TCIEXPRESS

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Date: February, 07 2023

Listing Department, **The National Stock Exchange of India Ltd.,** "Exchange Plaza", Bandra Kurla Complex, Bandra (East), Mumbai – 400051 **Scrip Symbol: TCIEXP**	**Listing Department,** **BSE Ltd.,** Phiroz Jeejeebhoy Towers, Dalal Street Mumbai – 400001 **Scrip Code: 540212**

Sub: Transcript of Analyst/ Investors Conference call
Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Dear Sir/Madam,

In furtherance to our letter dated, January 27, 2023 and February 01, 2023, please find enclosed the text transcript of Investors Conference call, with regard to financial results for the quarter /nine months ended December 31, 2022, in compliance with Regulation 30(6) read with Schedule III and other applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The transcript of the call has been hosted on the website of the Company and can be accessed at https://www.tciexpress.in/investor-analyst-corner.aspx?invid=16. We request your good office to take the above information on records.

Thanking you,

Yours faithfully,
For **TCI Express Ltd.**

PRIYANKA Digitally signed by PRIYANKA Date: 2023.02.07 17:15:24 +05'30'

Priyanka
Company Secretary & Compliance Officer
Encl: As above

“TCI Express Limited

Q3 FY 2023 Results Conference Call”

January 31, 2023

MANAGEMENT: **MR. CHANDER AGARWAL – MANAGING DIRECTOR – TCI EXPRESS LIMITED**

MR. PABITRA PANDA – CHIEF OPERATING OFFICER – TCI EXPRESS LIMITED

MR. MUKTI LAL – CHIEF FINANCIAL OFFICER – TCI EXPRESS LIMITED

Moderator: Ladies and gentlemen, good day and welcome to the TCI Express Limited Q3 FY23 Results Conference Call, hosted by ICICI Securities. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0', on your touch-tone phone. Please note that this conference is been recorded. I now hand the conference over to Mr. Amit Dixit. Thank you, and over to you, sir.

Amit Dixit: Yes, thank you so much. Good evening, everyone. On behalf of ICICI Securities, I welcome you all for TCI Express Q3 FY23 post earnings call. At the outset, I would like to thank the management for giving us an opportunity to host the call. From management side, we have Mr. Chander Agarwal, Managing Director; Mr. Mukti Lal, CFO; and Mr. Pabitra Mohan Panda, COO for the call. We will start with opening remarks from the management and then open the floor for Q&A.

Without much ado, I would like to pass on the control to Mr. Chander Agarwal

Chander Agarwal: Good evening everyone, and welcome to Q3 FY23 earnings call of TCI Express. I would like to thank everyone for joining us here today. To start with, I will give you an overview of the industry and business for the quarter, then will hand over the call to our CFO, Mr. Mukti to brief on the financial performance, for the quarter. Our earning presentation has been uploaded on our website and stock exchange and I hope you had a chance to peruse it.

Q3 FY23 ended on a strong note with sustained growth in industrial activities and not so strong demand from festive season. The growth trend was visible in the E-Way bill generation, which ended at a note of 8.1 crores and the IIP, which rose to 7% in the month of November 2022. With the growth in industries, I'm pleased to announce that TCI Express recorded another quarter of stellar performance, with highest quarterly revenue of Rs. 316 crores, registering a growth of 9% year-on-year and 1% on sequential basis.

The growth was primarily driven by increased demand and strong contribution from SME and corporate customers. EBITDA for the quarter was Rs. 47 crores, registering a margin of 15% profit after tax stood at Rs. 32 crores, with a margin of 10%. The margins during the quarter was slightly impacted, by a drop in utilization levels during the festive season and as well as an slightly increased expenses due to the administrative and advertisement expenses.

On year-to-year basis, the company has delivered exceptional performance, with revenue from operations of Rs. 920.3 crores, a growth of 17%. EBITDA grew by 12% to Rs. 146 crores and PAT grew by 9% to Rs. 101 crores.

In light of strong performance during the 9M FY23, the Board of Directors has recommended a 2^{nd} quarterly interim dividend of Rs. 3 per share, taking the total dividend to Rs. 6 per share for the 9M FY23, representing a payout of 300% on the face value and 23% of the EPS.

Furthermore, as of 31st December 22, we have successfully completed the buyback of 1,82,500 shares, amounting to Rs. 41 crores, including taxes. This reflects unwavering commitment to deliver long-term value to our shareholders.

Moving on the quarterly developments. During the 9M FY23, we incurred an capex of Rs. 99 crores primarily towards the land purchase for setting up automated sorting center, in Calcutta and for the new corporate office in Gurgaon.

Furthermore, we expanded our footprint by adding 28 new branches in West and South region, to cater to the growing demand with unparalleled services. TCI Express has demonstrated agility and embracing cutting-edge technology, by making significant investments in automation in the sorting centers.

We are making constant developments to enhance our operation efficiency by implementing our learnings from Gurgaon center to streamline the process in other sorting centers. The automation in Pune sorting center, will be finalized by FY24. These investments in automation backed by our asset-light business structure will result in faster turnaround time, increased capacity and reduce labor and direct costs, ultimately driving the margin growth.

Our newly launched services are delivering very well, especially the Rail Express service, where we have expanded our customer base and presence from 10 routes to 125 routes to cater to the growing demand. All the other products are doing fairly well in light of economic growth.

Looking ahead, the logistics industry is undergoing significant transformation, as the government recognizes the importance in driving the growth of the country's GDP. As India continues to grow as a major player in the global economy, the demand for logistics services is expected to continue to grow.

Now, I would like to hand over the dais to Mr. Mukti, to talk about the financial performance for the quarter. Thank you.

Mukti Lal: Thank you, Mr. Chander. And now I would like to discuss the financial performance of the company. During the quarter, our revenues is from operations stood at Rs. 314 crores for Q3 FY23 as compared to Rs. 310 crores in Q2 FY23 and Rs. 287 crores in Q3 FY22. The total income for the quarter was Rs. 316 crores, as compared to Rs. 312 crores in Q2 and Rs. 289 crores in Q3, translating into a growth of around 1% and 9% in sequential and on year-on-year basis, respectively. This revenue growth is attributed to increased demand from festive season and strong contribution from SMEs and corporate customers.

On the nine-month basis, we have delivered a stellar performance with revenue from operation of Rs.915 crores, a growth of 17%, EBITDA grew by 12% to Rs.146 crores and profit after tax has grown by 9% to Rs.101 crores. As a result of continued focus on revenue, quality and profit growth, we generate strong cash flow of Rs.95 crores and made proactive investment with capex of Rs.99 crores in nine months of this year.

The government initiative for the seamless movement of goods, overcoming transport-related challenges and encouraging rationalization along with significant reduction in time and cost, augurs well for the logistics sector, with major policy push aided by strong economic development. We remain confident in our ability to capitalize the opportunities and to solidify our leadership position, with industry-leading services.

So thank you very much. I would like to open the floor for question and answer. Over to you, moderator, please.

Moderator: We'll take our first question from the line of Mr. Ravi from Naredi Investments.

Ravi: Thank you, Chander Ji, I could not understand this time the result, is the margin is down and we have acquired TCI Express PTE Limited. So what's the reason for both.

Mukti Lal: This is not acquiring anything, it is an opening of the subsidiary and the margins are down. This is cyclical, it's not a constant basis. The economic situation in India as you know, it is not very strong at the moment. It's all temporary.

Ravi: Understand. But you are management is so nice. I never see dip in the margin, just the first time I surprised why this happened, that's why I'm asking you this.

Chander Agarwal: See, it has no problem. It's a good question. It's a valid question. And in fact, we were surprised also. What has happened is that Diwali, first of all, Diwali was not very strong and it fell in the 4 days of holidays. So pretty much one week of business was missing in the month of October, more than that. So in general, it was a big surprise for us also. And unfortunately, even what I understand is that the overall economic growth in Q3 was very poor. So looking at that, we have to look at the future always and we have to see that.

Ravi: Definitely, I agree. And sir, who is our peer one and two, can you give the name or will you skip that question?

Mukti Lal: I think Gati and second one is Blue Dart.

Ravi: Sir, our sorting center, Pune, Gurgaon, Kolkata, Chennai, any more in line?

Mukti Lal: Yes. on that, we already launched Gurgaon one is fully automated one.

Ravi Naredi: Yes, this is number one?

Mukti Lal: It is the number one and second, we already built up at Pune, but we have not automated yet, we will be automated by FY24 and then subsequently will be automatized at Chennai, Kolkata, Bangalore, Mumbai and other locations subsequently.

Ravi Naredi: All will be in one year or a different, different portion?

Mukti Lal: It is a long-term strategy of like 3 - 4 years. we are targeting to be at least to making in an average of like 3 in a 2-year time.

Chander Agarwal: See, we don't want to be, also doing too much beforehand you know, before too fast. We want to go with the flow of the economy of the business also.

Ravi Naredi: How is the Rail Express working and can you tell railway has changed the in last few years, working wise has been changed in few years?

Mukti Lal: Railway what services we are giving, this is a rail service through passenger train.

Ravi Naredi: That I knew.

Mukti Lal: That include a lot. On that, efficiency has improved a lot, all trains are on time now, schedule is maintained. They are very aggressive on to be giving that space to us and all. So that's why it is fantastic.

Ravi Naredi: Yes. Because without help of railway, we can't run this railway express, right?

Chander Agarwal: Yes.

Ravi Naredi: What will be the capex our Gurgaon corporate office?

Mukti Lal: So for capex, land we just bought and for construction we may be take Rs.20 - 25 crores. It will maybe take like 2 years to construct.

Ravi Naredi: It is a small one. Okay, thank you very much. All the best, sir.

Moderator: We take the next question from the line of Mr. Rakesh Wadhwani from Monarch AIF.

Rakesh Wadhwani: Sir, I have one question, can you please tell us the volume tonnage for the 9M FY23 and for the FY22?

Chander Agarwal: So in this 9M FY2023, we have a total volume of 7,30,000 tons for that 9M and last year it was 6,30,000 tons for 9M and for this quarter, we have achieved 2,53,000 tons and same quarter of last year was 2,30,000 tons.

Rakesh Wadhwani: Thank you, sir. That was very helpful. I have a second question, we have given the guidance like we want to double our revenue and the EBITDA 20%. So just wanted, in the last two years because of the COVID, business were impacted, so we did not witness a tonnage growth. But in the coming years, what kind of tonnage growth you are witnessing? Because are you less foresee?

Chander Agarwal: Tonnage growth will be again, it will depend on the business growth also. Therefore, if everything is in order, we know that we are still under the economic impact of COVID this year, not because there is COVID, but of the leftover problems. So, if all in all, things are in order next year, then we will definitely see higher volume growth also.

Rakesh Wadhwani: In order to achieve a Rs. 2,000 crores revenue by FY25, So some growth will come from the tonnage and some growth will be become from the asset improvement in the efficiency that we have done in the past two years that the company has shown. So just want to understand now the growth will be coming from both, tonnage growth, as well as the improvement in efficiency? I just want to understand if you can put more color on the like volume, how you're seeing that will be very helpful?

Mukti Lal: On that part, like in this year, we were not able to take any price hike, not much price hike, like we have taken like 0.5% - 1% price hike on this. So volume growth and revenue growth is more or less same, in this year. Otherwise, in each year, we would like to be take like 2% - 3% at least difference in a price hike and that will be continuing on next year and next year onwards, like we have also done in the past also same way.

So next year onwards, we are also targeting volume growth in a 18% kind of and then revenue growth like 20% - 21%. and also in the next year as well. So like we've taken a target of Rs.2,000 crores, we maybe reach in the range of like Rs.1,900 crores with the EBITDA margin, still we are now hopefully to achieve this 19%, 20% EBITDA margin by 2025.

Rakesh Wadhwani: That was very helpful. Just one last data point. you mentioned for the 9M, the volume was 7.3 lakh tons and versus 6.3 lakh tons for the full FY22 or for the 9M?

Mukti Lal: It was for 9M

Rakesh Wadhwani Sir, can you please give the number for the whole FY22?

Mukti Lal: That was I think, it was 8,65,000 ton

Rakesh Wadhwani: 8,65,000 tons?

Mukti Lal: Yes.

Moderator: We take the next question from the line of Bhavya Gandhi from Dalal & Broacha Stock Broking. Please go ahead.

Bhavya Gandhi: Sir, is it possible to share the current utilization level and the utilization level for previous quarter as well?

Mukti Lal: Yes, so utilization level in this quarter is reduced to 83% and that was impact of Diwali time, that was a long weekend of almost five days, and that's why on that month, our utilization level has dropped from 84-85% to 75-76% and average of this quarter is reached to 83%.

Bhavya Gandhi: And the previous quarter?

Mukti Lal: Previous quarter it was 85%.

Bhavya Gandhi: 85%, right and also wanted to understand on the Rail Express, what would be a margin, if at all you can share that and how much revenue does it contribute as of now?

Chander Agarwal: So revenue is, we are not divulging that because not on a big amount and again we had given a long-term strategy by FY 2025, we will be reaching on 25% service overall revenue all put together including C2C, Rail Express, Cold Chain Pharma, Air, Domestic and the International.

Bhavya Gandhi: Right, I understand that, but rail would be a major chunk of it, right? and as of now, how much does it contribute, less than 5% if I'm not wrong?

Chander Agarwal: No, it is not, rail is not the biggest one, right now surface and followed by the C2C services.

Bhavya Gandhi: And is it Possible to share the margins for Rail Express?

Chander Agarwal: Yes. So margin level is always around 18% to 20% on this.

Moderator: We take the next question from the line of Krupashankar NJ from Avendus Spark.

Krupashankar NJ: Good evening, sir and thank you for the opportunity. A couple of questions from my side. First, just on the competition side, so are you seeing any increase or change in the competitive dynamics of the industry over the last quarter and if so, are you looking that given that outlook was looking tougher. The pricing wise, it's going to be a challenge to increase further going ahead.

Chander Agarwal: I don't think the competition is giving any sort of a problem, because most of the competition is not focusing on SME, like the way we do, number one. Number two, what is happening is that the pricing is a factor of not how we want to take but also a big reason of how the economy is doing. The economy is doing well. Manufacturing is going well, if things are moving in the right direction, times will give price hike, they will take a price hike. But the fact is that fuel price in India has been stable and there is no reason as such to have an incurred higher cost.

Therefore, two factors that played in was, the fuel was normal, it did not increase and secondly their own manufacturing was impacted severely or rather still they are under the duress of the COVID. So, I think, it's only a matter of time when all these things will start cleaning out and our price mechanism will start again. We took a very good price hike even during COVID.

And when things like other modes, air and sea cargo when their prices have already started coming down, big time and once that also starts rationalizing, the demand for road cargo is also going to go very high. That saying that, it's I think only a matter of maybe a quarter or more when from next year we will start see things going well for the road sector.

Krupashankar NJ: Your branch addition plans that continues to remain at the steady pace? So right now, what you're seeing is that about 28 new branches added for nine months. So the expectation would be about at least previous commentary was about 50 branches plus. Are you continuing to hold on to that sort of addition going ahead?

Mukti Lal: Yes, so, branch, we will be keep adding and we are not adding the branches just to add, because we're seeing a branch at least as to be in a breakeven point in a within two months' time and that is strategies, we are going on. so each year, we had a target of 100 branches. I think in this year, we will be finishing around 40 plus branches.

Moderator: We take the next question from the line of Ms. Nidhi Babaria from Envision Capital.

Nidhi Babaria: Sir, what would be the new business contribution in this quarter?

Mukti Lal: So actually, other than surface is almost around 18% business we had put together, like air domestic & international and C2C, rail and cold chain pharma put together. That we want to be increased to 25%, by FY 2025.

Nidhi Babaria: And how much was this contributing last year same quarter?

Chander Agarwal: Last year because we just launched these services, so there were around it I think is 15%.

Nidhi Babaria: I just wanted to understand like our 9M revenue 4 CAGR is roughly around 5%, which is like mid-single digit and we are, like we are targeting some 18% to 20% kind of revenue growth from here onwards. So what is going to contribute the overall growth apart from the industry growth, apart from the normal economic growth which India is facing?

Chander Agarwal: You talked about nine months of CAGR?

Nidhi Babaria: Yes.

Chander Agarwal: For how much time you have taken that CAGR for what are the periods?

Nidhi Babaria: 4 years, which is FY19 - FY23.

Mukti Lal: So that is the only main reason. Because in FY21 the revenue was dropped actually, otherwise if you see after the merger we have grown almost 15% - 16% up to FY20 and then is FY21 is dropped and last year we grown 28% in FY22 and in this year, we will be finishing around 16%. So that's way you can't be compared like nine months because that was only one reason, but because revenue was dropped on that year. Otherwise, so is directly linked with the GDP growth rate and government is also targeting in the next year 7.5% - 8% and we are just doing 2x of that. So, good example of that this quarter, I think GDP will be growing 5% - 5.5% and we grow on a 10%. So usually, we grow on a 2x of GDP growth rate, GDP will be grown good, we will be grown good. Again Mr. Chander has mentioned, it is all depend on the manufacturing and GDP situation. So, we hopefully like if GDP is growing 8%, hopefully we grow in a 16% - 18% on a volume side.

Moderator: We take the next question from the line of Mr. Deepak Lalwani from Unifi Capital.

Deepak Lalwani: Hi sir, thank you for the opportunity. Sir, on your admin and advertisement expenditure, is this one-time or any one-off in these cost line items? and on that question, I had a further clarification, so you had mentioned in your guidance that, we would be expanding a margin by 50 bps every year. So the ask rate for about for the next quarter becomes higher. So just wanted to clarify if you are on track to achieve that? Thank you.

Mukti Lal: So basically for admin cost, it is a two-type cost of involved here, like now everything is opened up and our traveling costs and conveyance costs has also increased and one-time of advertisement cost is also there, so that would may not be come in next year, but other side if you see this, my admin cost is still is below to pre COVID levels, of like, we have the cost on FY20 and we are in running in FY23, so still cost is there. so, there is no high increase will be happened over the period, in the next 2 – 3 year also, it will be keep continue at the same pace.

And another aspect like you asked for the increase in a 50-basis point margin enhancement for this year, I think it looks tough for this year. I think we will be finished in the same margin level of last year. But, yes, obviously next year onwards, we will make effort to again achieve to be in the range of 50 basis points to 100 basis points improvement in each year like we have did in the last six years. That is the only exceptional one year which we are I think not able to achieve that.

Deepak Lalwani: On the one-time advertisement cost, if you can quantify that what percentage of revenue is that? Will that come in the next year also?

Mukti Lal: So, if you see this also not significant increase on admin costs is like 10% increase on that. So amount of advertisement is our, not so much significant of that.

Deepak Lalwani: So on the gross margin side, we will be at this 31% or so?

Mukti Lal: Yes, it is on a 31% for this quarter and for nine month, it is 32%.

Deepak Lalwani: And if you can give us a sense of how January has been and hope the pickup has been post October month post-Diwali? So, if you can just give a sense of how activity has picked up post that.

Chander Agarwal: I think it is again, we have seen that this quarter, the activity was not that strong compared to last year and we were expecting that manufacturing and consumption, will be at an all-time high, but I think the inflation did play its part. There was pretty much no rural demand, there was not much manufacturing happening. So in general, we saw that the overall growth, that is expected in Q3 Diwali quarter, did not happen.

Moderator: We take the next question from the line of Radha Agarwalla from B&K Securities.

Radha Agarwalla: Just one question on my side. you mentioned about muted demand, so could you tell us the user industries from where, we have seen a bit of slowdown and where there is a relatively stable demand?

Chander Agarwal: See, we already did the Q3 with growth in terms of revenue, it's not like it was no demand. Definitely, B2C was hit big time and thankfully we are not in B2C. B2B, again, it grew at what almost 5% and GDP I think is what we are targeting is what the numbers will come out and we've grown double of that. So, in general we are in line with what the economy holds true and there has been no change in that. It's just that the consumption stocks, B2C where we are not present is impacted heavily.

Moderator: We take our next question from the line of Aejas Lakhani from Unifi Capital.

Aejas Lakhani: Sir, my first question, you mentioned that given the fourth quarter, we closed in at the same margins that we have done last year. If that is the base case, sir that would imply that you have to do about 18% to 19% margins in the fourth quarter from an exit perspective. So number one, is that really possible?

Mukti Lal: Yes, in Q4?

Aejas Lakhani: Yes, sir. So if you have to maintain that 16.2% for the full year, it would imply that you would do about 18% to 19% in the Q4?

Mukti Lal: Yes, that is true. So last year we also achieved 17% and that is what we said like in Q3 that the impact of only is the drop in utilization level, nothing else. So in this year, in this quarter, we hopefully again we will be achieved the highest quarterly revenue for the Q4 and accordingly. So utterly, it will be converted to higher utilization of trucks and then ultimately, we will be achieved the kind of hopefully 17.5% - 18% EBITDA margin in this Q4.

Aejas Lakhani: And sir, could you quantify what is the actual associated increased expense for the admin and advertising? Could you just quantify that number in this quarter?

Mukti Lal: So, increase is hardly 10% on that, likely it is increased from Rs. 17 crores to Rs.19 crores rupees only, so it is at Rs.2 crores increase there. So if you want to like advertisement expenditure was only Rs.1 crore and other cost like increase in traveling cost and conveyance cost and other physical training, we also started. So we are using hybrid model, but we are doing the physical meetings also, that's why it has increased by almost Rs.1 crore in that.

Aejas Lakhani: So sir, basically then the expenses that we've incurred this quarter, that's the new normal, right, that we should be assuming for the year the times ahead?

Mukti Lal: Yes. So that will be the right run rate of this admin expenditure, which is also not so high, would be in the range of Rs.18 -19 crores per quarter.

Aejas Lakhani: One other point you mentioned earlier was that you've taken a price growth this year. So were you talking about this quarter or for the nine months?

Mukti Lal: I'm talking about for nine months.

Aejas Lakhani: So basically this year whatever growth has been, it's all these in volume base this year?

Mukti Lal: Yes, that is true.

Aejas Lakhani: Any reason, because sir, you've explained to us in the past several times that this 2% - 3% is almost like a given that you have this kind of a pricing power and you are fragmented customers all across, lots of SMEs. So why was this 2% to 3% not taken this year or what is the reason for that?

Mukti Lal: Only one reason, because all our customers also like taking the hit due to high inflation in their other costs and another was sluggish demand now. So that's why they don't want to be, take the other hit and we are also not pursuing so high for that, that's the only reason.

Aejas Lakhani: Sir, Mukti ji, you did not chose to hold back on this 2% to 3% price gains which you take and that's a fair point, I understand. But have you gained anything that you can quantify like did you gain market share by having the strategy of not increasing the price or did you gain anything in exchange of not taking the price hike?

Chander Agarwal: So, we were able to also maintain our operation costs quite well and looking at that point of view, we were able to show the 10% growth in nine months and profit. If we became more greedy, then it would mean that the competition would possibly lower the price even further. And then and they would have a lot of very good, I don't think they will have very good numbers anyway. So, I did not want the loss of business happening in any way and there could be a possibility of a shift also. So, in order to have all aspects well taken care of, we had to manage this, this way.

Moderator: We take our next question from the line of Harsh Shah from Jefferies.

Harsh Shah: Firstly, can you just provide the split of the MSME and the corporates for the quarter?

Mukti Lal: It is almost 50%-50% and we want to keep that. We always try to, that business is getting very fast on the big customer and very slow speed from that small customer, but we always maintained that since last one decade and we will be keep continuing with that way only.

Chander Agarwal: And that's why you also have growth with profitability, whatever increase in profitability has also happened because of the SME customers. Well, one year could be bad, but if you rewind and look at 2020, it was the SMEs that really cropped up faster than anyone else for us.

Harsh Shah: And secondly, on the revenue growth guidance, which we had given 18% - 20% earlier. So what's your revised number for the FY23?

Mukti Lal: It will be in the range of 16% - 17% now.

Harsh Shah: And lastly, just clarification, these 28 odd branches which we have added, that is on a nine-month basis, right?

Mukti Lal: Yes, true.

Harsh Shah: Right. And this volume growth which you mentioned that 10% volume growth for the third quarter and if we see there is a revenue growth of 10%, so naturally, it means that there was no price hike during the quarter, correct?

Mukti Lal: No price hike during the quarter, yes.

Moderator: We take our next question from the line of Mr. Shobhit Tiwari from Canara Robeco Mutual Funds.

Shobhit Tiwari: So question again pertains to the growth rate for the company. So just wanted to get your sense, we have some new lines of business, which is now contributing 18%, they are growing at a much faster rate and then we have our base business, which as compared to our listed peers, is not growing at that rate at which these guys are growing. So, you mentioned that the market has kind of taken a seeing a slowdown, but somehow the underlying business drivers for all the companies which are there, they're showing a growth. what is it like, which is kind of driving this less revenue growth relative to peers?

Chander Agarwal: What is the main idea about India business, in logistics is that, if you want volume, if you want poor quality volume, what I mean by poor quality is no margin or 1%- 2% profit margin volume, that is available, but I am not in that business. If you compare us to FTL, if you compare us to unorganized segment, if you compare us to supply chain company, if you compare us to freight forwarding company, we are not in that business. Therefore, please understand the line of business we are in.

Mukti Lal: Yes. So incrementally, it is possible. Because we, again, will we keep the same strategy to have price hike of 2% - 3% and volume growth in the range of 16% - 17% and obviously like new services or this line of services we have launched only last year. So these also started to be contributing in a good manner. So this is a base of that and again we will be keep adding our branch network to be cater to SME customers.

Again, it is very easy to get the business from the like subdued rates and from the low rates or low margin, which is not in our DNA and we want to be the business it with profitable one only and want to combination of big customer and small customer, we don't want to get diluted from the like 50-50 and we also don't want to be diluted on our credit terms also, we've seen my consistent receivable days are in the range of 50 days, since last one decade. So, if you watch our qualities consistent actually and we will be keep growing that thought only.

Moderator: We take the next question from the line of Mr. Aman Vij from Astute Management.

Aman Vij: My first question is, in the announcement, we have mentioned that we are opening up a new corporate office also. So if you can talk about the same what will be the cost, why are we doing it and how long it will take for us to move in?

Mukti Lal: So we bought the land and construction will be start in the next year and I think it will take at least 2 - 3 years to construct and construction cost would be not more than I think Rs. 25 crores.

Aman Vij: Sorry. The question was also how it's been helped us and what is the area?

Mukti Lal: So actually existing office is now becoming small, we are already in TCI corporate office that has already built up in 25-year back and now there is an employee strength has increased. So that's where we want in a second corporate office.

Aman Vij: Sir, that office will continue, this is an addition, we won't shift totally to this new office?

Chander Agarwal: No, totally shift.

Aman Vij: So we'll leave that and we'll shift to this office with all our strength?

Mukti Lal: Yes.

Aman Vij: And my second question is, Mukti sir, you talked about that December month utilization was quite low at 75% - 76%, but with still date like 83% utilization for the Q3. This is in talk about what was the utilization in November and December as well as for say January and going forward, what kind of utilization we are seeing?

Mukti Lal: Yes. So consistently, it is in the range of 84% - 85% or on each quarter, average was around 85% sometimes increases on 86% also. So that October month was on a problem only that we our utilization was dropped from average of 84% - 85% to 75% - 76%, and November - December was again is the normal one. And January is also going normal one, there is no challenge on that and that will happen only, because I think you might be noticed that Diwali was on Monday, so you know, factories and everything was start to close on by Friday only, so Friday to Wednesday, that was almost closed for the 5 – 6 days and we decided not to be deterred any services to customer and that's why we even rather get a hit on that utilization level and that is the only matter for that particular month. Otherwise it is a consistent one, there is no challenge on the capacity utilization at all.

Moderator: We take our next question from the line of Mr. Krupashankar NJ from Avendus Spark.

Krupashankar NJ: Thank for the follow-up. Just wanted to check what is the key reason for setting up the subsidiary and what sort of business we are trying to do from Singapore?

Chander Agarwal: Well, what we understand is that the natural course of expansion has to be domestic and overseas. So we are still exploring and it's in exploratory stage and we'll keep updating as to what the progress is happening.

Krupashankar NJ: So we are not planning into freight forwarding or anything.

Chander Agarwal: Not at all. Any business, less than 20% margin we are not doing.

Moderator: We'll take our next question from the line of Kunal Bhatia from Dalal & Broacha Stock Broking Limited

Kunal Bhatia: I just had one question sir. How has been the month of January, because we are almost at the end. So, because there is a big leg room which is wanted for the growth for the entire year. So how was January panned out and what has been the utilization in January?

Mukti Lal: It is not possible o give the numbers right now, but yes, it is again, we will be done the double-digit growth in Q4 as well and margin target, we are taking like 18% EBITDA level for that Q4.

Kunal Bhatia: And sir this vis-a quarter-on-quarter rise in the operating expenses, so I know many people ask, but could you give the quantum of one-off in those expenses, which would not come in Q4 or the going quarters ahead?

Mukti Lal: For you talked about like admin expenses?

Kunal Bhatia: Yes, sir. So, meaning our operating expenses were on a higher base in this quarter. So could you give us any one-off either admin or advertisement, what was the total quantum, which would not get repeated?

Mukti Lal: No, so that wasn't only one reason for that because utilization level of truck was less on October month and that will not be happened in this quarter, that's why we again get normalize. Our gross profit will be again reach to level of like 30% - 33%, which was in this quarter was around 30.5% - 31%.

Moderator: We take our next question from the line of Jainam Shah from Equirus Securities.

Jainam Shah: Sir just one book-keeping question. So sir, what is the cost of the land that we've acquired? I understand the Rs. 25 crores would be construction cost, if you can quantify the cost of the land as well.

Mukti Lal: So the cost of land actually we acquired in a auction in Gurgaon, so cost is Rs. 45 crores for land.

Moderator: We take our next question from the line of Ronald Siyoni from Sharekhan Limited

Ronald Siyoni: Good evening sir. I just have one question regarding the road infrastructure, which you touched upon. So over the past few years, we have been seeing significant improvement in these days and further going forward, we are going to say Western corridor, Delhi to Mumbai kind of highway and all the greenfield long stretches, which would essentially reduce the travel time. So, what kind of growth that should drive. Has this infra improvement in the past could help in improvement in utilization levels and this would be again there is a possibility with this kind of infrastructure coming up that utilization levels would further improve?

Chander Agarwal: If you remember from the last con call, I had said that two things, the highways are good, but the quality of the trucks are not that great. Therefore, we will be offsetting the speed and the low-quality of trucks with automation. That's point one. Point two, the big challenge what remains, what the government will now be focusing on, is that the manufacturing units in large cities or within the city, which have a problem of no entry. So that needs to be also addressed equally. Because till the factories are inside the cities, there will be problem of pickup and collection or in general in logistics and those factories will be difficult to be taken out of the city or whatever, unless there's a big change in the city infrastructure.

So that's why highways are great. Sure, no doubt, Delhi – Bombay 8 hours. Sure, what kind of vehicles will go on that? That can do in 8 hours is a question that I have always asked. So we have to be always vary of the fact that there are multiple roles that play in deciding, how and what will be the ultimate outcome because in India, we don't have a single input for a single output. You have multiple inputs and what you get is multiple output. So, I think we should just wait and see how this rolls out as we go along.

Ronald Siyoni: Yes, thank you very much. Just, one thing that, can this manufacturing inside the city hub-and-spoke model cannot resolve this thing or it's not that easily you can resolve that. That cannot resolve the problem of higher only the truck quality would remain, right?

Chander Agarwal: Now, the question is like, if you have, I mean just think hypothetically if you have these beautiful highways and if you had Fiat or Ambassadors, you know that is a state of trucks. Can we go in 8 hours? No, we cannot. So now government has to work on all angles.

Moderator: We'll take our next question from the line of Harsh Shah from Jefferies.

Harsh Shah: Thank you for the follow-up, just on this capex number, which we have done of Rs. 99 crores in 9 months. So. I just wanted to understand what is the breakup of this. Basically, you just mentioned Rs. 45 odd crores are the cost of land and what is the balance, I just net out.

Mukti Lal: I mean like another land in Kolkata, which was on I think Rs. 20 crores, another part of like we have given the advance for another land parcel in Ahmedabad.

Harsh Shah: And what about this office, the new corporate office?

Mukti Lal: It's the land only which we have just mentioned. Construction will be start in the next year onwards.

Moderator: We take the next question from the line of Rikesh Parikh from Rockstud Capital.

Rikesh Parikh: Most of my question has been answered. Just one thing, wanted to understand about this Gurgaon center which we have upgraded. can we have some quantifiable numbers or benefit we received from this center post upgrade automation?

Mukti Lal: There is two kind of thing happened like my turnaround time of truck has been reduced from idle time like from 16 hour to 8 hour, they took a total time of 24 hour, now this will get reduced to 8 hour. Another aspect we also able to reduce my labor component and third aspect dependence on labor on a peak time was festival season, it has been drastically reduced. So that is a quantification number, I can be separately, we can be discussed on that, but yes, these are the visible benefit we had taken out of this.

Another aspect I think last time, we also mentioned, once we will be become a one more 2 – 3 sorting center, then we have to be get the more benefit of that because we are creating the efficiency here in Gurgaon, but not able to destination center, so this way we need to be do the lot of work and that's where we want to be fastened this process to be automized this center at least on 10 cities and that's we are in the process.

Rikesh Parikh: Just in extension to that hypothetically, once we achieve automation in 3 - 4 centers, probably we can get in additional margin benefit of roughly 150 - 200 basis points, hypothetically.

Mukti Lal: From one center, we're targeting to be at least, we had the benefit of overall like 50 basis points.

Moderator: The next question is from the line of Keshav Bagri from VT Capital.

Keshav Bagri: I heard you're saying that we have reinstated our revenue guidance from Rs. 2,000 crores, which you are targeted for FY25 to Rs. 1,900 crores. Given the current run up and the second part would be on the EBITDA margin front, like we are adding new verticals, because of the fact that they are high margin fronts and we are expecting margins to be beyond 20%. But like in the call, we have reinstated it to 20% flat. So have I got it right like for FY25, we are targeting Rs. 1,900 crores of revenue and 20% EBITDA margins.

Mukti Lal: Yes.

Keshav Bagri: My second question would be on the fact that if I would see the realization per kg, it has been hovering around Rs. 11 to Rs. 12. So are we compromising on the profitability front to get the volume and the tonnage because that has never been the strategy for TCI, which sets it apart from all the other listed players like I've been following the company for like 6 – 8 quarters.

Chander Agarwal: We are not doing anything of that sort.

Keshav Bagri: And the last question would be on the branches front, can you please break up the branches. how much branch addition did we make in Q1, Q2 and Q3 of FY23?

Mukti Lal: I think till H1 FY2023, we have done 21 branches and now in 7 branches in this quarter. That is a breakup.

Moderator: Thank you. Ladies and gentlemen, that was the last question for the day. I would now like to hand the conference over to the management for closing comments. Thank you, and over to you, sir.

Chander Agarwal: Thank you everyone for joining us today. I would like to conclude by saying that the leading logistics provider, TCI Express with a pan-India presence, we are well-positioned to capitalize on the India's growth story and very optimistic on the growth trajectory, that we are on. We look forward to meeting you again next quarter. Please free to reach out if any questions remain unanswered. Thank you once again.