



**“TCI Express Limited  
Q1 FY25 Earnings Conference Call”**

**August 13, 2024**

**MANAGEMENT: TCI EXPRESS LIMITED**  
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**EQUITIES, SKP SECURITIES LIMITED.**

**Navin Agrawal:** Good day ladies and gentlemen, it's my pleasure to welcome you on behalf of TCI Express and SKP Securities to TCI Express Limited's Q1 FY25 Result Webinar.

We have with us Mr. Chander Agarwal - Managing Director, along with his colleagues Mr. Mukti Lal - CFO, Mr. Hemant Srivastava - COO, Surface Express Business and Mr. Ashok Pandey - COO, Multi-Modal Express Business.

This webinar is being recorded for compliance reasons, and during the course of discussion there may be certain forward-looking statements. These should be viewed in conjunction with the risks that the company faces. We'll have the opening remarks from Mr. Chander Agarwal, followed by a presentation and then the Q&A session. Thank you and over to you, Chander ji.

**Chander Agarwal:** Thank you, Navin ji. Good evening and welcome everyone to Q1 FY25 Earnings Conference Call of TCI Express Limited. I would like to thank all of you for joining us here today. We have already circulated our earnings presentation on the website and stock exchanges and I hope you all had a chance to review it. To start with, I will give you an overview of the business trend and performance and then we'll hand over the call to our CFO - Mr. Mukti, to brief you on our financial performance for the quarter. Let me start by giving a brief summary of the economic conditions, we encountered during the Q1 FY25.

In the realm of the global economic dynamics, India's economy continues to remain a little unstable and stable amidst global challenges. Recent projections by the IMF emphasize India's significant role, alongside China, in contributing to the world's economic expansion for the year 2023-2024. India's GDP recorded a growth of 8.5% in FY24. This growth is driven by the digital revolution, substantial government investments in infrastructure, expanding middle-class and sustained political stability. India is on the verge of a major structural shift in the growth trajectory with potential to maintain an approximate 8% GDP growth over the long term.

Moving on the industry front, the logistics sector is poised for significant expansion fueled by government investments and policy measures focused on improving transportation infrastructure. These include major freight routes, development of logistics parks and enhancement of highways, railway connectivity. Given this promising industry outlook, we are well positioned to seize the opportunity within the Indian logistics market and deliver long-term value to our stakeholders.

Now, coming to the quarterly results, Q1 FY25 represented various challenges, including market fluctuations and increased costs, due to the ongoing multimodal enhancements as well as the high interest rates, labour costs, inflation that impacted our customers. These factors, combined with the temporary decline in volumes due to the general elections and adverse weather conditions, led to lower utilization levels and subsequent decline in margins. However, despite these temporary headwinds, we remain focused and optimistic about the near future. We anticipate stabilization in the coming quarters, driven by evolving logistics demands and strategic initiatives, which will help us capitalize and position at the leading position in the country's door delivery sector.

Moving on to the brief update on business developments, during the quarter, we made substantial strides in strengthening our multimodal business with a clear objective to increase its contribution to about 20% of our total revenue over the next 2-3 years. By expanding this segment, we aim to provide more integrated and efficient express logistics solution to our customers, enhancing both service quality and operational effectiveness. Our recent automation of Pune Sorting Centre, which spans 140,000 sq. ft. and features in our AI-enabled automated cross-belt sorter, has significantly boosted our operational efficiency in Western India. This advancement is a key component of our broader automation strategy. We plan to extend this automation approach in our sorting centres in Calcutta and Ahmedabad over the next one and a half years, further improving our capabilities and service levels. In the rail logistics sector, we have successfully expanded our customer base and opened several new branches, providing excellent services to our clients. Now, we are in a position to provide 24, 48, 72-hours and 96-hours delivery schedules.

One of our key initiatives this year has been the launch of the Money Back Guarantee scheme. This program sets a new standard in the express delivery industry by guaranteeing on-time delivery. The scheme underscores our confidence in our service efficiency and reinforces our commitment to providing exceptional customer service across service modes, including surface, air and rail. Additionally, TCI Express is proud to be recognized as a great place to work for the fourth row in a year, demonstrating our ongoing commitment to a positive and rewarding work environment.

As we move forward, TCI Express is dedicated in strengthening its multimodal business, with a strong focus on serving SME customers through our rail and air express division and branches. Supported by the robust asset-light business model and a well-defined strategic growth plan, we believe that with these initiatives, we are well-equipped to seize the opportunities that lie ahead and deliver sustained value to our stakeholders. Our strong leadership team also will ensure that our sales targets and business targets are achieved.

With this, I would like to now hand over the call to Mr. Mukti, to talk about our financial performance over the last quarter.

**Mukti Lal:**

Thank you, sir. Good evening, everyone and thanks for joining this call. I will now give a prospective on Q1 updates and run through this presentation for a few minutes and then we'll open the session for questions and answers.

So, we completed our 8 years after the demerger and now our B2B customer is 97% and 3% B2C, and this is the only express company where we have our own branches. We don't have any franchisee across India. We are also offering new dynamics like Sunday delivery, holiday delivery and some scheduled deliveries to customers. Also, all our operations are IT backed. So, we're doing barcoding on packaging, GPS enabled. We have now started also a new thing where we're onboarding all the suppliers on through our ERP system where they come and join and submit the bill as well. So, it is a very highly transparent process where everything is to and fro way. Whatever they want to say can be said, in that sense. And we're doing performance evaluation through the ERP system. This is a new thing we have done in the last 3-4 months. We ranked 713 on market cap, as on March 31st 2024.

So, again, we keep continuing to focus on our strengths. Again, we will be an asset-light business model, and we will be carrying high value cargo. We continue to have low working capital requirement to run our daily operations. We have the lowest cost structure in India in the express segment. As Mr. Chander mentioned, we also launched Money Back Guarantee recently, so that will continue. We also started to put AI more into our IT operation and every aspect. For example, in the Pune Sorting Centre, we put an AI-based sorting centre and everything is automated. And 100% of our fleet of trucks is containerized movement; there is no open truck utilization for that. Our strategy for the long term would be to continue to focus on automation on our remaining of the sorting centres. We already did 2 and the remaining 10 to 12 will be done in the time to come.

So, these are the geographical footprint, the same way. Our company's branches have reached 970 plus.

These are the two centres, Gurgaon which started in 2022 and Pune in March 2024. Now Gurgaon and Pune both are streamlined and we are seeing good results in reducing the turnaround time to 40%, and we will keep continuing to streamline things. This Pune centre is really helping us to get more volume from the western part of India.

Rail Express. We're getting robust growth in this business. In this quarter we grew almost 30% on a year-on-year basis. So, good thing happening is that the customer base is increasing. Now it has reached 5,000 plus. And we're getting repetitive orders from the existing customers. Initially we started with big customers and now we want to inculcate this business or want to spread the business with sundry customers so that will be a sustainable business model and we can grow further faster on that Rail Express, because again, like we said, it is high profit business. Also, it is between service of air-to-air and surface. So, we are in the right place and we want to expand it very well.

This is C2C. So, C2C again it is a niche segment, where we're going to customers and explaining to them our service offerings, so that the customer is getting better use of it. So, it's basically doing a milk run. There are two models. One is Milk Run, which is within the state, and the second is we pick from two locations and delivering on one location and vice versa, where we

pick from one location and deliver to two locations. And in return, we utilize these trucks in our normal transportation. So, here we are also utilizing more IT-based systems, where we in advance show destination where truck is coming in this C2C service, when will it be vacant. So that way, we can plan for more cargo in advance, to be put in the return truck.

This is pharma cold chain. We aren't very aggressive on that business as we've restricted ourselves on the cold chain pharma continuously. So besides cold chain of pharma, we are not putting our efforts into food delivery or other items.

These are the features of the Money Back Guarantee we recently offered, where we allow for all modes of transportation – surface, rail and air. And it's a money back guarantee, where if we're not able to deliver, we will return their money with the whole freight to them. So, this is getting very good traction from the customer. It is for long-term purposes. It aligns our operations really well because we have to deliver to the customer on time.

These are the Q1 highlights. So, Q1 was a combination of various things. This is a mixed package on the sales side and cost side. We faced various challenges, like the General Elections was there. For the first time we saw that our sundry and SME customers were also impacted due to ongoing high inflation and high interest cost resulting into our share has also slightly changed from 52% of big customers and 48% of SME customers. So that is also going on. Accordingly, because of less volumes in this quarter, utilization of our fleet has also reduced from last quarter of 83 to 82% this time. We assure you that it is temporary and is already fixed in July month and volumes are back. We are also getting good operational efficiency from Pune.

So, this is the comment from Mr. Chander Agarwal, which he has already given. So, we can skip here.

This is our financial performance, where in this quarter, we almost de-grew by 3.5% on YoY basis and 7.5% on a QoQ basis. And accordingly, this has impacted our EBITDA margins by 25%, and the PAT level by 28%.

As I mentioned, the EBITDA declined because there are two aspects to that. The volume declined due to the General Elections, and SME was impacted. And if you notice, our costs have increased by 250 bps and main reason of that we felt that, as you are aware, airline consolidation is happening, and that's why airlines have increased prices. So due to that, our overall costs have increased by 100 bps. Secondly, due to privatization of airports, the airport authorities have increased airport charges. So, that's also something we saw in Q1. We spent 7.5 crores on capital expenditure for the construction of the ongoing sorting centre at Nagpur. We will be on the path to achieve what we have said for the capital expenditure set for the year, as we're soon going to start construction at Kolkata and Ahmedabad.

This is the last three quarters' performance, which is visible here.

This is the cash flow, which is going really well. There are no challenges there. This quarter we achieved Rs. 11 crores of cash flow from operations.

So, this is a comparative analysis of our other five peers. You see, we are leading in terms of margins and profitability, despite lower EBITDA in this quarter.

This is our working capital cycle. As you see, our receivables is maintained at 55 days, and payables is maintained at 35 days. So, we are robust in the payment cycle, which reduced from 39 to 35 days. Accordingly, the net working capital cycle is 20 days. As everyone understands, we don't get money to run the daily show. So whatever money we're getting, we're either ploughing that back to capex or is disbursed to shareholders by way of dividend.

We have a debt-free status. We have zero debt on our balance sheet as on 30<sup>th</sup> June, 2024. You can see that our balance sheet has marginally increased in size from 850 crores to 858 crores, and we mainly put that money into capex.

As you see, in FY24 we were leaders in margin proposition of EBITDA as well as PAT level.

This is our journey from the last 8 years, where we grew from 32,000 to 60,000 pick-up and drop locations, from 500 to 970 branches. Our sorting centres have not increased much; it is from 26 to 28. The customer base also increased from 1.5 lakhs to 2.25 lakhs in 2024, recently. Our PAT's CAGR has grown around 20% in the last 8 years.

So, this is our strategy and outlook. We will continue to focus on SME customers, and accordingly now we're more focused on compensating that cost increase in the air express mode. We are also focusing on increasing the business with SME customer in air express mode, as well as in rail mode. We have obviously, already focused on surface express. We will continue to put Capex into automation.

In the next 2-3 years we want to run a multimodal express. By 2030 we want at least 1/4<sup>th</sup> in our overall revenue. We will continue to remain an asset-light business company.

So, this is the growth driver. Our key focus would be on digital transformation, which we will utilize more than our manual operations. So, we will continue to do that. We're also focusing on green energy, like putting more EV vehicle, CNG vehicle for first-mile and last-mile deliveries.

This is our leadership team.

So, we have released our first ESG Report, which is also available on our website. You can all visit that.

These are the few awards. Like Mr. Chander mentioned, for the fourth year in a row we won the Great Place to Work Award. We won the India's Logistics Champion 2024 Award by ISCM.

Our ratings too are stable. Even though we don't have any loans, our long-term loan rating from CRISIL is AA- and A1+ from ICRA. These are the LEED certificates, we have.

This is capital market information as on 28<sup>th</sup> June, 2024, which was the last working day for that quarter as the last two days were Saturday and Sunday.



**Navin Agrawal:** Thank you very much, Mukti. Friends, we now open the floor for the Q&A session. Anyone wishing to ask a question, please raise your hand and we'll take it up. We have the first question from Alok Deora. Alok, please go ahead.

**Alok Deora:** Hi, good evening. This is Alok from Motilal Oswal. I just had a few questions. First on the margins, it's come off quite a lot. The volumes are down around 3%... I mean, the revenues, but the margins have come off quite a lot. So, if you can throw some colour on what has happened there? Also, if you could provide the volume figure for this.

**Mukti Lal:** Thanks for that, Alok ji. Basically, one is, volume was 2,35,000 tons for this quarter. On the volume side we de-grew by 2% only on a YoY basis. On the margin side, yes, as we mentioned there are two sides to it. One is, our volume has reduced, so capacity utilization of trucks have reduced by 1%; that is directly adding to my cost. So, my operating cost has increased by almost 250 bps. So, 100 bps by that. And another 100 bps by airlines, which have increased their prices which is beyond our control. Since this is a high-cost business, we couldn't pass anything over to the customer. So, to compensate for that, we are trying to get business from sundry customers where revenue per unit is very high. We have already started with a new setup, new branches and a new team, which we are working towards. Another aspect is, we are also expanding our multimodal, specifically for air and rail. We're creating a separate network, because beyond the tier-1 cities, we were earlier using surface model to deliver last mile, because otherwise, we can't always send vehicles for tier-1 and tier-2 cities. For example, if we need to deliver to Haridwar and if we get the material at 12:00 today, then it has to go through the hub and spoke model through my surface, and then be delivered tomorrow afternoon or so. But now, we changed the strategy and want to directly send the material from Delhi to Haridwar. That way, we'll be saving 24 hours for that delivery, by delivering the same day. We get the delivery from Delhi and deliver the same day. Similarly, we would be delivering rail express. We would be creating a network for last-mile delivery separately. So, this will attract customers and send a good message across. This would have a long-term effect. Initially it will show in our cost, but in the long term, it would be stabilized and normalized in the time to come.

**Alok Deora:** With around 2-3% volume de-growth, we are seeing such a large impact on margins. These measures would show results in 2-3 quarters time. So, do we see the margins being at the current level only, because the demand environment continues to be muted and your volumes could be flattish in Q2. So, do we see these margins of 11-12% as a new normal, or whether we could quickly bounce back to 14% plus?

**Mukti Lal:** So basically, as I said, this is temporary. In Q2 onwards, as you rightly said, our margins are back to normal at around 14% plus. Secondly, since this is a pre-festive season, we are seeing an uptick in the volumes. We saw growth in July and see the same in August too. September would be pre-Diwali month. So hopefully, we will close this quarter and the subsequent quarter with growth. So, I don't see any challenge for the whole year. We will surely achieve what we anticipated.

**Alok Deora:** Sure. Last question. Considering Q1 has been muted and we're talking about 10-15% volume growth in FY25, so, does that number still hold? What's the volume growth we're looking at in FY25 and maybe in FY26?

**Mukti Lal:** Yeah. So, for this year, we're hopeful to have double-digit growth, for sure. And in the range of 12-15% in FY26.

**Alok Deora:** Sure. That's all from my side, sir. I'll come back in the queue.

**Navin Agrawal:** We take the next question from Jainam Shah. Jainam, please go ahead.

**Jainam Shah:** Yeah, hi, Sir. Good evening. Sir, first of all, on the data point part, if you can share the percentage utilization percentage for this particular quarter, our fleet utilization?

**Mukti Lal:** It is 82%.

**Jainam Shah:** Okay, Sir and Sir just wanted to check on the top line as a percentage or in the absolute term, how much air express would be contributing for this particular quarter in overall scenario in percentage terms or in the absolute term?

**Mukti Lal:** So, Air domestic and air International put together is around 7% to 7.5% of the overall revenue.

**Jainam Shah:** Got it, Sir and Sir similar percentage for the last year could be how much?

**Mukti Lal:** Yes, it's the same way. Yeah, it's the same. There's no change on that.

**Jainam Shah:** Okay, okay. Sir, then if we see that the real express is grown at around 30% while our total income were at around 3% to 4% decline in this particular quarter. So, if we just back calculate then our rail, our road surface B2B express would be down by around 10%. So, what kind of challenges we are facing because of this 10% decline in our road surface express B2B part? If we compare it with any other industry player, there has been some single digit kind of a growth has been seen in this particular quarter and if we see on the top line or the bottom line using last three to four years has been quite stable for us post COVID, so is this what industry is suggesting or are we having some business development activity which can change this thing and eventually we can move back to 10%-15% kind of for growth?

**Mukti Lal:** So, basically there is a decline of 3.5% overall and rail has been grown like 30%, but rail is not significant right now as I said earlier. So, surface has not degrown by 10%, it de grew by like over 1.5% only.

**Jainam Shah:** Okay.

**Mukti Lal:** Otherwise, all services are like same sync except the rail has grown very well. So, that's the one thing. Second part come on to like after COVID, we robustly grow. In FY22, we grew around 28% that because that was like low base, but subsequently next year FY23 we also grew around 15%-16% and then in last year, in spite of all the challenges, we grew 1%, even few companies, if you see the industry numbers, they also grow in the same you know similar kind of numbers, but their margin has been fallen down heavily like 50%-60%, but we maintained our margin because this is again you know, put together if you see our 4-5 aspect which we are continuously focusing on and more emphasis on to adding the new services. So, that's why it's like you know we are in a good place and we are future ready now because you rightly said so we you know, taken 2 steps for that. First is, we started to focus more

on a Multimodal, which is separate, Mr. Ashok Pandey ji is our new COO for Multimodal and then we're creating different network, separately from surface. Second part, we have also initiated for a separate sales team under supervision of Mr. Pabitra Mohan Panda. So, that's the two steps we've taken where we are aligning the things and focusing more and doing more sales part and this has also started to give the results in July. We've seen and hopefully others will be also like we will keep continue on that. So, we are aligning with that and certainly we will get the revenue in double digit growth in this year.

**Jainam Shah:**

Got it. So, Sir just last part from my side. So, Sir we have introduced this money back guarantee scheme. So, is this more of a confidence gaining from the customer or has there been any cost that has been booked in this particular quarter, any substantial or is this just the confidence kind of thing that we are getting from the customers?

**Mukti Lal:**

This is a very good question. So, basically we launched this service in the mid of this quarter and second thing you rightly said is the like giving to confidence to customers. So, we allow this service to all three aspects because and you know in this kind of thing, we always get this usually this service used by like small customers and where we can we get the good revenue, that's why we launch the service you know this service.

**Navin Agrawal:**

Thank you, Jainam. We take the next question from Krupashankar. Krupashankar, please go ahead.

**Krupashankar:**

Yeah. Good evening and thank you for the opportunity. My first question would be on price side, so Mukti ji for the quarter, I can see that there's close to about 1.5% sort of a price hike taken in the quarter and we have seen that there are certain escalations relating to underlying cost returns across industry to be toll rates or other general inflationary hikes, is there any further price like anticipated, which we will be taking to pass through these costs?

**Mukti Lal:**

You rightly analyzed, yes. So, basically you know cost dynamics is also changing in this industry where you rightly said. Toll cost is also you know speedily growing. You know like each year allowing to be increased in 7% to 10% and road is improving, but somehow like we taken you know like diesel

price cut was in last quarter, but this has compensated with the toll increases even more than that. So, that's the thing and another side, we really could not increase the prices with customers because again they also facing the same challenge of ongoing inflation and high interest rate specifically for SME customer we've seen, you know earlier we used to get the easily price hike, but now they also facing lots of challenges so, I don't see we will be able to get any price hikes or maximum we can we get like 50 basis point to 100 basis point in remainder part of this year.

**Krupashankar:** Understood. You also highlighted in the presentation or during the presentation that the Pune facility has resulted in incremental customers in the West region, could you throw some more light on it? You know what sort of you know growth if I were to put around it, first, I know that there's been a decline this year, this quarter, but can you throw some light on what would have been the growth in the West region and where are the sectors which has performed well versus the rest of the time?

**Mukti Lal:** Yeah, so basically rightly said, West including like Maharashtra and Gujarat and all is growing slightly, you know, declining in South region and North is doing well and slightly impacted, East region is also slightly impacted.

**Krupashankar:** So, any numbers you can put across of what would have been the growth in West probably or decline in South guideline?

**Mukti Lal:** No. So, basically West region is also like we have around 1%-1.5%, you know growth rate and so accordingly like you know North is like flattish and South maybe like minus 5 or so, so this way.

**Krupashankar:** Alright and contribution wise, of course West and North would be the significant portion of our business, right should be close to about 55 plus percent?

**Mukti Lal:** So, all three as mentioned, all three regions put together except East, we have the 85% revenue. So, this is equally spread actually, yeah.

**Krupashankar:** Okay. Sir, last question, if I may, the new sorting centers were likely to bring out more efficiencies and you know better margin expansion prospects etc.

Now, how long do we further wait for these benefits to come through, any number you have in mind or any timeline?

**Mukti Lal:**

So, you know, like we earlier also mentioned, so this is giving like you know very easy and like you know dependence on labor is reduced, turnaround time is increasing with that in like Western region. So, now one you know corridor has completed like from North to West you know North we have like Taj Nagar and then West is that. So, there's one of reason where the West we get the more business. So, in time to come also like our thrust is that now you know this time of truck has been reduced for this idle time. Now, they're able to make more trips and ultimately they're giving the benefit to us. So, like we're getting the benefit of 25 to 50 basis point in overall basis and that will be keep continue once we will be adding the more sorting center, but over and above, you know, like this is also giving confidence to customer because this is increasing our service level. Second part you know this is also a one of avenue for the you know revenue where we are getting our weight also on these sorting automated weight. So, supposing there is any difference in the weight on the lower side, so we can directly calculate and then send it to customer, so that is also you know revenue stream, we're generating through that. So, ultimately yes, we will get, we will get the benefit out of here.

**Navin Agrawal:**

Thanks, Krupashankar. We take the next question from Aakash Bhora. Aakash, please go ahead.

**Aakash Bhora:**

Yeah, Sir. Thanks for the opportunity. So, if I go 12 months back, I think we had also come out with a guidance thing that we will be walking around 1750 or 1800 kind of top line this year. So, I think that guidance was shuttered last quarter itself, but then from that to revenue de-growth this quarter, I mean, would you say are we would you consider that we are losing market share or what is it like?

**Mukti Lal:**

No. So, Aakash basically if you see like number of the all industry players is also same you know and if you see the like express numbers I'm saying because all have different, different companies doing different work, so we are not here to lose any market share because there's an overall impact on consumption side that's why, you know volumes are declining for everyone

like other express company, you see the numbers. So, I don't see we are losing market share and rather customer confidence in us. It is with us and we will grow like what we are saying. So, we don't have any doubt on that.

**Aakash Bhora:** Also, Sir, I wanted to ask, how much does the real express business now contribute to our whole top line?

**Mukti Lal:** So, it is, you know, almost like two 2% to 2.5% right now.

**Aakash Bhora:** Okay. 2.5% of the whole revenue.

**Mukti Lal:** Yeah.

**Aakash Bhora:** Okay and Sir, if I would just like to, I would just like to understand (Inaudible: 40:42)

**Aakash Bhora:** So, Sir, I just want to understand the end user industries or segments you know where we are seeing good Traction and this is where I mean we have, we are struggling as compared to our previous years?

**Navin Agrawal:** Aakash, are you asking about the sectors in which we have lost business? Is that your question?

**Aakash Bhora:** Correct.

**Navin Agrawal:** Okay. Mukti, Aakash is asking where are the which are the sectors in which we have seen a decline or we have lost business from?

**Mukti Lal:** Yeah. So, basically, yeah. So, we still seeing the less volume growth into in textile and engineering sector more into that.

**Aakash Bhora:** Okay and which ones we're seeing good growth in?

**Mukti Lal:** So, growth is supported by like auto sector and in few parts of like pharma, we are also seeing like slight growth on that.

**Navin Agrawal:** Thank you, Aakash. Friends, anyone with a question, request you to raise your hand and we will take it up. While others line up their question, we

have a follow up question from Krupashankar. Krupashankar please go ahead.

**Krupashankar:** Yeah. Thank you for the follow up. Mukti ji, I think you know going by the trend, I think you know if you're targeting about double digit growth for FY25, the second-half of this financial year, last has to be 15% plus growth given the softness in demand, do you anticipate that sort of a growth coming through?

**Mukti Lal:** Yeah. So, we've taken internally like, you know, we strengthening as mentioned you know Multimodal businesses and second, we also like created a separate team for the sales on all the level. So, we are giving like a whole network from top to bottom. We are strengthening that also, usually you know what happened this industry, these driver like operation more so we want there is never happened in that, so we created a separate team as effort to create more sales. Third thing, we like keep adding the branches and we you know number would be there. Fourth thing, we also like putting vertical wise team where like or adding new verticals like we're focusing more on you know solar one and then second one basically in a you know Home Furnishing is also like in a good segment where we are also pushing hard to we like get the business from that. So, few things which is really help us to we get the business and surely we will be trying to be like you know touch upon this double digit growth for the whole year at least.

**Krupashankar:** Okay and with respect to branch addition, any number you have in mind or any specifics or zones where you will be targeting more, anything on those lines?

**Mukti Lal:** So, we are more focusing on West and North side this time to improve other businesses. We've seen you know internally where we can be like have more opportunity for the business. So, we found these two zones where we will be focusing. So, more branches like in number, I think we will be finished around 50 to 60 branches number addition for this whole year. So, that will be also like mix of that, few branches will be open for the surface business, few branches will be open for the Multimodal business.

**Krupashankar:** Understood. Understood. Thank you and all the best.



**Navin Agrawal:** Thank you, Krupashankar. We take the next question from Ronald Zeoni. Ronald, please go ahead.

**Ronald Zeoni:** Yeah. Good evening, Sir and you know, I had two queries regarding the margins. So, you know, as you said that you know, price hikes won't be much possible for the next few quarters. So, majorly the levers would be on the cost side, but you know we can improve the cost structure in a short-term to such an extent that you know over the next two quarters, we can come back to the margins? Because I think it would be very difficult, you know, to improve the cost structure and the pricing side is a little bit capped, so maybe margin pressures would continue over the next two quarters, at least for the company?

**Mukti Lal:** Yeah, so Ronald ji, you are rightly said so, price is like almost capped because we are not really looking to be enhance the prices in remainder part of this year. Second part, yes cost side, there are two aspects of that. One is truck utilization which is directly impacting our costs, so from 82%, we want volume growth or supposing volume growth was the same even what we had in Q4, then my utilization level would be reached to again 83.5% to 84%. So, ultimately my cost will be impacted or reduced like 150 basis point by that directly. So, that's the one aspect where we will be improve our margin levels and second part, I think because we're adding the like separate you know network for this air express or like rail express mode, so that is still will be like continue so because this is a strategy for the long-term, so that may not be like reduced there, but yes, I think we will be improve the margin level at least 150 to 200 basis point in Q2 onwards.

**Ronald Zeoni:** So, 150 bps improvement could be seen you know if there is a variation of 1% in utilization, increase this?

**Mukti Lal:** Yes.

**Ronald Zeoni:** Great Sir. And on the follow up on that you know multimodal thing, are we you know, over the long-term, you know, planning to have multimodal capabilities like Transport Corporation of India, you know, are we changing your focus to you know, go away from express and diversify more into say have rail and express as you know other avenues where you know growth is

much more diversified rather than concentrated. So, over the say next three to four years down the line should we see TCI Express being a multimodal logistics player?

**Chander Agarwal:** Yes, I think that's quite possible because at the end of the day, you know road network is available and the rail network is also available and so is the air network, but I don't believe that Air network is so much of relevance in time to come. Therefore, it will be very critical that we develop a rail network alongside the road network. I'm not saying that the rail network of the you know, corridors, they will play an important role in our business because they are only for, you know, the Western corridor and all that, they're only for containers for export and for commodities. So, they are not going to be our main concern or a threat. What will be important is to use the existing network of the railways, touching every you know location. So, I think yes, going forward we will see further utilization of the rail and surface network.

**Ronald Zeoni:** But the focus solely would remain on express or there can be, you know, moving away from express business also?

**Chander Agarwal:** Not at all, because express again the margins will only come from express, others are all commodity business. I will not get into the commodity business of transportation.

**Navin Agrawal:** Thank you, Ronald. We take the next question from Kunal Bhatia. Kunal, please go ahead. Kunal, please unmute yourself and go ahead.

**Kunal Bhatia:** Sir, thanks for the opportunity. Sir, you just mentioned the cost escalation from the air freight side or from the cost escalation on the airport handling part. So, on that account, have we taken any price increases for our customers and if that we have taken, how much is that? And my second question is in regard to our overall growth for the current year. What is the kind of growth if we just exclude Q1 for the time being, July and August, say we are almost midway August, what is the kind of growth we have already seen in the 1 and a half month which has passed by?

**Mukti Lal:** Well, Kunal, so I will give answer on one by one. First question you asked for the like cost aspect, whether we are able to pass someone to customer on

air mode, this is really we were not able to pass on because overall airline you know air cost is already on the higher side, so customer will not allow that. So, to compensate that in time to come, we started to be add business on the SME customer like we're doing for the surface cargo where we getting highest profits, same way we also started to get business for that you know small customers for the like rail and air both. So, we will keep working on that strategy and coming on to second part on the growth part, yes. So, we are hopeful to be get double digit growth in remainder 3 quarters of this year. So, trend is good like single digit growth in, you know July and hopefully like this will be like increasing further in August and September much and then subsequently last year was if you see like Q3, Q4, there was a muted growth. So, we are hopeful to be because base is low for these two quarters. So, hopefully, we will get good growth rate in second half of this year. Usually you know second half is always good, then in comparison to Q1 – sorry H1. So, by this strategy, I think we will achieve what we are saying here.

**Kunal Bhatia:** Okay and Sir you mentioned that you had an improvement of 40% in terms of turnaround time. So, what was it specifically only to the Pune sorting center or in general?

**Mukti Lal:** No, in Pune only.

**Kunal Bhatia:** Like Pune and Gurgaon both?

**Mukti Lal:** In Pune only – Pune and Gurgaon, yeah.

**Kunal Bhatia:** Okay. So, Sir in in terms of the overall say revenues, how much would have been handled through Pune and Gurgaon centers?

**Mukti Lal:** So, if you see in and out, revenue for both center, this I think 25% put together in and out, I'm saying because they sit originally also and they sit for the like destinations also. So, put together I think it's 25%.

**Kunal Bhatia:** For Pune and Gurgaon, both?

**Mukti Lal:** Yeah.

**Kunal Bhatia:** Okay, okay, okay, fine, Sir. Thank you so much.

**Mukti Lal:** Thank you.

**Navin Agrawal:** Friends, we're running out of time and we need to wind up. So, request you to forward all your unanswered or follow up questions to me on my e-mail ID. I've shared it with everyone. I hand over the webinar back to Chander or Mukti for the closing remarks, please.

**Chander Agrawal:** Thank you everyone for joining us today. We have tried to address all your questions and if you have further inquiries, please connect with the Investor Relations team and we will be happy to address the same. We look forward to meeting you in the next quarter. Please stay safe and healthy. Thank you once again.

**Mukti Lal:** Thanks a lot.

**For more information please contact:**

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