



“We see a lot of demand coming in from e-commerce sector”

TCIEXPRESS is a specialist and leader in express distribution in India. PC Sharma, CEO and Whole Time Director, shares more on the company and the express logistics industry in India. Excerpts:

Could you provide an overview of TCIEXPRESS?

It was established in 1996 as one of the foremost divisions of its parent company, Transport Corporation of India (TCI). Last year, the company de-merged from its parent company TCI, to form a separate business entity focusing on express delivery services. TCIEXPRESS has unparalleled experience and deep domain-expertise to offer customised solutions with over 3,000 pick-up and 13,000 delivery locations. The company had announced its listing on the National Stock Exchange (NSE) and the Bombay Stock Exchange (BSE), effective December 16, 2016.

TCIEXPRESS is well-equipped to offer time-definite solutions in India with its wide spectrum of services that comprises surface, domestic and international air, e-commerce, priority and reverse express services.

What are your observations on the key market drivers considered by TCIEXPRESS, which has been operating in the space?

The key market drivers that we have witnessed in this sector are



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time-definite deliveries and strong network. TCIEXPRESS is well equipped to offer time-definite solutions to 670 out of 675 districts in India with its wide spectrum of services comprising surface, domestic and international air, e-commerce, priority and reverse express services. Following well-connected routes for prompt movement of cargo through a hub and spoke distribution model allows for an efficient time based and definite delivery system.

Which industry segments are expected to make best use of your services and why? Could share some illustrative examples?

We service industry segments

such as automobile, pharmaceuticals, retail, e-commerce and telecom. We make about 50 per cent margin/contribution from SMEs and about 50 per cent revenue comes from automobile parts, engineering goods, IT technology products, pharmaceuticals, and retail/fashion.

With IT industry players, we provide primary (factory to warehouse) and secondary (warehouse to distributors) distribution services. For this, we use hub and spoke model along with Goods Transport Agency (GTA) service for Full-Truck Load (FTL) movement. This allows us not only to maintain the desired Turn-around-Time (TAT) but we also attain absolute satisfactory performance.



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Similarly, with the e-commerce players, we provide primary (factory to warehouse) and secondary (warehouse to last mile delivery) distribution. The service is further provided with value-added services such as COD payment to guarantee on-time delivery of goods.

What will be the market size for this business by 2021?

As we see it at the moment, express logistics market is expected to grow at a CAGR of 14.59 per cent in the next five years. India's express industry has reached a market size of Rs 20,346 crore by 2015. We anticipate a lot of momentum and growth in the market, especially with the expected implementation of the nationwide uniform GST. This is likely to transform the distribution structure. Being an organised player, we see a lot of demand coming in from the e-commerce sector which will further accelerate the growth in the revenue to excel in this competitive ecosystem.

How will GST regulations impact your business?

The government has laid some enthusiastic initiatives for the economic progress of the country. The

express deliveries service portfolio in India is highly equipped to support the economic and industrial growth, contributing further to augment the country's GDP.

With the GST roll-out, the GDP would receive a boost of about 100-200 bps as this will help faster and cheaper movement of goods across the country with a uniform tax structure.

The logistics costs can also come down drastically as a 'one-nation-one-tax' GST structure will massively reduce the long and winding queues at border check-points and other entry points within the states. Due to trade barriers such as the entry tax, local body tax, octroi and other hurdles, trucks lay idle for 30-40 per cent of the day, leading to huge man-hour and fuel losses. GST will do away with such barriers and enable a fast movement of goods, thereby expediting the business for us.

What are the provisions in the Budget 2017 that can help catalyse logistics segment?

The Budget 2017 has an allocation of Rs 39,61,354 crore on infrastructure development and of selected airports in tier 2 and 3 cities, which have come out as a promising budget, especially for the

logistics sector. This will help us widen our market-base and reach out to the remote locations, thereby enhancing our value services to meet the consumer demands in deeper regions as well.

The emphasis on infrastructure development in the Budget 2017 shows how the government is geared to providing favourable business conditions, which will go to create a strong economy. This will accelerate the growth of the logistics sector to a large extent. Operations will be more robust and time-definite deliveries will be enabled, which is a crucial requirement of the industry. In addition, an allocation of Rs 19,000 crore towards the Pradhan Mantri Gram Sadak Yojana (PMGSY) to connect far-flung habitats will help us multiply our customer reach. The timely implementation of the GST Bill will also ease out the operations in the sector.

How do you propose to maximise cashless transactions in this traditionally cash intensive industry?

Since the nation is moving towards digitisation, we have also joined the bandwagon to promote transparent and ethical mode of transactions such as cheques, electronic transfers and online banking. We are the pioneers in the industry to introduce payments to our local vendors including spot hiring via RTGS and NEFT transactions. More than 95 per cent of our transactions are online. We could have only achieved this by being focused on delivering integrated solutions for every customer backed by a robust technology backbone.

We being future ready, have always encouraged cashless transactions to meet the industry standards. With this thought, to ensure seamless flow of activities, we have offered credit facility to the customers. We have also supported our customers with add-on facilities such as Electronic Data



The entire fleet of vehicles is GPS enabled to ensure real time tracking.

Interchange (EDI) which ensures flow of information across the partner networks, online invoice, auto e-billing with Electronic Proof of Delivery (ePOD) facility.

Could you share the details of delivery logistics equipment, management systems and inbuilt safety methods being adopted by the company?

Delivery logistics equipment: To ensure the safety of goods and on-time delivery of services, the fully containerised fleet operates on express, feeder and service routes. This connects over 3,000 pick-up points and 13,000+ locations.

Management systems: We manage our network through the hub and spoke model. The hub acts as the strategic centre of the network and the spokes pointing out connects with the remote regions in the country. This model helps us to deliver goods in a channelised manner, ensuring

time-definite delivery across the country in an efficient manner.

Inbuilt safety methods: To ensure the safety of the workforce and goods all our branches and sorting centres have 24x7 monitoring surveillance via CCTV. The entire fleet of vehicles is also GPS enabled to ensure real time tracking. This is done to ensure double check on the goods. Additionally, we conduct package level scanning which allows customers to track real time.

What is the vision 2021 of TCIEXPRESS?

We would continue to introduce new products and services to fulfil our consumer demands. Our focus will remain in the e-commerce segment as this will be the future of express logistics. Lastly, we intend to expand our global footprints.

Would you like to add any other aspects of the industry?

The express industry is a key enabler of business and plays a significant role in contributing to the country's economy. In India, this forms a significant part of the logistics industry. By providing integrated time-definite door-to-door delivery services, the industry is not only catering to the requirements of business, but also to the consumers.

The industry is equipped to provide end-to-end solution and value-added services. Some of the services which we provide to add that extra value in the minds of the customers are to ensure safety and security of vehicles through tamper proof locking systems, to provide diplomat service (extended delivery service to locations out of TCIEXPRESS network, proof of delivery (POD/e-POD), collection on delivery (COD), freight on delivery (FOD), Sunday, holiday and late pick-up services on demand.

