TCIEXPRESS
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Date: May 17, 2024

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 Earnings Call for the Quarter/FY 2023-24
Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Dear Sir/Madam,

This is in furtherance to our letter dated May 10, 2024, whereby the company had submitted the link to the audio recording of the Earning Call held post announcement of the Audited Standalone and Consolidated Financial Results for the Quarter and Financial Year ended March 31, 2024.

Pursuant to the Regulation 30 (6) read with Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015, please find enclosed the transcript of the said Earnings Call, for your information and records. The transcript of the earnings call is also available on the Company's website at https://www.tciexpress.in/investor-analyst-corner.aspx?invid=16&key=c74d97b01eae257e44aa9d5bade97baf

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: 2024.05.17 17:05:03 +05'30'

Priyanka
(Company Secretary & Compliance Officer)

Encl: As above

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"TCI Express Limited
Q4 FY24 Earnings Conference Call"

May 10, 2024

MANAGEMENT: **TCI EXPRESS LIMITED**
MR. CHANDER AGARWAL - MANAGING DIRECTOR
MR. MUKTI LAL - CHIEF FINANCIAL OFFICER
MR. HEMANT SRIVASTAVA, COO– SURFACE EXPRESS

MODERATOR: **MR. NAVIN AGRAWAL – HEAD INSTITUTIONAL EQUITIES, SKP SECURITIES LIMITED.**

Navin Agrawal: Good day, ladies and gentlemen. It is my pleasure to welcome you on behalf of TCI Express Limited and SKP Securities to TCI Express Limited's Q4 FY24 and FY24 Earnings Webinar.

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

This webinar is being recorded for compliance reasons, and during the discussion there may be certain forward looking statements which must be viewed in conjunction with the risks that the company faces.

I now hand over the webinar to Mr. Agarwal for his opening remarks which will be followed by a Q&A Session.

Thank you, and over to you, Chander.

Chander Agarwal: Good evening, ladies and gentlemen. I welcome you to the Q4 and FY24 financial earnings conference call of TCI Express.

Let me start by giving you a brief summary of the economic conditions we encountered during the 4th quarter of FY24. Despite challenges in the operational environment during this period, TCI Express demonstrated resilience and adaptability in navigating the market dynamics. We maintained stable gross margins and consistent capacity utilization due to a strong customer base, robust network and operational efficiency enabling us to outperform our industry peers.

Aligned with our shareholder friendly capital allocation strategy, the board of directors has recommended a final dividend of Rs. 2/- per share. This brings the total dividend for FY24 to Rs. 8/- per share amounting to a significant pay out of 400% on the face value of Rs.2/- each underscoring our commitment to delivering value to our shareholders.

Moving onto a brief update on the business developments:

The rail Express has garnered significant interest from customers and our customer base has grown considerably and over 125 routes to cater to the growing demand. A lot of the air cargo business has also kind of moved towards the rail cargo segment is what we have noticed. Moreover, I am pleased to announce the successful implementation of automation at the Pune Sorting Centre. This 1.4 lakh square facility is now equipped with AI enabled automated cross belt sorter enhancing operational efficiency, streamlining sorting processes and minimizing errors. This advancement has resulted in faster deliveries and reduced inventory holding periods. These efficiency improvements will again firmly establish TCI Express as the innovation leader in the express delivery industry. As we look ahead into the future strategy, our focus remains on investing in technology and automation to boost operational efficiency and deliver exceptional customer service. In FY24 we allocated a total capital expenditure of 46 crores towards expanding our branch network advancing automation initiatives and fortifying our IT infrastructure. Throughout the fiscal year we expanded our footprint by establishing 25 new branches supporting our multi-modal express business and enhancing market reach and customer accessibility. Now all our surface and non-surface products have their own team and which will contribute significantly to the top line and bottom line as we proceed.

Our strategic investments in technology infrastructure have significantly ensured that we remain in the forefront of the industry. I am also happy to announce that our sorting centre in Chakan, Pune has achieved a gold rating in the LEEDv4 BD + C Warehouses Distribution Centers rating system. This achievement underscores our company's dedication and also our approach to sustainability. In the ongoing commitment to people first approach, we are proud to announce that we have been re-certified with great place to work, re-affirming our dedication to fostering a positive and inclusive workplace environment.

Also, we are honored to have received a prestigious sustainability award from CUMI a leading manufacturer of coated and bonded abrasives in India. We have also been recognized as the best B2B logistics partner for 2023-24 by Royal Enfield. These accolades affirm our commitment to excellence and our strong partnership within the industry.

Looking ahead the sector is set for substantial growth driven by government infrastructure and policy initiatives aimed at enhancing transportational infrastructure especially in major freight routes, logistics paths in road and highway connectivity. With this favorable industry outlook, we are confident in our capability to capitalize on the opportunities in the Indian Express Logistics market and generate long term value for our stakeholders.

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

Thank you.

Mukti Lal: Good evening, everyone. This time we are not only doing like earning presentation we are rather giving full presentation so that you have a feel about the company, that's why we moved from concall to Webinar.

I will quickly run through this presentation and we can have the question and answers session.

As you are all aware we started this company after demerger from the TCI Company 8 years back and we have almost 3000 workforce and 970 branches right now.

So, this year continuously we will be focused on offering comprehensive logistics services across multiple domains including rail, air, C2C, international and surface express and tailored to diverse client needs. We continuously will be focused on asset light model, we will be carrying high value cargo and continuously expand services and we will be continuously focused on automation of our sorting centers.

This is our geographical footprint. We are present across India which not many other companies are. We are from west to south and north to east we are present everywhere and we are offering all the services, surface, pharma cold chain, rail, e-com, C2C, domestic and international air express.

So, two years back we established first fully automated centre in Tajnagar , which is near Gurgaon and now second one as Mr. Chander has mentioned, second one we also launched in Pune in March month and we are now streamlining the things. This is aligned with sustainability where we have the solar in Tajnagar as well as in Pune both. We are electrifying through solar and with that we have reduced the turnaround time of cargo almost by 40%.

These are the service offerings which we started 2 to 3 years back, like Rail Express is getting good traction right now. We have 4500 customers and now currently we are operating in 125 routes and it is continuously increasing the number of customers and all.

This is again you know customers are very happy with services and our target is to convert air business into rail business with one third cost.

Same way, Cold Chain Express we are only focusing on pharma, we are not going into other fields like food and other related products, so that why we will keep the same thought where we keep ourselves asset light and we will hire the assets on outsource model and we will keep it the same way.

C2C Express, yes, this is a new niche segment where we are creating the business for fast trucking and milk run model where we are collecting the cargo from two locations and delivering on one location or vice versa, where we are picking from one location and delivering to 2-3 locations and again same way we will go with outsource model and we will keep ourselves asset light so the returns would be higher and this has a huge market and we converting gradually in our favor.

So, now we move on to Q4 highlights: we have achieved a total income of Rs. 320 crores, EBITDA is Rs. 47 crores which is EBITDA percentage margins is around 15%. We announced the final dividend of Rs. 2/- per share, so in totality the dividend for the whole year is Rs.8/- per share i.e. 400% on face value of Rs.2/- each. And the utilization level of trucks was around 83.5%.

So, this is the financial performance in this time, we can see we have de-grew this quarter by 2.5% and accordingly PAT is also lower. In full year basis we have grown 1% and at EBITDA level we de-grew around 3.5%.

Same way we have achieved 46 crores rupees of CAPEX in this year and in totality we have added for the full year we added 25 branches and in this quarter we added almost 10 branches. Especially focused on our multi-model express business.

This is quarterly performance, we compared Q4 of last year and Q3 of this current year, so you can see the numbers like the margin is between 15 to 17%, PBT margin is still the highest in the industry in the range of 13 to 14%.

This is FY24 highlights, which you are seeing we have achieved a revenue of Rs. 1,261 crores which is 1% higher and EBITDA is also Rs. 194 crores with a margin of 15.5%.

In this year if you see we achieved a cash profit of 151 crore rupees in comparison of 154 crore rupees of last year. So, cash profit side we are almost the same as what we have achieved last year.

This is the annual performance of last 4 years, where revenue is in increasing trend, EBITDA is also increasing trend, and PAT margin is again still highest in the industry.

These are the key ratios where our return ratios are high in the range of 25 to 35% over the period of last 4 years and cash conversion ratio is again very robust, we are converting almost 70% EBITDA to cash ratio.

Leverage we maintained continuously like receivable days is hovering from 52 to 55 days continuously. And since one decade it is on the same lines. Again, payable days we are also having very good scheduled payment systems, so that’s why payable days is in the range of 35 to 38 and accordingly net working capital cycle is 14 to 16 days which we are maintaining that since last one decade.

This is the balance sheet we are showing balance sheet size has been grown from Rs. 735 crores to Rs. 850 crore rupees. And if you compare it there is no big difference like only trade receivable has increased from Rs. 211 crores to Rs. 231 crore rupees, assets increased by almost 30 crores, net assets increased by 35 crore rupees. And rest increased like whatever surplus funds we have it has increased in short term investment which has grown from Rs. 32 crores to Rs. 90 crores. So, almost Rs. 60 crores has gone there. Same way if you see on liability side everything is added to our net worth and trade payables are also same.

These are cash flows, as mentioned, we have very good cash flow from operations.

This is we are showing the comparison of our margin profile with the industry players, still we are whether it is EBITDA, EBIT or PAT we are the highest one – these are the 9 months results we are comparing because still few industry players will be giving their results, we are waiting so that's why we compare with 9 months' results.

So, last 8 year key take away, our locations has grown from 32000 locations to 60,000 locations and branch offices increased from 500 to 950 plus and sorting centers from 26 to 28. Customer base has also hugely increased from 1.5 lakh to 2.25 lakh customers and if you see EBITDA has grown in the range of CAGR of 17%.

So, these are strategic and outlook where we again will keep the same way of balance in between of SME and big customers. We will continue to focus on metro and tier 1 cities. We will keep adding new services which we offered one or two years back. And our planned capex for five years is Rs. 500 crores of that we have already incurred around Rs. 170 crores in last two years, remaining Rs. 330 crores we will be spending in the next 3 years.

These are the strategies by 2030 where we want one-fourth of the share of multi-modal services in over all, rest we want to create a wealth for shareholders accordingly. We will keep focusing on asset light business model and we will increase the customer base and we will keep sorting centre like strategize the same way where we want to create big sorting centre from the least one.

These are the industry numbers where we have a market share by volume transported by us is around 7% which is almost 7% market share.

So, again government is also pushing hard to improve the infrastructure continuously and last year they did like 11 lakh crores plus kind of, they carved out the money capital expenditure for infrastructure development in 24-25, that will certainly help to improve our efficiencies.

These are management teams, where our Chairman, Managing Director, and all.

Sustainability is also like our core pillar and we are working hard on all the ESG components environment, social and governance and soon we will release our ESG report, first ESG report. You can find it on our website also.

These are the recent awards we got, as Mr. Chander has also mentioned; so no need to repeat again. Pune Sorting Center, then award by Royal Enfield and CUMI.

This is capital market information where we gave a CAGR since last 8 years like 14% plus in our share returns.

Thank you so much.

Now we can have the question-and-answer session.

Navin Agrawal: Thank you, Mukti.

As we now open the floor for the Q&A session, anyone wishing to ask a question request you to raise your hand. We will unmute you and take your question. And if you can introduce yourself with the name of the company or the fund house that you are representing. We will wait for a couple of minutes while the questions line up.

We have a question from Alok Deora. Alok, please go ahead.

Alok Deora: Can you hear me?

Navin Agrawal: Yes, Alok, loud and clear please go ahead.

Alok Deora: Good evening, sir, this is Alok Deora from Motilal Oswal. This was just on the results - firstly if you could share the volume number for 4th quarter and the full year. And how it was year-on-year in the 4th quarter.

Mukti Lal: So, tonnage number for this quarter is exactly 2,58,000 tones and that is almost like 2% in negative of same year last quarter. For the full year we achieved one million tons exactly.

Alok Deora: Okay, so there is actually I just want to understand it has been a pretty muted quarter and even a muted year if we see the full FY24, so what is really happening at the ground level if you can just give some insights because the growth has not come through and we have been forecasting nearly at least 10 to 15% sort of volume growth and we have closed on a flattish number. How do we see FY25 panning out and our long-term guidance on the revenues of 2000 crores, how those numbers stand, any colour on that please.

Chander Agarwal: I think this is a temporary phenomenon because we know that at ground level consumption has been badly hit because of high prices and in general we have seen the consumption taper especially from the Q3 onwards. Surprisingly, the Diwali what we expected wasn't a bumper Diwali at all. So, that kind of influx of high cost and even the fact that cash was pulled out of the market. So, India being a cash market I think that also played a very important role in not enabling growth in the service sector.

Alok Deora: Just one last question. So, what kind of growth we are now looking at in FY25, and margins will remain in this range or could we see some improvement there? That's my last question.

Chander Agarwal: We expect about 10 to 12% growth. Also Q1 is the election quarter so we have to be very careful about that and profitability will remain the same and we will try of course our level best to increase it by 100 basis points.

Alok Deora: Sure, I will come back in the queue. Thank you and all the best.

Navin Agrawal: Thanks, Alok. We take the next question from Lavina Quadros. Lavina, please unmute yourself and go ahead.

Lavina Quadros: Hi, Chander, hi, Mukti I am Lavina from Jefferies. Just wanted to check, see on this volume angle, right, if you can just let us know which industries, if you can give us a broad sense on which industries have seen a decline because capex seems to be picking up, manufacturing is doing well. So, exactly which industry has disappointed on the ground and broadly a volume composition that would really give us some colour on what is exactly happening on the ground. Thanks.

Chander Agarwal: So, basically, Lavina, our manufacturing has been growing but consumption has not been. So, I mean if you look at the pricing that's happening, the major price increase at the ground level is not as opposed to say the top level or the medium level of the economy, the income level. So, it is pertinent to understand that the consumption in like say travel tourism and all that which has been high is a factor of several reasons but if you look at sectors like, even though we are not in that – consumption and even textiles, electronics, all of them have not been growing. So, the high price that we are looking at has really made the consumer not just in India but globally I am saying that the consumption levels have come down. It is probably a temporary thing with the high interest rates and with high inflation, it is hopefully this year as we are expecting that the interest rates should start easing out by September then things should start getting better.

Mukti Lal: Also, to add to what Chander ji is saying, so basically I think we also face, you know, already inventories are so high with all the showrooms and all the B2B customers, that is one of the reason. Now I think once consumption will start though manufacturing is there, but the movement of goods is not there where we have to come into the picture, that's also one of the reasons where dispatches by these manufacturers is less because they already have inventories there, so that's why.

Lavina Quadros: Sir, could you give us some industry colour like let's say on your volumes how much is approximately consumption back, how much is manufacturing back so that we just a sense that when consumption picks up what would be the impact for you, on your broad cargo volumes, just a broad sense.

Mukti Lal: Basically, if you see except auto all the sectors are not growing whether it is lifestyle products or pharma because after covid time pharma still is in flattish growth, they are not growing. Also, I mentioned in the last call where they restricted sending of samples to the doctors and that has not like picked up again because they limited sending some samples to doctors. So, these are the again engineering goods item is again there is not that much growth, they have very low growth. So, these except auto sector is facing a challenge on consumption side.

Lavina Quadros: Okay, thank you.

Navin Agrawal: Thanks, Lavina. We take the next question from Ashwini Agarwal. Ashwini, please go ahead.

Ashwini Agarwal: Hi, my name is Ashwini Agarwal. I am the founder of Demeter Advisors. A quick question, I mean just looking through the pricing and the premium margins that you have versus the industry, is it possible that your growth reflex, your premium positioning and competition is kind of capturing the growth because business environment is challenging and people are looking for deals. Are you losing market share, do you have any proxy for that. How do you maintain your competitiveness - on the service side I understand, but on the pricing side are you being edged out on growth because of pricing that's the real question.

Mukti Lal: So, if you see, you know, your concern is right but that's not the case actually because if you see all the industry numbers 9 month numbers are available and no one has grown. This is as mentioned by Chander ji, basically it is a industry wide phenomenon where no growth has come. Everybody is facing the challenge on revenue side. But if you see price wise, this industry is not really price hungry earlier also I said sometime what freight we are charging in comparison to their product value is less than 1%. So, they are really not concerned about the pricing, so pricing is not a concern at all it is overall economic situation and you know less dispatches are there, that's why it is happening. Once this volume will be back we will be there. So, there is no case at all where we even think about losing market. Our margin is a premium margin because this is happening because we have widespread presence across India, then second is our utilization of vehicles is fantastically on high side because we are getting the business across the India that's why utilization level is high. This is not the way we are losing market share that is not at all.

Chander Agarwal: And our service levels are the top in the industry, so there is no way that I don't think that pricing is making a difference. It is just that the dispatches from the manufacturing companies are less because of less consumption.

Ashwini Agarwal: My follow up question is along the same lines, obviously the government has spent a lot of money on augmenting rail capacity in the last 4-5 years. Is it possible that the traditional road network is becoming less competitive and rail capacity are taking away some of the share…..

Chander Agarwal: I would like to interject, it is actually all the money is going in passenger rail network development, not in cargo or freight. So, in the western world you have a separate line for cargo and freight and that is not the case in India.

Ashwini Agarwal: So, that is not the reason either, okay, fine. I will come back in the queue, all the best, thank you.

Navin Agrawal: Thank you, Ashwini. We will take the next question from Jainam Shah, Jainam, please go ahead.

Jainam Shah: So, firstly on the data point part if you can share the railway's share of your total freight for Q4 as well as FY24.

Mukti Lal: Sorry can you come again, I missed your question.

Jainam Shah: What's the proportion of the total freight has been contributed from our railway and other services for the 4th quarter and the full year.

Mukti Lal: So, basically it is hovering around 17.5 to 18% continuously last year. For the full year also it is like 17.5 to 18%.

Jainam Shah: Okay, got it. And, sir, if we, of course this year has been quite muted for us and if we see the trend for the last 8 years we have grown substantially at 17-18%, so what we can see from a 5 to 10 years perspective in terms of growth.

Along with that in terms of margin have we taken any price decrease because of curtailed diesel rates in the second half of March or we are continuing with the same pricing.

Mukti Lal: Our strategy would be to grow 2x of the GDP, except this year was not great and muted for everyone. But next year onwards we hopefully again come back to that process where we will be growing 2x of GDP. And on margin side yes, once we come back with higher volume certainly our margins will further improve by 50 basis points to 100 basis points. And again what the second you have asked?

Jainam Shah: So, of the margin I was asking about the overall growth for overall medium to longer term, that is like 2x of GDP, right?

Mukti Lal: Yes, margins certainly we will improve in time to come once volume will be back. You know, otherwise if you see our strength is there, in this year also in a low volume even we maintained our gross margin at the level of 32%, which was the same in last year, so whatever degrowth in the margin is there due to manpower cost and increase in manpower cost only even admin cost is also same what we had last year.

Jainam Shah: Got it. And the last question was on the pricing part, decrease in the pricing with respect to the rate cut in the diesel price in second half of March or something.

Mukti Lal: Basically if you see we have the only price hike clause we don't have any clause which is supposed to be reduced. So, wherever price is increasing or decreasing is a positive arbitrage for us because why I am saying once price is increasing then we will be passing onto everyone, every customer, in all the time we will be able to pass on almost to 85% customers overall. And then we are passing onto our suppliers also but on their prices, so on my cost, so arbitrage is there. I am passing on my price to customers on my prices means shelf price and I am passing onto my supplier on my cost price. So, that gap is almost obviously is around 30 to 35% so it is always positive arbitrage. Once prices are decreased, we are not decreasing prices, except 2 or 5 customers or 1 or 2% customer is okay otherwise we are not reducing, we keep retained with us, we also like reduce the price of our suppliers. So, that's how this industry is working and no need to reduce the prices because again that cut was not you know a big one that is hardly they reduced the price by 2 to 2.5%.

Jainam Shah: Okay. Thank you.

Navin Agrawal: Thanks. We'll take the next question from Krupashankar. Krupashankar, please go ahead.

Krupashankar: Thank you for the opportunity. Sir, quick question, see, just wanted to get a sense around any specific sectors as such, which can you know give a better performance than FY25 which are having a positive outlook around and that can be a key growth catalyst with respect to volumes? What are your thoughts around that on 1st part?

Mukti Lal: So, basically our thrust to be like improve, we hopefully in engineering goods and basically in Pharma, these two sectors we are seeing. Obviously, auto will continue to grow. They're not so optimistic about you know this one lifestyle products or you can say like you know textile market, textile products, so we are not so optimistic about that, but otherwise we are hopefully every segment will be increased, every product will be increased. Otherwise, we are also focusing this time on like defense sector and also like in you know solar sector because government is also pushing to install the solar on like 1 crore houses in next year. So, we are also focusing on that products.

Krupashankar: Got it, Sir. Sir, now you know, based on my understanding of the sectors or lifestyle and textile constitutes a big portion of the B2B Express industry, are you not seeing any green shoot at all because we are seeing that there are companies which are reporting relatively better growth in specific pockets at least or where is the gap is what I wanted to understand is that, the growth or wherever TCI Express is present much more, the growth is not happening on those pockets and that's one of the reasons why we are not able to see that volume growth happening?

Mukti Lal: So, interestingly you know we are doing the work with only premium brands whether a name of all big brands and I think they are not in that shape or in growth that's the only reason because pocket they may be grow because we don't do like regional, you know much transportation for regional level or in Intra State basically. We are doing like Interstate. So, we are doing the work majorly for the like big brands and I think that is still in a, they have some pain.

Krupashankar: Sir, if then that is the case, then is it likely that I mean is there an annual price hike anticipated in the first half of the financial year?

Mukti Lal: Yes. So, we will be, yeah. last year as we didn't take any price hike because there was a muted numbers and volumes are there. So, we did not initiated the process, but this year we are initiating the process again and hopefully in this year we will be finished with the 1.5% to 2% price hikes.

Krupashankar: Got it. Thanks a lot. I'll get back in the queue.

Navin Agrawal: Thank you, Krupashankar. We'll take the next question from Dhanan Bagrodia. Dhanan, please go ahead.

Dhanan Bagrodia: Hi, Sir. What was the total volumes for the quarter?

Mukti Lal: Volumes are like 2,58,000 tons for this quarter and for the whole year is 1 million tons.

Dhanan Bagrodia: So, it was like 2,58,000, so 1 million is total. Okay, Sir, at volume decline of 2% year-on-year?

Mukti Lal: No. So, that is not declining, is almost flat or I think 1.5% growth over last year.

Dhanan Bagrodia: For the quarter.?

Mukti Lal: Yeah, quarter is, yes, -2.

Dhanan Bagrodia: Okay. Thank you.

Navin Agrawal: Thanks, Dhanan. Take the next question from Anshul Agrawal. Anshul, please go ahead.

Anshul Agrawal: Hi, thank you for the opportunity, Navin. Question for Chander ji and Mukti ji both. Sir, I was reading your comments that you know we have jettisoned a few customers which are unprofitable in nature. I wanted to understand are these SME customers and what would our mix of SME customers be in our revenues currently?

Mukti Lal: No. So, basically these customers, which are not profitable in big segment actually and our customer on SME side is non-profitable one. So, that's way.

Anshul Agrawal: And what would be our mix, Mukti ji for SME customer, SME customer mix in our overall revenues currently?

Mukti Lal: Yeah, currently it is like on quarter we maintained around again 51, you know big customer and 49 is small customer and for the whole year is again 50:50 because we intentionally don't want to disturb that balance. So, since last two decades, we are maintaining that.

Anshul Agrawal: Great and the remaining Capex of 300 odd crores that we intend to spend in the next 2-2½ years, could you help us understand which all hubs would we plan to automate and where this Capex will get used?

Mukti Lal: Yeah, so very good question. So, as I mentioned already, two sorting centers are already automated. Now in pipeline are like Ahmedabad, Kolkata, Mumbai, and Chennai and then these are the four one which is in pipeline. I think next year we will start the construction in this year in Ahmedabad or Kolkata, in two places.

Anshul Agrawal: But the project will get completed only in 2026 for Kolkata and Ahmedabad?.

Mukti Lal: Yes.

Anshul Agrawal: So, these benefits will only come in 2026, would that be correct?

Mukti Lal: Yes, that is correct.

Anshul Agrawal: Despite that we are saying that we'll see margin expansion in the current year?

Mukti Lal: Yes, margin expansion like this is very good thing where we like at least started these two sorting centers. So, at least on lag between Pune to you know Gurgaon we will have some benefit on that because there is both way, we have the like simultaneous automation. So, certainly we will get the benefit in that what we are earlier understand estimated, so we will get the benefit here.

Anshul Agrawal: Thank you so much.

Mukti Lal: Yeah. Thank you.

Navin Agrawal: Thanks, Anshul. The next question is from Nahisar Parekh. Nahisar, please go ahead.

Nahisar Parekh: Hi, thank you. Sir, my question is for Chander ji. So, you know this your we can maybe understand, when we look at the last five years right, pre-COVID to now, we've practically not grown. We were 1000 crores odd in FY19 and now we have some 1,250 crores, whereas competition has grown significantly. Blue Dart has gone up from 3,200 to 5,200, so 2,000 crores. Safe Express grown from 1,600 to from 3,500, so, another 2,000 crores, and Delhivery has grown from 1,300 to 5,200 crores, so that's another 4,000. So, all of them have kind of grown revenue strongly, whereas over the last five years we are practically flat. So, what is the reason for that?

Mukti Lal: So, this is a very good question, Nahisar. Basically, if you see these are the all player under different mode like if you talk about Delhivery, they are completely in B2C segment and there's a different one and they also like doing like FTL. So, that's where they are growing very fast and they also added the new company acquisition there. So, talk about like another company, you talk about Blue Dart. So, if you see the like last one decade their number, their number was earlier - there was in a hugely negative and then they bounced back gradually. So, that's the thing is happening. About the third company you named it. So, I think they are more into focusing on third party logistics and full truck load, not in the like majorly into in you know express cargo. So, these are the like you know within the industry there are different products they are having. So, Express industry if you compare us that is a vis-à-vis like we are there and then Gati is also there and then you know Spoton was there. So, Spoton was like now merged with that. So, these number if you see, there's the same kind of number you will find there. So, it is very important to see whether which you know product we are comparing. So, that's the thing I can say.

Nahisar Parekh: Sir, you said over the last five years the market is only higher by 25%. The market that you are in, so that is less than 5% CAGR or 4% CAGR?

Mukti Lal: Sorry, what you said?

Nahisar Parekh: I'm saying you grew from 1000 crore to 1250 crore, right from pre-COVID to right now. So, my question is that's less than 5% growth. So, are you saying that the market that you operate in grows at less than 5% in the last five years?

Chander Agarwal: In COVID, we had -20% growth so please factor that in.

Nahisar Parekh: No, no, but I'm comparing pre-COVID to now? So, you're saying pre-COVID to now if we look at CAGR, the market CAGR should be less than 5%?

Mukti Lal: No. So, you know these two years you can't be compared with that like 20 is also hit by that and you know FY21 was also badly had hit by that, and then we grow in 22 and 23 both year we grown. So, we can't be put the same because these two years are just like wasted on that you know due to that COVID. So, that's the only one reason you can say, so you can't take is like CAGR. If you CAGR see like before that, we grown like 15%-16% CAGR. So, that will be again volume industry. This is a very temporary phenomenon. Once volume will be back, we will grow again.

Chander Agarwal: And Mr. Parikh, you compared you know unorganized segment with the organized segment in Express. So, that's not really an apple to apple comparison. If you look at our direct competition, which is listed, you'll see the results are available. You're talking about new age delivery companies. They have their own way of working where they'll take on any business and every business that's possible. but if you look at the B2B business that they're in, compared with ours, there's far, big difference. So, I think getting into detail, minute details is very critical in this industry.

Nahisar Parekh: Okay. Got it. Second question which I had is from a volume perspective, I think this question was asked earlier, but can you give us split by sectors for yourself, how much is pharma, how much is textiles etcetera?

Mukti Lal: Yeah, so volume is 55% from these major 5 sectors, which are pharma, electronics, engineering, lifestyle products, and auto. Remaining are with other sectors.

Nahisar Parekh: Okay. And for this year, can you mention like which were the top 2-3 sectors that did - like top two sectors in growth and bottom 2 sectors in growth?

Mukti Lal: So, basically growth was in this year is in auto obviously and lowest growth in lifestyle products.

Nahisar Parekh: Okay. Thank you so much.

Navin Agrawal: Thanks, Nahisar. We take the next question from Priyank Chheda. Priyank, please unmute yourself and go ahead.

Priyank Chheda: Hi again, coming back to the aspirations to grow 2X of GDP and if you see our nominal GDP still growing at double digit, there is overall a buoyancy in the macro environment except for commodity sectors. Most of the sectors which you mentioned, which contribute large chunk of the revenue have grown. SME credit growth itself is double digit. So, what I really want to ask is what is the introspection that is required from a TCI Express side? What actually is required on the strategic level to change for, so that we've been such a smaller company in the whole of the large logistics sector, can grow despite all the macro headwinds. So, just on a strategic thought, Chander ji, if you can help us, it would be great?

Chander Agarwal: So, you know we have tried loading the prices earlier to gain market share and that I think is the worst strategy to take on. We can also take on, we can do what other companies are doing, and you know just take on every kind of business and not worry about the value. The question is then what we had expected from the anvil of GST from 2016, that you know, how the economy will change, how the economy will you know prosper, took a little bit of shuffling because of the GST being coming in 2016 and then elections happening, and then COVID happening and then elections happening again. So, within the five years we have seen that whatever we have created, whatever we are running on, is geared to withstand all those challenges and still you know continue with profitability. Now, the top line growth, what I think you all are concerned about is something which I keep saying is temporary - it's a temporary halt. It's not something which is like, you know, taken back. The problem would have been if we did not achieve the 15% EBITDA or 16% EBITDA, that would be the concern. There is nothing that we will change. There is nothing that needs to be changed. We have aligned our manpower, our infrastructure in the proper way that can withstand and can go up and down as the economy is going. So, what we need to as investors, as promoters, we are very patient and we have to understand and if we take that in stride, we will definitely keep achieving our targets.

Priyank Chheda: Correct. So, you have to again circle back the strategy and the placement of whole of the business construct that is there is rightly placed and we have to wait for a macro to change in our favor or customers within the cohort where we are should change in our favor, right? And that I mean nothing on the strategic level changes that are required at a TCI Express and that are required?

Chander Agarwal: Nothing at all.

Priyank Chheda: Very clear. Thank you.

Chander Agarwal: Thank you.

Navin Agrawal: Thanks. We take the next question from Akash Vora. Akash, please go ahead.

Akash Vora: Thanks for the opportunity. 2 details are required. One was what was the capacity utilization for this quarter?

Mukti Lal: This quarter capacity utilization was around 83.5%.

Akash Vora: Okay.

Mukti Lal: And for the full year, it is around 84%.

Akash Vora: 84%, okay. And how do you expect it going forward?

Mukti Lal: So, once like you know volume, once volume will be increased then certainly, we want to be in a go in the range of 85% to 86% in near term and in longer term we want to be in a range of 88% to 89%. Beyond that going

Akash Vora: What would be at peak?

Mukti Lal: So, that's why I'm saying, so peak would be you know we may not be go beyond 90 obviously then we will be compromised on our service level which we can't. So, that's why we hopefully in the longer term we want to be 89 to 90 max.

Akash Vora: Okay and Sir, could you explain the increase in other expenses this year - this quarter especially?

Mukti Lal: So, basically, CSR and few other items basically.

Akash Vora: Okay. So, we do make a quarterly provision for CSR?

Mukti Lal: Not really because this is as and when this is incurring that's why we are putting the money accordingly.

Akash Vora: Okay and what would be the amount for the year?

Mukti Lal: For whole year is around Rs. 3.5 crore.

Akash Vora: Rs. 3.5 crores. And just last question from my side was on the price hike. I think in one of the earlier questions you said that you already take any price hikes this year, I think a quarter or two back I think you already mentioned that in a Con-Call itself that you had taken a 0.5% to 1% kind of a price hike.

Mukti Lal: In last year, yes, we initially taken the price hikes in quarter first. Subsequently, we are not like you know taken the price hike intentionally, because continuously flattish volume was there. In this year, again we will be surely to take the price hikes in the range of 1.5% to 2%.

Akash Vora: Okay. So, in FY24, there's only one price hike and how much was that for?

Mukti Lal: Sorry.

Akash Vora: In FY24, we took only one price tag that was in quarter one, by how much?

Mukti Lal: Is around 0.5% to 0.75% overall impact.

Akash Vora: 0.5% to 0.75%. Thank you, Sir.

Navin Agrawal: Thanks, Akash. Anyone wishing to ask a question, please raise your hands. We'll unmute you and take your question. We also have questions lined up. Can we take a few questions that have come on the Q&A board? Mukti?

Mukti Lal: Yeah, please, please Sir. why not.

Navin Agrawal: Kunal Bhatia is asking please give Capex breakup of 46 crores towards branch, machinery, technology and others.

Mukti Lal: So, basically it is like going around Rs. 25 crores like in machineries and other related construction and remaining around, I think Rs. 15 crores in, you know, expansion of branch and other related construction, and Rs. 5 crores in technology.

Navin Agrawal: Kunal, I hope your question is answered. Okay. Samaya Jain, wanted to understand the correlation of our pricing to customers, is it directly linked to fuel prices or we go by market rates or do we have a pricing advantage for delivering the shipments quicker? Secondly, what is our revenue segmentation in terms of B2B clients versus B2C clients?

Mukti Lal: Yeah, very good question. So, basically you know pricing environment here is usually not like market driven, it is because these are the premium products. So, this differentiates on terms of like which customer we serving, like big customers slightly giving less prices, small customer giving slightly higher prices, different product even have the like different segment of the different prices like pharma have different, auto have the different prices. So, that is also like varying, but overall if you see which I mentioned sometime what freight we are charging in comparison to their product value is less than 1% or hovering around 1 to 1.5% max. So, that is the case is there. Second part, prices are also linked with diesel prices. Wherever diesel is increasing, we are increasing the prices to customer. I think, I hope, I mentioned that.

Navin Agrawal: Okay. There was one - second part, what is our revenue segmentation in terms of B2B and B2C clients?

Mukti Lal: So, almost we have 97% you know volumes from the B2B segment and only 2.5% to 3% from B2C segment, because B2C we are not focusing intentionally. There is no margin since other companies are blurring since last one decade, that's why we whatever business we have as a B2C is really profitable one and we're doing on a very limited way with the smaller customer not these big two guys.

Navin Agrawal: Dhanan Bagrodia, he asked, what are the total tons for the quarter?

Mukti Lal: Totals for quarter is 2,58,000 tons.

Navin Agrawal: Krupashankar asked the KMPs have been appointed recently, notably there is a new head for ecommerce. Is there any added focus on increase ecommerce to TCI Express' portfolio?

Mukti Lal: So, basically, you know on the ecommerce side, we want to grab more market on B2B side where so many people are sending the goods to these ecommerce players. So, we are doing you know reverse of that like we are not doing B2C, but we are doing B2B for that. So, many people sending the goods from like there to these marketplaces. So, we are focusing, so, we should not be left out with that you know market. So, we are focusing on that from like picking from the small vendors and then delivering to these guys. So, that's the market we are focusing on.

Navin Agrawal: Manjeet Buaria, can you please tell how we compare with key organized players on cost per ton transported? Are we the lowest cost operator?

Mukti Lal: So, if you see, if you compare like you know 2-3 players, so I think we are midway and we still have the slightly low prices in comparison to our other two competition. New guys like Delhivery may be has slightly less realization than compared to us.

Mukti Lal: Okay. Utkarsh Maheshwari, what can be the lead indicator for a pickup as last year has been a flat year? And another one is also how does DFCC impact express cargo as a sector? So, I'll just repeat the first question. What can be the lead indicator for a pickup as last year was a flat year?

Chander Agarwal: Yes. So, the DFCC is not really a threat because DFCC is built for the commodities and export cargo. So, the whole idea was that you know from North India to GNPT it takes about two weeks on the road and on the rail, they want the exports to - they want the rail network to take it in a week's time. So, that's the whole idea and commodities also when they move on trucks is not possible like you know to have that efficiency. So, I mean the benefit would be if you know if for example, I know it's a far sighted thought, but imagine in the high speed rail, whenever that that starts in India, we can actually use that, that could be of benefit, but I highly doubt that that'll ever happen. It'll only be for passengers.

Navin Agrawal: Thanks, Chander. There are a lot of you who are posting questions in the Q&A board. We've kept the webinar. Please go ahead and raise your hand and we'll take it up because if you have a two-way interaction that will be better, I think, but nevertheless, Anshul Agarwal once again. What would be differential margins on new services versus existing express business?

Mukti Lal: Yeah. So, basically margin in rail and air slightly higher than surface express always.

Navin Agrawal: Krupashankar asked, is there any assessment of what is B2B portion of B2C?

Mukti Lal: No. You can separately ask for that. I will be providing the answer wherever you know more question.

Navin Agrawal: Krupashankar, please feel free to write to us. We'll take it up with the management and get back to you. Thanks a lot. Next question is from Vinod. Can you indicate the level of customer stickiness in our business? Does the price hike ensure that the customer would stick with us or have a propensity to switch between the suppliers?

Mukti Lal: So, there are two types of customers we have like SME customer and big customers. So, we always wherever we ask for the price hike, we ensure they should stick with us and as mentioned they are not really concerned about the like cost because this is hardly 1% to 1.5% to their product cost. So, SMEs, there's no challenge and as I said like we are able always to be able to take the price hikes in the case of like 85% overall basis, 85% to 90%, so few customers not be given any condition, they maybe have the like more pricing power or more muscle power to be negotiate or they can threaten us to switch the business. So, that is always there, but yes, we are ensuring wherever we are asked for the price hikes it has to be compensated with good service level or like higher volumes or so that's way is happening. So, we always ensuring there should not be like away from us. So, I think, sorry Navin ji, we had to be keep, we finish in like 5 minutes. We have another meeting.

Navin Agrawal: Sure. We have another three or four questions on Q&A board and that's all the time that we have for this evening. What I'll do is I'll share my coordinates on the chat and if there are any unanswered or follow up questions, please feel free to write to me. We'll take it up with the management and get back to you. So, Mukti, we will just take the last few questions on the Q&A. CSR 3.5 crores versus last year, any one off in other expenses? 20% margins can be achieved at what volumes, and how has been the volume growth till May?

Navin Agrawal: Where they any one offs in other expenses?

Mukti Lal: So, if you see Navin ji, our other expenditures are almost same to last year, quarter is not important you know there is vary from quarter-to-quarter, that's not a big issue. So, overall, year if you see that has been in the same level. Like last year, we did 72.5 crore, this year we did around 74 crores. So, that's almost same.

Navin Agrawal: Okay. The second part was 20 - what is the sort of volume that we need to achieve 20% margins?

Mukti Lal: So, it is very important to know like earlier we reached to on almost on 70% level and for 20% you know so each year because this cannot be achieved in a you know in a single year. So, once we are trying, supposing we grow in a volume of 15% in next three-year, we certainly reach - touch to like 19% to 20%.

Navin Agrawal: How has been the volume growth till May?

Mukti Lal: I think it's very early to say. As I mentioned there's an election year, so many rallies are going on, politician going, coming, so this is stuffing the all logistics. So, it will be I think flattish or what we have in like quarter four same way. Even we told in last after in Q3, you know Concall we said that same way and this is the same way is running. This election time, so we can't commit anything.

Navin Agrawal: If the Board has Board of Directors, has approved investment of additional equity or an amount not exceeding SGD 1.5 million in the wholly owned subsidy TCI Express PTE, request to please share more information on the investment into this subsidiary?

Mukti Lal: So, I think we will be then can separately answer for that, it is long answer basically.

Navin Agrawal: Saurabh you can send us a request, we'll try to connect you with the management or you can drop me a mail and we'll get back. Thanks. Jainam Shah. The last question as management has been commenting about stalking and not much deliveries, are we planning to expand into warehousing? Isn't it a big opportunity for us?

Mukti Lal: You know, really we will not be going into that sector, we're very clear about that and we will not be going that sector at all. We will keep stick to our express industry only.

Navin Agrawal: Okay. The final one, Manjeet Buaria, actually is follow up. I was checking cost per ton for us, not realization per ton we charge our clients. So, he is basically asking what is the cost per ton for us?

Mukti Lal: So, basically if you see my gross margin is like 32%. So, you can imagine 68% is cost. So, you can divide on that. So, simply you know it is like 6.80 KG – sorry, I need to see that, it is around I think Rs. 8.5. It is 68% of our revenue, so you can directly divide on that.

Navin Agrawal: We will have to wind up out here. Thank you very much for all those questions. I've shared my e-mail ID, so please feel free to write to me. I'd like to hand over the webinar now to Chander for his closing remarks. Chander, please.

Chander Agarwal: Thank you everyone for joining us today. We have tried to address all your questions and if you have further inquiries, please connect with our 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 and thank you, Naveen.

Navin Agrawal: On behalf of all of us at the SKP Securities, I would like to thank, Mr. Agarwal, Mr. Mukti Lal and Mr. Srivastava for joining us and taking all the questions from the investors and we look forward to hosting you again for the next quarterly results. Thank you and have a wonderful evening. Bye.

Mukti Lal: Thank you. Thanks a lot.

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