



Transport Corporation of India 2016 Investor Presentation

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synergy in logistics



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.

Group TCI

Key Facts

Year of Establishment

1958

Turnover

2900 Cr.

Movement by Value of India GDP

2.5%

Employees Strength

6000+

Company Owned Branches

1400+

Warehouse Covered Area

11 Mn Sft

Vehicles/Day Managed on Road

9000

Highlights 2015-16

E-Com

8 Fulfilment centers with delivery capacity of 1 Lac orders/day

Inauguration of World-Class Cold Chain Warehouse on Pataudi Road, Gurgaon

Cold Chain

Connecting SAARC

Incorporation of 100% subsidiary in Bangladesh as "TCI Bangladesh Limited"

Group TCI

SBUs & 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



Cater to local logistics requirement of a country

Joint Venture Companies



JV with CONCOR to provide end to end multi modal solutions.



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



A JV between Indorama Eleme Petrochemicals Ltd. and TCI Global

Other Group Companies



Specialized in offering time definite solutions with strength of 2000+ team of professional and 13000+ delivery points.



TDL undertakes development of the commercial properties of TCI. It also develops large scale Warehouses, Logistics Parks etc

TCI XPS has been demerged into a separate entry TCI Express Ltd at the close of business hours of 31st March 2016

Corporate Governance

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)

Board of Directors

Name	Designation
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	Non-executive 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-Key Implications on Warehouse & Transport Industry

GST

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

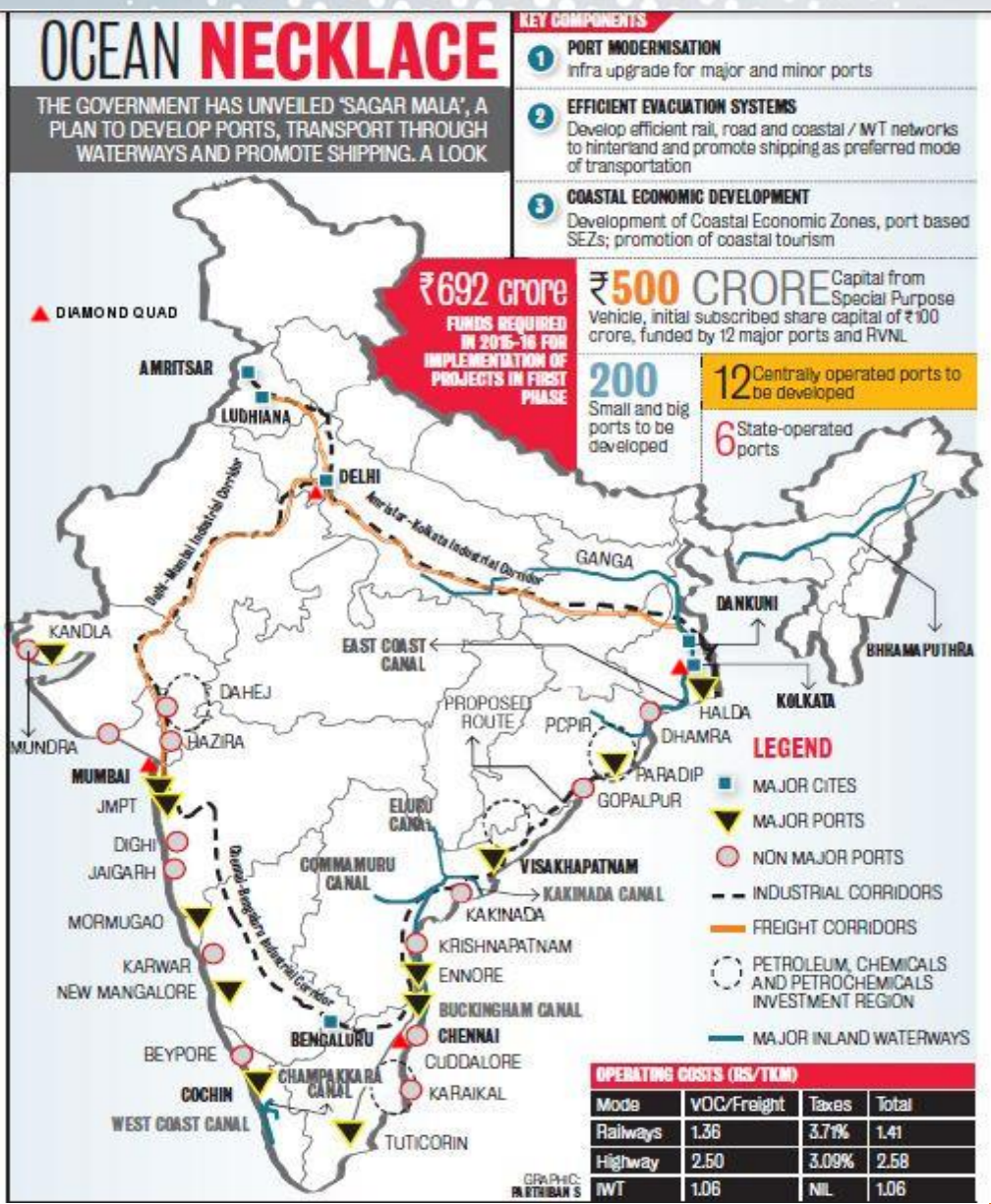
Transportation

- Larger Warehouses and borderless movement of goods would leads to increased transportation lot sizes, multimodal movement
- Lesser border checks/paper work would lead to faster movement of trucks. Transit times and 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 commence.
- Emergence of hub and Spoke model
- Larger sizes of warehouses (hubs)
- Warehouses closer to manufacturing and/ or consumption areas.

Sagar Mala & Diamond Quadrilateral



Sagar Mala

Sagar Mala envisages port led development of the country that would look towards transforming the existing Ports into modern world class Ports and integrate the development of the Ports, the Industrial clusters and hinterland and efficient evacuation systems through road, rail, inland and coastal waterways resulting in Ports becoming the drivers of economic activity in coastal areas

The project aims to change the way logistics evacuation happens in India, save logistics costs nationwide for cargo handled and evacuated through seaports, boost overall economic development through ports and empower coastal communities

Diamond Quadrilateral

The Diamond Quadrilateral is a project of the Indian railways to establish high speed rail network in India. This quadrilateral will connect the four metro cities in India, i.e. Delhi, Mumbai, Kolkata and Chennai.

This corridor will be operated on broad-gauge tracks and will pass through 14 states and territories of India.

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

SBU-wise Details



- Provides Full truck load, Less than truck load, logistics solutions and project management for heavy and over-dimension cargo solutions parcel services with pan India presence.
- Single window Key Account Management (KAM) solutions for managing information flow and tracking.
- Started new service for SAARC region to provide door to door service.



- Provides express door-to-door service for time sensitive and high value parcels
- Present at 13000 locations pan India and servicing 200 countries
- Growing in both B2B and B2C part of e-commerce business







- Provides inbound/outbound logistics and supply chain solutions from conceptualization , designing network to implementation
- Operates with a customized fleet of 1100 own trucks including 45 refrigerated trucks
- Auto sector currently contributes to 75% of total revenue
- High growth in managing Fulfillment centers and backend operations for e-commerce








- Provides coastal shipping services for transporting container and bulk cargo along the Western & Eastern coast of India
- 04 domestic ships with capacity of 3500 – 10600 DWT, including Project Ships equipped with own cranes (Total capacity of 23360 DWT)

Industry Dynamics and SBU Snapshot

	 TCI Freight	 TCI XPS	 TCI Supply Chain Solutions	 TCI Seaways
Industry Scenario	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, high cost
Industry Growth	5-8%	8-12%	15-20%	10-15%
% of Total Revenues	37%	29%	28%	6%
TCI EBIDTA Margins	3-5%	8-10%	10-12%	25-30%
Rev. Growth CAGR 5 Yrs.	0.6%	7.6%	9.7%	13.3%
ROCE (5-yr Average)	8%	45%	23%	19%
ROCE (10-yr Average)	14%	39%	23%	16%

Performance FY 2015-16 : Stand-alone

Figures are in Crs

						Total (2015-16)	Total (2014-15)
Revenue	835	663	625	130	17	2270	2209
% Growth	3.0%	0.6%	2.2%	14.9%	7.7%	2.8%	8.7%
EBIT	14.9	48.8	38.1	27.1	11.7	140.6	133.3
% Growth	19.0%	6.3%	1.9%	5.2%	34%	5.5%	18.4%
Capital Employed	201.2	166.1	232.3	157.4	297.3	1054.3	910.2
ROCE %	7.6%	36.0%	19.3%	17.3%	9.2% (Energy Div.)	14.3%	15.7%

Capital Expenditure in last 10 years

Figures are in Crs

	Total Actual (FY 2006-07 to 2014-15)	2015-16 Actual	Total Actual (10 Years)
Hub Centers & Small warehouses	260.2	95.7	355.9
Wind power	9.0	0.0	9.0
Ships & Containers	151.5	4.3	155.8
Trucks & Cars	240.7	64.5	305.2
Others (Equip., IT etc.)	77.1	3.9	81.0
Total	738.5	168.4	906.9

Financial Statement

Income Statement

Particulars (Rs in Cr.)	2014-15	2015-16
Freight	2050.01	2072.46
Other Sales & Services	146.74	185.31
Other Income	12.38	12.13
Total Income	2209.13	2269.90
Revenue growth %	8.66%	2.80%
Operating expenses	1764.78	1783.56
Other expenses	261.61	291.83
Total Expenses	2026.39	2075.39
EBITDA	182.74	194.51
EBITDA Margin %	8.27%	8.57%
Interest Expense	31.91	28.20
Depreciation	49.46	53.92
Exceptional Item	0.17	0.03
PBT	101.20	112.36
PBT Margin %	4.58%	4.95%
Taxes	25.25	27.30
PAT	75.95	85.06
PAT Margin %	3.44%	3.75%

Balance Sheet

Particulars (Rs in Cr.)	2014-15	2015-16 (TCI Residual)	2015-16 (TCI Express)
1. Shareholders Funds			
Share Capital	15.13	15.21	7.61
Reserves & Surplus(Excl. Rev. res)	559.84	480.06	115.37
Minority Interest	0.00	0.00	0.00
2. Non Current Liabilities			
Long term Borrowings	73.45	95.76	0.58
Deferred tax Liabilities (net)	28.48	31.98	2.35
Other long term liabilities & Provisions	0.00	0.00	0.00
3. Current Liabilities			
Short term borrowings	197.53	204.28	39.75
Trade payables	69.30	51.64	23.16
Other current liabilities	53.31	56.62	7.69
Short term provisions	48.29	48.72	1.99
TOTAL	1045.33	984.27	198.50
1. Non current Assets			
Fixed Assets	470.66	514.69	72.82
Goodwill on consolidation	0.00	0.00	0.00
Exchange fluctuation on consolidation			
Non current Investments	44.40	23.12	0.00
Long term loans and advances	40.71	39.24	2.84
Other non current assets	2.64	0.00	0.00
2. Current Assets			
Inventories	2.28	1.76	0.00
Trade Receivables	393.84	312.99	105.39
Cash & cash equivalents	16.51	12.38	10.91
Short term loans and advances	73.02	77.94	6.54
Other current assets	1.27	2.05	0.00
TOTAL	1045.33	984.27	198.50

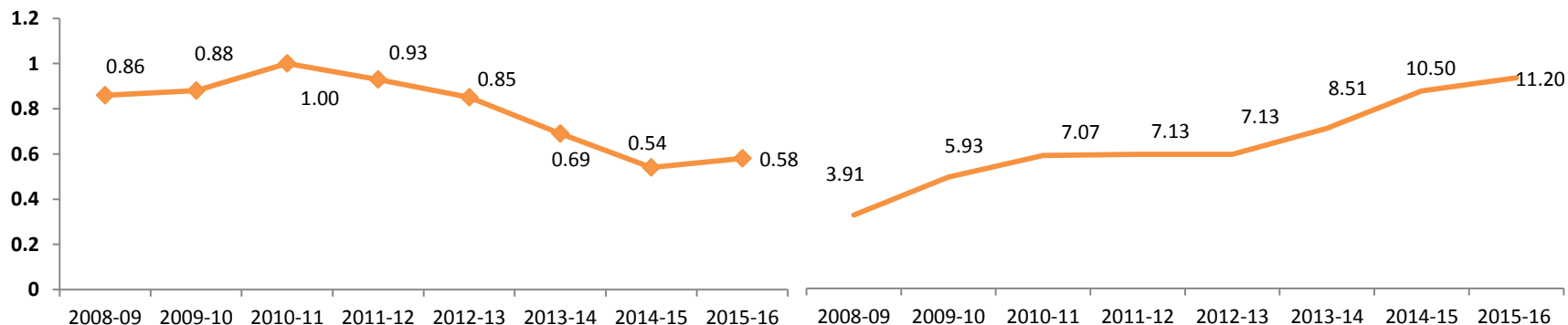
Balance sheet numbers as per scheme of arrangement

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)



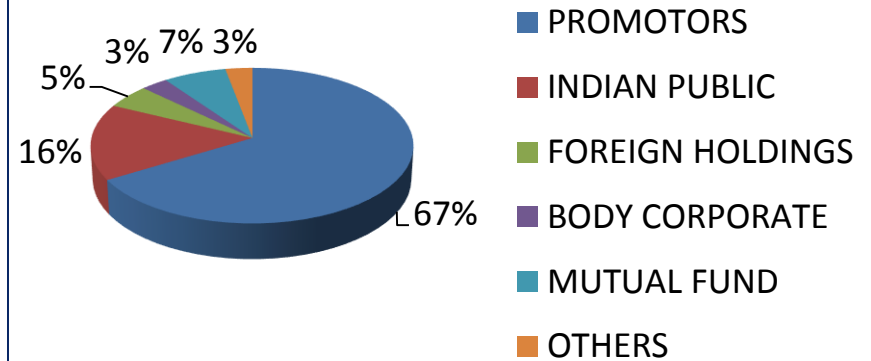
	UOM	2013-14	2014-15	2015-16
Debt Service Coverage Ratio	Times	1.80	2.39	2.54
Return on Capital Employed	%	14.62	15.20	14.31

Market Summary

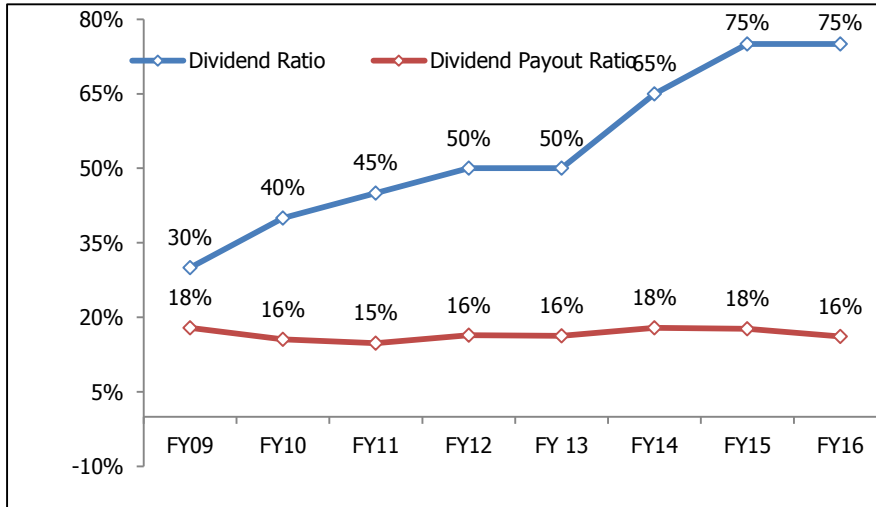
Market Summary (Rs In Crore)

Market Cap as on 31 st March `16	2142
Debt	380
Enterprise Value	2521
P/E	25.1
EV/EBITDA	12.96
52 Week High	348.50
52 Week Low	199.20

Shareholding Pattern as on 31st Mar 2016



Consistent Dividend track trend



Key Points of Demerger Scheme

The High Court of Talengana & A.P has sanctioned the Scheme on 14th June 2016 involving demerger of “XPS division” into TCI Express Ltd , a subsidiary of TCIL.

Swap and Exchange Ratio

- The Equity shareholder of TCI will receive 1 equity share of Rs. 2/- each of TCI Express Ltd. For every 2 equity share of Rs. 2/- each held on the record date of the Company.

Allotment and Listing

- Allotment and listing procedural is expected to be completed in 7 to 8 weeks time after record date.

Appointed and Record Date

- The Appointed date is closing business hours of 31st March 2016 .
- Share Transfer committee of the Board has fixed 29th August 2016 as record date for the purpose of issue of equity shares in TCI Express Ltd as per swap ratio.

About TCI Express: Services

Surface Express Service

Offers express solutions with over 3000 pick-up and 13000 delivery locations with its fully containerized fleet of vehicles. It offers customized value added services to meet customer's requirements.

Domestic Air Express Service

Provides round the clock services and time sensitive express deliveries. It facilitates deliveries in all major metros in 24hrs and Mini Metros and A class cities in 48hrs.

International Air Express Service

Provides services to 202 Countries across the globe (Commercial and Samples).

Ecommerce Express Service

Provides B2C and B2B on multi-model distribution for optimum on time delivery with value added features of COD(Cash on delivery), Pick n pack, late night and early morning deliveries

Priority Express Service

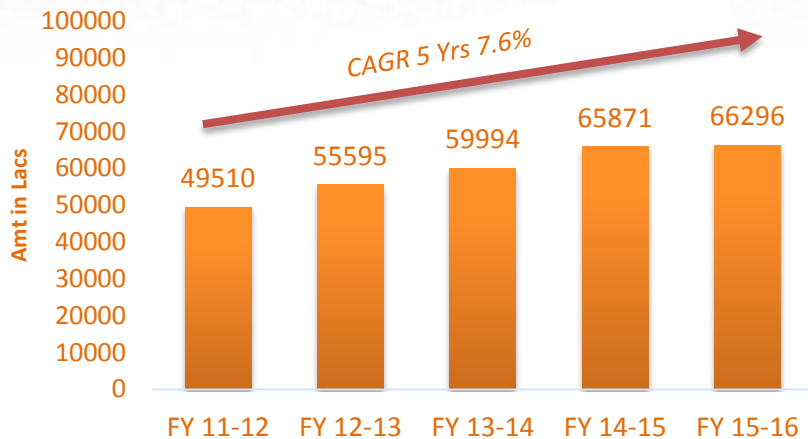
Provides assured day definite delivery to selective locations backed by money back guarantee.

Reverse Express Service

Offers reverse logistics in cost effective manner with end to end visibility

About TCI Express

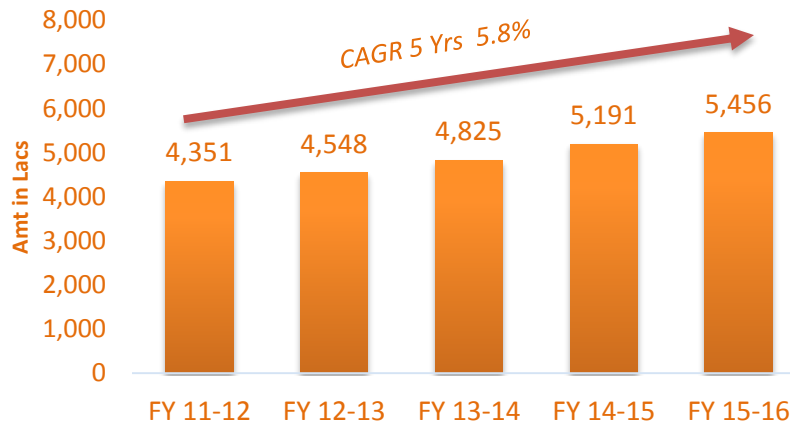
Revenue



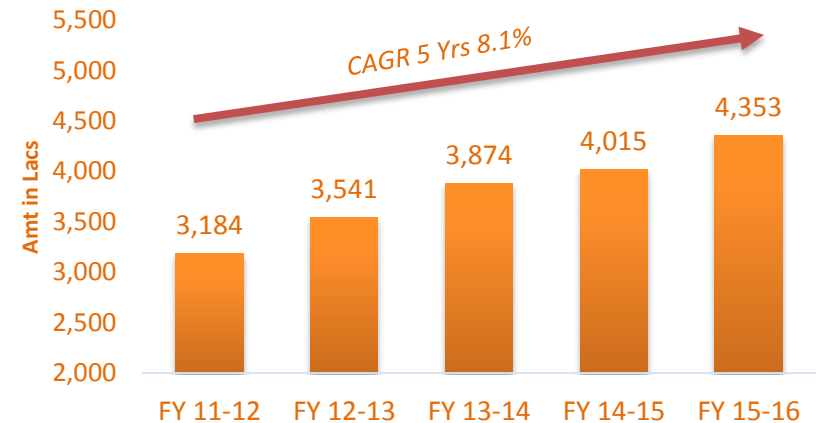
Customer Oriented

- Shipment Tracking Via Website, E-Mail & Mobile Phones
- Pickup Request for appointment Booking
- SMS Alert: Auto SMS on Pickup & Dispatch
- Delivery Invoicing Online
- Auto MIS : Pre-Alert of Shipment status.
- DWB/Label Printing at Customer Site
- Customer Portal : Consignment Status, e-POD
- Auto e-Billing with e-POD
- Online Feedback System for continuous Improvement

EBIDTA



PBT



Financial Position

TCI EXPRESS

LEADER IN EXPRESS

Particulars (Rs in Cr.)	2014-15	2015-16
Revenue	658.6	663.0
Other Income	0.1	0.0
Total Income	658.7	663.0
Revenue growth %	0.6%	9.7%
Operating expenses	511.6	506.1
Other expenses	95.2	102.32
Total Expenses	606.8	608.4
EBITDA	51.9	54.6
EBITDA Margin %	8.2%	7.9%
Interest Expense	5.8	5.2
Depreciation	6.0	5.8
Exceptional Item	0.0	0.0
PBT	40.2	43.5
PBT Margin %	6.6%	6.1%
Taxes	14.8	13.9
PAT	28.7	26.3
PAT Margin %	4.3%	4.0%

Particulars (Rs in Cr.)	2014-15	2015-16
1. Shareholders Funds		
Share Capital	0.0	7.6
Reserves & Surplus	115.4	115.4
2. Non Current Liabilities		
Long term Borrowings	0.3	0.6
Deferred tax Liabilities (net)	0.0	2.4
Other long term liabilities & Provisions	0.0	0.0
3. Current Liabilities		
Short term borrowings	0.2	39.7
Trade payables	22.7	23.2
Other current liabilities	4.0	7.7
Short term provisions	1.7	2.0
TOTAL	144.3	198.5
1. Non current Assets		
Fixed Assets	14.6	72.8
Non current Investments	0.0	0.0
Long term loans and advances	3.3	2.8
2. Current Assets		
Inventories	0.0	0.0
Trade Receivables	101.5	105.4
Cash & cash equivalents	7.1	10.9
Short term loans and advances	17.7	6.5
Other current assets	0.0	0.0
TOTAL	144.3	198.5

Proposed Capex

Figures are in Crs

	Existing Assets as on 31 st March, 2016	Proposed FY 2016-17
Hub Centers & Small warehouses	59.2	40.0
Cars	2.1	1.0
Plant & Machinery	5.4	1.0
IT (Hardware & Software) Equip.	4.0	7.0
Office Equip.	1.4	0.5
Furniture & Fixtures	2.3	0.5
Total	74.4	50.0

TCI Residual: Highlights Q1 FY16-17

<i>Rs. In Crores</i>	2016-17 (Q1)	% increase over last year	2015-16 (Q1)	2015-16 (Audited)
Revenues	429.7	7.8	398.8	1613.9
EBDITA	40.4	12.5	35.9	147.9
EBITDA Margin %	9.4		9.0	9.2
PAT	15.1	5.6	14.3	58.9
Capital Employed	919.3	10.5	831.8	866.6

Capital Expenditure

<i>Rs. In Crores</i>	Hub Centers & Warehouses	Ships & Containers	Trucks & Cars	Others	Total
2016-17 (Plan)	20	65	35	30	150

Focus Area:

- Focusing on high margin business of Supply Chain Solutions with warehousing & E-fulfillment for the e-com space
- To enhance the presence of TCI seaways in the West coast of India.

Future Outlook

Growth Drivers

- Warehousing
- Consumption driven sector like FMCG, Retail , Auto etc.
- E-Commerce
- Digital Transformation

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

