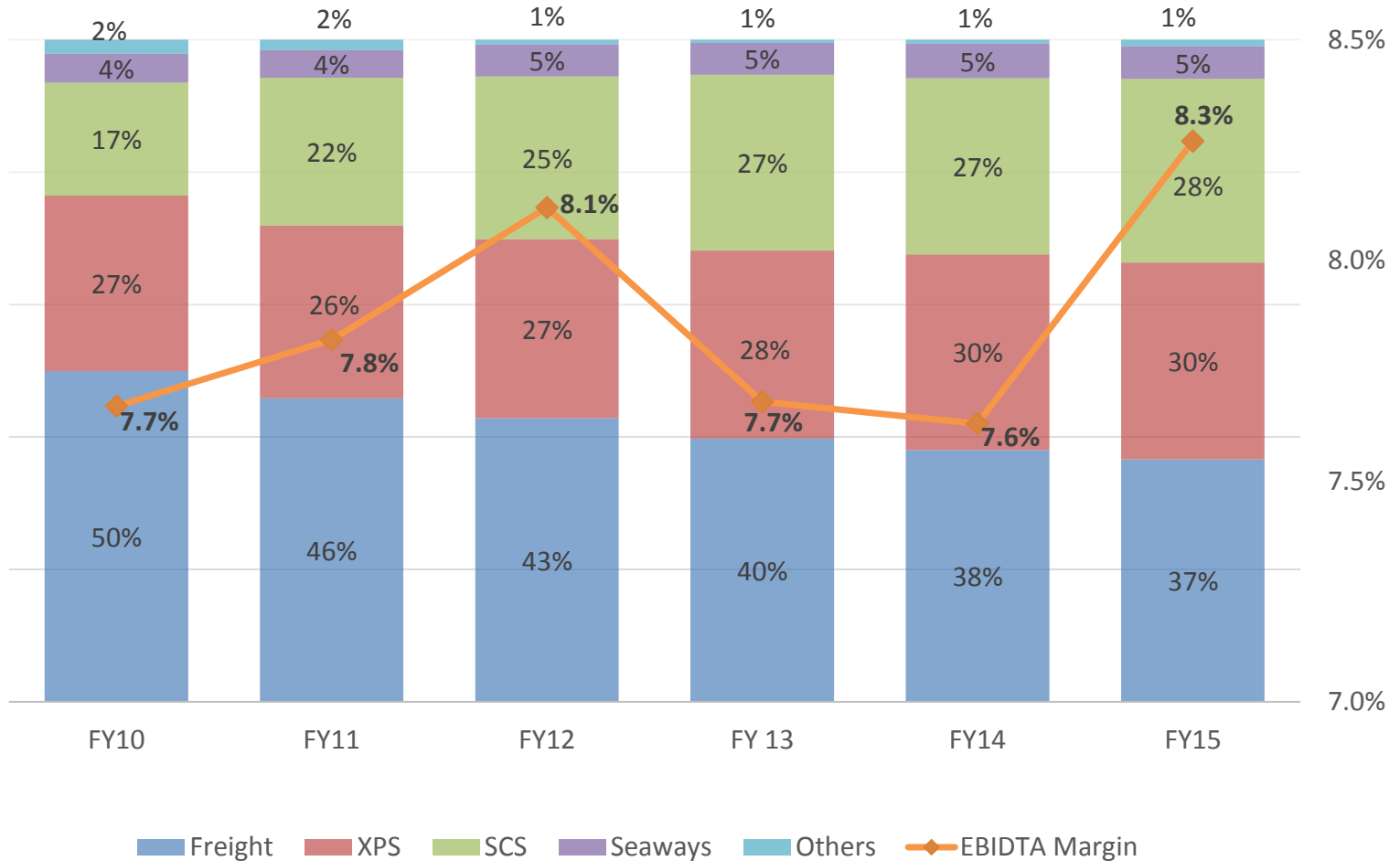
Rs. In Crores	2010-11 (Audited)	2011-12 (Audited)	2012-13 (Audited)	2013-14 (Audited)	2014-15 (Audited)
Cumulative capacity	11.50 MW	11.50 MW	11.50 MW	11.50 MW	11.50 MW
Capital Employed	39.9	37.4	34.6	31.1	29.6
EBIDTA	5.2	6.0	6.3	5.8	5.0

## Global division

- TCI Global's new initiative to target international business through subsidiaries
- Two Operating International JVs in Indonesia and Nigeria.
- Activities undertaken: Local Distribution and Mining Logistics.

# Divisional Performance

## Standalone Revenue Mix : Share of XPS & SCS is rising



# Standalone & Consolidated results



## Income Statement

Particulars (Rs in Cr.)	2013-14	2014-15	2014-15 (Cons)
Freight	1907.62	2050.01	2265.19
Other Sales & Services	119.65	146.74	151.53
Other Income	5.72	12.38	9.06
<b>Total Income</b>	<b>2032.99</b>	<b>2209.13</b>	<b>2425.78</b>
<b>Revenue growth %</b>	<b>3.90%</b>	<b>8.66%</b>	<b>8.51%</b>
Operating expenses	1641.19	1764.78	1947.74
Other expenses	236.75	261.61	275.83
<b>Total Expenses</b>	<b>1877.93</b>	<b>2026.39</b>	<b>2223.57</b>
EBITDA	155.05	182.74	202.21
<b>EBITDA Margin %</b>	<b>7.63%</b>	<b>8.27%</b>	<b>8.33%</b>
Interest Expense	29.67	31.91	33.32
Depreciation	42.43	49.46	54.51
Exceptional Item	0.00	0.17	0.18
PBT	82.95	101.20	114.20
<b>PBT Margin %</b>	<b>4.08%</b>	<b>4.58%</b>	<b>4.70%</b>
Taxes	20.93	25.25	32.58
PAT	62.02	75.95	81.62
<b>PAT Margin %</b>	<b>3.05%</b>	<b>3.44%</b>	<b>3.36%</b>

## Balance Sheet

Particulars (Rs in Cr.)	2013-14	2014-15	2014-15 (Cons)
<b>1. Shareholders Funds</b>			
Share Capital	14.59	15.13	15.13
Reserves & Surplus(Excl. Rev. res)	427.49	559.84	601.77
Minority Interest	0.00	0.00	3.45
<b>2. Non Current Liabilities</b>			
Long term Borrowings	35.64	73.45	77.84
Deferred tax Liabilities (net)	32.70	28.48	29.26
Other long term liabilities & Provisions	0.00	0.00	0.20
<b>3. Current Liabilities</b>			
Short term borrowings	222.87	197.53	205.80
Trade payables	63.19	69.30	86.96
Other current liabilities	60.68	53.31	54.28
Short term provisions	35.87	48.29	50.92
<b>TOTAL</b>	<b>893.03</b>	<b>1045.33</b>	<b>1125.61</b>
<b>1. Non current Assets</b>			
Fixed Assets	387.38	470.66	513.71
Goodwill on consolidation	0.00	0.00	0.22
Exchange fluctuation on consolidation			2.43
Non current Investments	45.17	44.40	7.21
Long term loans and advances	35.40	40.71	40.71
Other non current assets	0.75	2.64	2.64
<b>2. Current Assets</b>			
Inventories	1.70	2.28	2.28
Trade Receivables	346.08	393.84	434.56
Cash & cash equivalents	17.25	16.51	42.12
Short term loans and advances	58.85	73.02	78.46
Other current assets	0.45	1.27	1.27
<b>TOTAL</b>	<b>893.03</b>	<b>1045.33</b>	<b>1125.61</b>

*Notes: Increase in share capital includes 24 lacs equity share issued to IDFC Premier Equity Fund at price of 249/- for Rs. 5976 lacs*

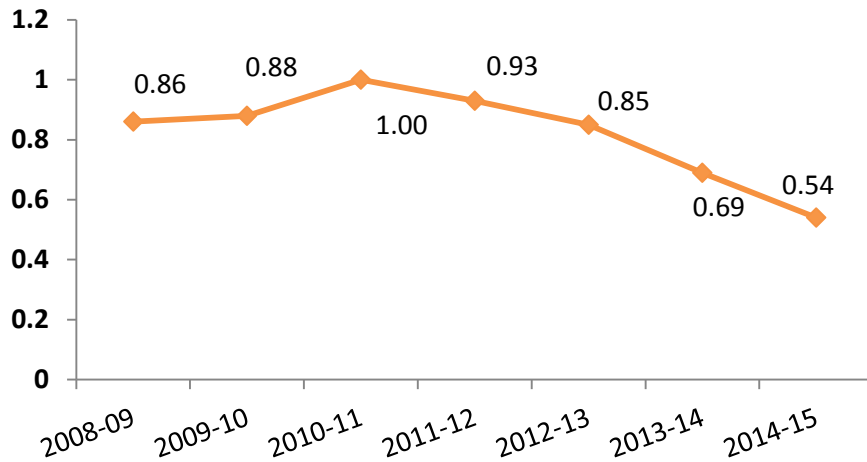


# Financial Performance

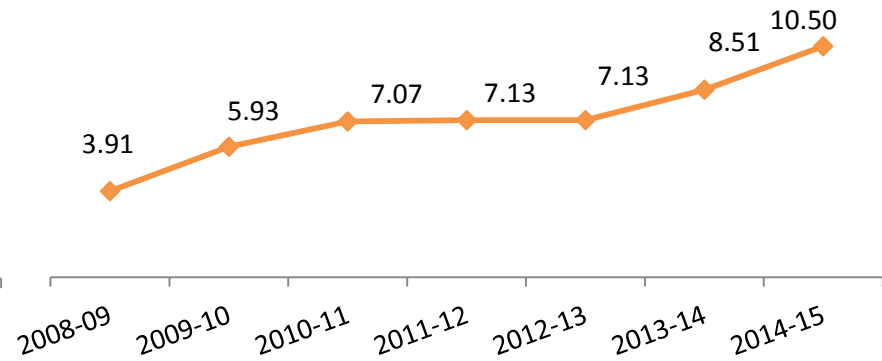


Owing to Top ratings from Credit Agencies, good financial discipline and high creditworthiness, TCI's average interest cost is below 10.00%

Debt – Equity Ratio



Earnings per Share (in Rs)



	UOM	2013-14	2014-15
Debt Service Coverage Ratio	Times	1.80	2.31
Return on Capital Employed	%	14.62	15.71

# Capital Expenditure Plan



Rs. In Crores	2013-14 Actual	2014-15 Actual	Total Actual (FY 2006-07 to 2014-15)	2015-16 Proposed
Hub Centers & Small warehouses	55.6	41.6	260.2	166.8
Wind power	0.0	0.0	9.0	0.0
Ships & Containers	0.6	77.6	151.5	2.2
Trucks	22.5	20.7	240.7	80.0
Others (W/H Equip., IT etc.)	6.1	12.6	77.1	26.0
<b>Total</b>	<b>84.8</b>	<b>152.5</b>	<b>738.5</b>	<b>275.0</b>

## Funding Pattern:

Sources of finance for the Capex in FY 2015-16

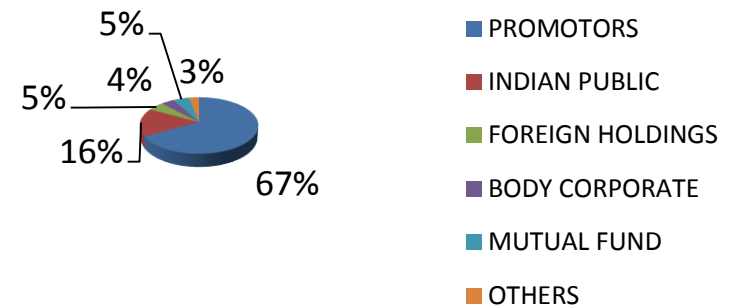
Rs. In Crores	Debt	Internal Accrual	Total
FY 2015-16	200	75	275

# Market Summary

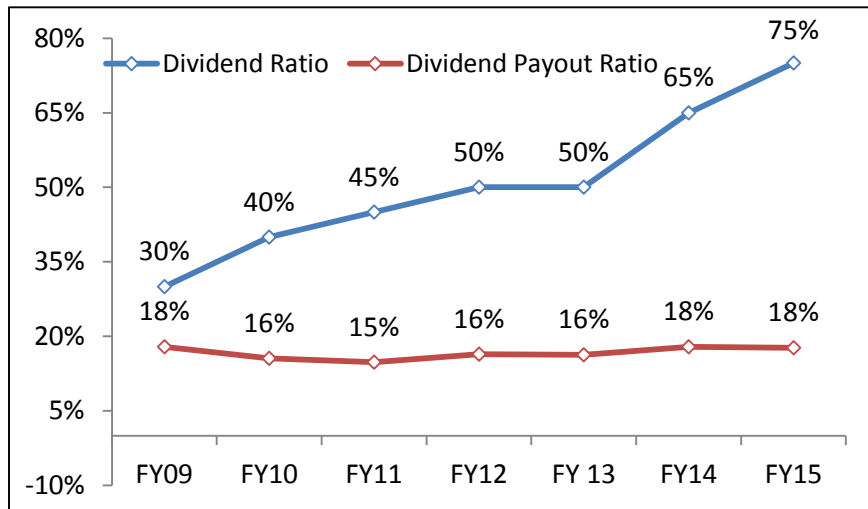
## Market Summary (Rs In Crore)

Market Cap as on 31 <sup>st</sup> Mar`15	1972
Debt	307
Enterprise Value	2262
P/E	25.2
EV/EBITDA	12.4
52 Week High	290.6
52 Week Low	106.0

## Shareholding Pattern as on 31st Mar 2015



## Consistent Dividend track trend



## Growth Drivers

- TCI XPS & TCI SCS continue to be main growth drivers.

## Cost Drivers

- Economies of scale
- Operational efficiency key to maintain cost control
- Receivables management

## Macro Drivers

- Economic reforms, Implementation of GST and infrastructure investment: Logistics sector to be in higher trajectory.
- Ambitious Capex and expansion plans in current fiscal



**THANK YOU**