



# TCI EXPRESS

LEADER IN EXPRESS

Date: June 03, 2023

<b>Listing Department,</b> <b>The National Stock Exchange of India Ltd.,</b> "Exchange Plaza", Bandra Kurla Complex, Bandra (East), Mumbai – 400051 <b>Scrip Symbol: TCIEXP</b>	<b>Listing Department,</b> <b>BSE Ltd.,</b> Phiroz Jeejeebhoy Towers, Dalal Street Mumbai – 400001 <b>Scrip Code:</b> <b>540212</b>
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**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 May 30, 2023, please find enclosed the text transcript of Investors Conference call, with regard to financial results for the quarter and financial year ended March 31, 2023, 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.**

**PRIYAN** Digitally signed  
by PRIYANKA  
**KA** Date: 2023.06.03  
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**Priyanka**  
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Encl: As above

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**“TCI Express Limited  
Q4 FY 23 Earnings Conference Call”  
May 29, 2023**

**MANAGEMENT: MR. CHANDER AGARWAL – MANAGING DIRECTOR**

**MR. MUKTI LAL – CHIEF FINANCIAL OFFICER**

**MR. PABITRA MOHAN PANDA – CHIEF OPERATING  
OFFICER**

**Moderator:** Ladies and gentlemen, good day, and welcome to the TCI Express Q4 FY23 Earnings Conference Call hosted by Motilal Oswal. 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 to operator by pressing '\*' then '0', on your touchtone phone. Please note that this conference is being recorded. I now handover the conference to Mr. Alok Deora. Thank you, and over to you sir.

**Alok Deora:**

Thank you. Good afternoon everyone. On behalf of Motilal Oswal Institutional Equities, I welcome you all for the TCI Express Q4 FY23 Post Earnings Call. I would like to thank the management for giving us the opportunity to host the call. From the management side, we have Mr. Chander Agarwal, Managing Director; Mr. Mukti Lal, CFO and Mr. Pabitra Mohan Panda, COO for the call. We'll start with the opening remarks from the management and then open the floor for Q&A session.

I would now like to hand over the call to Mr. Chander Agarwal. Thank you, and over to you, sir.

**Chander Agarwal:**

Good afternoon everyone, and welcome to the Q4 and FY23 earnings call of TCI Express Limited. I would like to thank all of you for joining us here today. Our earnings presentation has been updated on the website as well as on the stock exchange, and I hope you've had a chance to review it.

I will first briefly talk about the performance for the quarter and then discuss the prevailing and projected industry and business environment, and then we'll hand over the call to CFO, Mr. Mukti, to present the financial performance of the company. FY23 has been a year of growth acceleration for TCI Express. Despite heavy macroeconomic challenges and inflationary trends across India, we take pride in consistently outperforming in the industry with double digit revenue growth and double digit profitability margins. The accomplishment can be attributed to a strong asset light business model, efficient operations and cost-effective measures, including the automation of Sorting centres.

During the Q4 FY23, TCI Express delivered a notable performance with highest ever revenue, reflecting our relentless pursuit of excellence and commitment to driving sustainable growth with profitability. The growth was primarily driven by the strong demand from the MSME and corporate sector, high utilization in the newly developed Sorting centres.

In the light of robust performance during the quarter, the Board of Directors has recommended a dividend of Rs. 2 per share taking the FY23 dividend to Rs. 8 per share, representing a payout of 400% on the face value of FY23. In addition, we also successfully completed a share buyback program of Rs. 42.5 crores announced in Q4 FY23. This is a testament to our strong financial position and our commitment to rewarding our shareholders for the trust and support.

In terms of operational achievements, we expanded our presence by adding 35 new branches in FY23. This expansion will help us cater to our customers with more extensive reach, leading to faster turnaround time. Our strategic investment in automation and digitalisations are paying off and reflecting in the structural improvement in cash flow and profitability.

Among our newly launched services, the Rail Express is offering a good traction from customers, and we have successfully expanded customer base from 250 to 2,200 and presence from 20 routes to 125 routes since its inception. These services are expected to contribute positively to our top line in the forthcoming quarters, enabling us to achieve higher margin levels.

For us, business success also means that we take a positive contribution to the world with sustainable actions and dedication to society and environment. We are happy to share that the TCI Express GIGA Sorting Center in Tajnagar and Pune Sorting Center in Chakan has been awarded the prestigious GEM 5 Certification, demonstrating our commitment to promoting environmentally sustainable green building design and construction practices.

With our ESG road map, we are taking bold action to tackle climate change by replacing the old vehicles with new standards, investing in automation and installation of solar panels on our sorting centers and wherever viable. It will enable us to be self-sufficient in our energy requirements going forward.

The Indian economy has shown a remarkable resilience and still shows very high growth potential and is rebounding strongly even in the face of global uncertainties. The government's focus on infrastructure development, various reformed initiatives and robust domestic demand, the Express logistics sector is poised for significant expansion.

With the major policy pushed by the government aided by strong economic recovery, we are strategically well positioned to capitalize on the remarkable growth potential of the Indian economy. Our strategic initiatives and robust fundamentals will continue to propel us forward with sustained profitable growth and delivering superior value to our customers.

With this, I would now like to hand over the call to Mr. Mukti to discuss the financial performance of the quarter.

**Mukti Lal:**

Thanks Chander sir, and now I would like to discuss our financial performance of the company. Our total income stood at Rs. 328 crores for Q4 FY23 as compared to Rs. 316 crores in previous quarter and Rs. 300 crores in same period last year.

The company posted a sequential growth of 4% and year-on-year growth of 9%. The growth was primarily driven by strong demand from SME and corporate segment as well as higher utilization in newly developed Sorting centre facilities. So, this raise is the highest revenue we achieved in any quarter.

Our EBITDA for the Q4 FY23 stood at Rs. 56 crores with a margin of 17%, registering a growth of 6.7% and 18% on year-on-year and sequential basis, respectively. The net profit of the company stood at Rs. 38 crores with margin of 11.7%, registering a growth of 20% and 7% sequentially and year-on-year basis, respectively.

On a full year basis, the total income for FY23 stood at Rs. 1,248 crores as compared to Rs. 1,090 crores last year, registering a year-on-year growth of 14.5%. EBITDA for FY23 was Rs.

202 crores with a margin of 16.2%, registering a growth of 10%. Net profit for FY23 was Rs. 139 crores with a margin of 11.2% registering a year-on-year growth of 8%.

We continue to generate strong operating cash flow of Rs. 147 crores and a maintained cash balance of Rs. 49 crores. With a flexible capital structure, we are well positioned to fund our strategic growth plan.

During FY23, we incurred a highest capex of Rs. 125 crores, primarily for the purchase of land in Kolkata and Ahmedabad for setting up the new automated Sorting centre and for new corporate office in Gurgaon and for network expansion by adding 35 new branches to penetrate deeper in key growing markets in West and South region to cater the growing market demand.

We will continue to implement the automation strategy in other Sorting centers to enhance the overall operational efficiency and ultimately to drive profitability further.

Thank you very much, and now I would like to open the floor for Q&A. Over to you, moderator.

**Moderator:** Thank you very much. We take the first question from the line of Krupashankar NJ from Aventus Spark.

**Krupashankar NJ:** My first question was on your outlook for FY24. Just wanted to understand that given that macro headwinds remain, how would you think TCI Express would grow in FY24? And what kind of margin expansion you can likely to see with new hubs coming up?

**Mukti Lal:** For growth aspect, Mr. Chander would give an answer on that. First, I would like to talk on margin expansion. In this year FY24, we again have planning to increase the margin of 100 basis points. In FY23, we couldn't succeed on that because since day 1 we said we are not taken to price hikes in FY23. In this current year, we had targeted and started a process to take a price hike from the customer.

So, we are looking for an increase in the prices at least 2% on an overall year basis. I think we will be back to like 17.5% kind of EBITDA margin in this FY24.

Chander sir, kindly give a guidance on revenue.

**Chander Agarwal:** Revenue would be about close to 15 - 16%, is what I'm envisioning.

**Krupashankar NJ:** While we are seeing a lot of headwinds relating to the tonnage growth as a whole this year, are we aiming for higher growth with a different strategy, which is more on pricing basis or is it more on catering to specific new customers with new branches? What would be our strategy going ahead, in this year at least?

**Chander Agarwal:** We will not be making any significant changes from our business model, or we will not be doing anything different to garner additional business. I've always said that our backbone or our rider is the economic growth of the country. We will follow that and if the country is projecting to grow at about 7%, we will grow at about 15% - 16%.

There is nothing more that can be done in terms of getting additional business at the cost of 1% - 2% more additional business at the cost of lowering profit. I don't think that is justified. The top line business is getting the top line only, is nowhere I think a sustainable role model. So, we are well equipped and well planned and well-funded internally to increase our business growth organically, and we will do so.

**Krupashankar NJ:** My second question was more to do with your new hubs. I mean, while the overall operational efficiency seems to have improved at new hubs which have come too, the margin expansion which we were expecting, I think that is still to come through because we've just reached what the margins, we had posted in the second quarter. So, just wanted to get your sense on, while Mukti ji had just mentioned that there can be 100 basis point expansion due to price hikes. Is there Some factor also coming in from that utilization going up? Is that a fair understanding to make?

**Mukti Lal:** Basically, we are planning to put on a second automation in Chakan, Pune in this year and as we said, we already started for Tajnagar. So, margin improvement through this system is yet to come. We just increases our margin level of 15 basis points only in this year. Next year onwards, we are trying to be at 25 basis points on this automation only. So, that will be a part of strategy, and it has given us so many benefits, like also mentioned in the last call, which is in a benefit and flexibility of operation.

Whole year we have not faced any challenge on the centre and rather we improved on time, we reduced the time from 24 hours to 8 hours on truck waiting time and we also able to reduce the labour numbers, and flexibility in operation is there. So once we will be on with both end centres i.e. origin and destination, then we will have more probability and more operational efficiency on that.

**Krupashankar NJ:** I have more questions; I'll get back in the queue.

**Moderator:** We take the next question from the line of Mr. Amit Dixit from ICICI Securities.

**Amit Dixit:** Congratulations for good performance in this quarter. I have two questions. The first one is essentially an offshoot of the previous answer that you gave regarding price hikes. So, we are looking for a price increase of 2% for FY24. Now first of all, have you intimated the customers regarding the same? How do you see the acceptance of this price hike in the current macro environment? and also, the growth that you are seeing in the different sectors, if you could just throw Some light on that? That is the first question I have.

**Mukti Lal:** On price hike side, yes, this is in a process where these all agreements is roll over on a different-different date, though majorly 50% were in a first quarter of any year. So, we intimate all the customer, and we are able to get some hikes from these customers and over the period, we will also be able to get that because whenever it comes for a renewal, we will be asked for the annual hikes from the customers, and fortunately the customer is allowing to that.

And if you talk about market condition, it is good. There is no challenge, and everybody is anticipating to grow the economy in the range of 7% and that's guidance given by our MD. So, we will be achieving 15% - 17% and like 15% in volume and then 17% - 18%, and we will

have in a revenue growth. So, that is our target for FY24. And again, yes, you rightly said, we're continuously adding the branches. These new branches and new offerings, whatever we started in a 1-1.5 year back, that is also, contributing continuously on this in years to come also.

**Amit Dixit:** The second question is essentially on the capex that we are doing now. While it is appreciable that you are investing where it matters the most, that is in automation, however, coming to the return side, the returns in near term might suffer a bit because these investments typically would give you return only when the entire network is automated, not when one is automated, the other is not. So, your thoughts on that? Do you have a threshold ROE and ROCE in mind that my return should not go below this in the intermittent? I understand by FY25-26, all the automation centers would be there, So, possibly margins would be in a different trajectory. But in the interim period, do you have a threshold in mind?

**Chander Agarwal:** You have to understand that the addition of what I have also said in the previous concall that the real benefit will come when all the sorting centers are automated. However, since we are already very efficient in our operations, adding automation in each centre will enhance that efficiency in the entire supply chain.

In our case, in this company, it does not make a difference whether you're adding one by one or you're adding all together, because we are already very efficient, because we are asset light, and we have a very robust hub and spoke network. We will not see that the theories what you are talking about in terms of a dip, because of automation. It will only enhance it.

We can talk on this, I can explain you more later. But if you have any specific other short questions, I can answer that now.

**Amit Dixit:** Thanks and all the best.

**Moderator:** Thank you, we take the next question from the line of Mr. Ravi Naredi from Naredi Investments. Please go ahead, sir.

**Ravi Naredi:** Really, Chander, our company strategy growing on growth path in your direction and leadership. Sir, how much Railway business in overall top line and what is planned for this business in next five years?

**Mukti Lal:** Yes, you're talking about Revenue, please?

**Ravi Naredi:** Yes.

**Mukti Lal:** So, revenue, like, firstly, we have a very mid-term plan for the FY25, we want to reach on a Rs. 1,750 – Rs. 1,800 crores revenue and then obviously, again, there's a very simple math on that we want to be 2x of GDP growth rates. So, all depending on the GDP. Supposing tomorrow GDP starts to grow 8% - 9%, then we will grow in a range of 20% - 22%.

So, this is our trajectory we have to be grow in that 2x of GDP plus something on that. So, that if you see in simple terms, we are always targeting to be have 18% - 20% growth on revenue side.

**Ravi Naredi:** How much our Railway business in this overall network?

**Mukti Lal:** Railway business just started 1.5 year back, it is still not sizable one, obviously, but it's growing very fast, and customers are giving good traction on that and good thing is that it's the highest profitable business and in all service level of what we are providing or competition providing air service. So, that way is going fantastically and we hope by FY25, we will be grow like in a more than 5% in overall revenue. That is our target for that.

**Ravi Naredi:** How many more sorting centre we are planning in next five years?

**Mukti Lal:** So, right now, we have only one automated centre. Another one is, we constructed in Chakan which will be automated in this year and we already bought the land for five centers, like we bought for the Ahmedabad, Kolkata, Chennai, Nagpur and Indore and construction is going on for the Nagpur project and remaining three - four will be started this year or next year and then we are also, looking to buy the land for Mumbai centre and Bangalore centre. So, by FY26, we will be having seven - eight more automated centres ready and functional..

**Ravi Naredi:** And I think this one centre will need Rs. 50 crores of capex?

**Mukti Lal:** Yes, more or less Rs. 50 crores to Rs. 60 crores on bigger location. If you talk about Nagpur or Indore, it will not be may cost more than like Rs. 30 crores, but if you talk about Mumbai, yes, it will be like Rs. 60 crores to Rs. 65 crores. So, if you take an average of that, it is in the range of Rs. 45 crores to Rs. 50 crores.

**Ravi Naredi:** Okay. And one last, sir, this 2% price hike, how much amount will be transferred to bottom line out of 2%?

**Mukti Lal:** We targeting to be directly transferred to bottom line. Because our balance sheet and profitability is very simple. In spite of all the challenges, we are able to maintain our gross margin for this year, and we will be certainly enhanced on next year by this price hike. On operational efficiency, we want to improve truck utilization from current level. Like last whole year, we maintained almost 84.25%, which we will be back to 85% in this year. So, further margin will be improved on that.

**Moderator:** Thank you, sir. We'll take the next question from the line of Prit Nagerssheth from Wealth Finvisor. Please go ahead, sir.

**Prit Nagerssheth:** I would like to understand better is that, given the learnings from the automation conducted, the next few centers that we open up, would we be able to operationalize them faster, or would it also, take similar time as it has taken for the Gurgaon?

**Mukti Lal:** Yes. So, basically, Gurgaon centre, we've taken almost one year to start from the installation to commissioning and smoothing the process and now we are very good



learning from that centre. So, we want to cut overall process from installation to operationalisation is maximum to maximum 8 months to 9 months max. So, now we almost on the verge to finalize the vendor and I think, hopefully by March FY24, this automated centre will be ready in Pune. We will be having a further cost cutting in this new centre because we have a lot of learning from this Gurgaon one and although with a good efficiency. So, this is a process, because in India no one have these kind of automation earlier, and this is the first one we launched, and we have very good learning, and we will be obviously replicate the same in Pune centre and subsequent other centers also.

**Prit Nagersheth:**

The other thing I wanted to understand is that how is the competitive intensity shaping up? In the sense that looking at the ROCE profile of the industry and companies like TCI Express and others, I think there are other people who are looking to make a growth into this sector. So, for example, the recent one was Mahindra Logistics acquiring Rivigo's B2B side. Now, is this competitive intensity stopping the margin expansion, or is it slowing it down, or how is it shaping up on the ground?

**Chander Agarwal:**

Let me be clear to all that it's not the competition which slows down our margin expansion. It is the state of the economy of the country that dictates our margin and secondly, Rivigo is not a B2B company, it is a trucking company with own fleet. So, one has to really study the market to understand what the business everyone is talking about and what we're actually doing. In pure B2B play, TCI Express is the only company that stands. Everybody, every other company has a mixture of fuel terms or B2C or Something like that?

**Moderator:**

Thank you. We'll take the next question from the line of Ronald Siyoni from Sharekhan Limited. Please go ahead, sir.

**Ronald Siyoni:**

Congratulations on good numbers sir. I wanted to understand about sectoral growth outlook which you are seeing for FY24. We are seeing a good outlook on auto, then whether we are expecting two-wheelers also to come back in growth trajectory or the consumer durables returning to the growth trajectory? The inflation and the interest rates which have later been taking a pause. So, are you banking on the same to revive the growth in this sector and within this segment?

**Chander Agarwal:**

We have to really study the market to understand what competition is doing. Most of them have B2C, they have petrol pump all that mix as a larger chunk. If you look at the other competition you were talking about, there were fleet owners. They were doing B2B from running trucks. So, our profile is very different. Pure play Express company, we are the only one in the country.

**Ronald Siyoni:**

Yes, I was asking about end-user industries. Like for FY24, which pockets, say, within auto, are we looking two-wheelers getting into growth trajectory, consumer durables getting revived. So, this kind of growth post March, as we see in April and May, the green shoots, the segments which were a little bit slow during Q4. So, these segments are picking up or are expected to pick-up in FY24?

- Chander Agarwal:** It's too early to say anything. The year has started. So, maybe later on next quarter, I can give you a better idea.
- Ronald Siyoni:** Okay sir, and your decision to going for a 2% price hike during this year, vis a vis, not undertaking it in the prior, say H2 FY23. So, this do you still some kind of confidence in the sectoral growth assumptions, especially for FY24. So, that's what I was looking for in terms of our auto and consumer durables especially. If you can just give a few views on these two sectors?
- Mukti Lal:** We are very confident to be like we started asking to customers, and customers also responding on our request to increase the prices and we've already taken some price hikes. For whole year, we will be like 1.5% - 2%, we will be take it.
- And industry-wise, you talk about all the industry is doing well. But specifically, like we are in pharma, it is all-time industry. New industries came up with kitchenware and bathroom ware, this is a new industry or a new segment where we're also, targeting a good revenue with our new service offerings. Combination of all the things and our customer base, like 50 – 50 Interestingly, like always our SME customer is supporting a lot to us, and that's why margin level is so high and we just outset the market on that, and we are generating 17% kind of EBITDA. So these number of customer base is huge and with the expansion of branch network, we further expanding to other customers for especially the SME customers. So, this put together, we are confident that we achieve the revenue growth of kind of 17% - 18% in this year, and obviously, EBITDA margin, we want to be the 17.5% kind of EBITDA margin for this.
- Ronald Siyoni:** One last question. What are your targets for branch expansion this year FY24? Any specific target?
- Mukti Lal:** We have a strategy to be like, first we opened 450 branches over the last five years. So, we are stabilizing that and in this year, we are taking a target to open in the range of 50 - 75 branch in FY24.
- Moderator:** Thank you, sir. The next question is from the line of Mr. Jignesh Makwana from Asian Markets Securities. Please go ahead, sir.
- Jignesh Makwana:** If you can provide the absolute tonnage volume for this quarter and the utilization ratio for the full year?
- Mukti Lal:** So, basically, in this quarter, we achieved the highest volume growth with volume of 2,63,000 tons and we are happy to announce first time we crossed the 1 million tons volumes in the whole year.
- Jignesh Makwana:** And what about the utilization ratio for the full year?
- Mukti Lal:** Full year utilization in truck is 84.25%. In this quarter, we achieved an 85% utilization.

- Jignesh Makwana:** And lastly, if you can provide absolute revenue contribution from the new service which we started?
- Mukti Lal:** For new services, we will be given a one-to-one basis. We are not disclosing the number yet because these are, again, not the big number right now, because we started in last year, or 1.5 years back only these services. So, once this number will be sizable, we will give that level.
- Jignesh Makwana:** So, when we say, we had a volume growth of about 8% in this particular quarter, balance 1.5% incremental growth that comes from the new services, is it fair to say?
- Mukti Lal:** Rightly said. So, Rail is growing faster than other services, you can say that on overall basis.
- Chander Agarwal:** Faster than Air and Cargo, less than Surface.
- Moderator:** Thank you, sir. We'll take the next question from the line of Mr. Deepak Lalwani from Unifi Capital. Please go ahead, sir.
- Deepak Lalwani:** Sir, my clarification was on the FY24 growth. So, the assumption of 16% - 17%, is it largely industry growth that you have emitted in your assumption, or does it also, assume gaining share from the other players?
- Mukti Lal:** So, basically, we are not gaining market share. So, our dependency is not on that. We are depending on our existing customers. Always what we are doing, we're trying to be get the 50 % to 60% growth from the existing customers and 40% to 50% from new customer addition. This is going on each year and that's why we are able to maintain our margin and growth level. So, that is the same planning we also have in this year as well. So, we will be targeting getting the 50% to 60% growth from the existing customers and 40% to 50% from the new additions.
- Deepak Lalwani:** Right, and the 2% price hike which you mentioned starting Q1 onwards, has the competition also, taken a similar sort of a price hike? If you can indicate the level of customer stickiness in our business. Does this 2% price hike ensure that the customer would stick with you, or he has a propensity to switch between the suppliers?
- Mukti Lal:** Yes. So, very good question. Basically, there is two aspects of that, few companies are already asking to increase the prices from customers and few companies, I think, may not be asked for that and subsequently, they will be clear their position in Q1 and all. But we started to asking for that and good thing is it does because we have a 50% SME customer and they usually allowing us to increase the prices in a holistic way. So, we are not facing any challenge on that. And we are also, not seeing one supposing we will increase the 2% and customers will be go away from us, this is not the case. Rather they are more focused on a service level and they have the long relationship with us. Since two decades they are with us. So, that is not a challenge at all, which we have done in FY21 and FY22, we will be doing the same for FY24 also.
- Deepak Lalwani:** Thank you, sir. You mentioned Rs. 1,800 crore is your endeavour top line for FY25 and you've given a few drivers on your presentation. So, if you can just elaborate on the increase of

customer base and the branch network, Some anecdotal explanation to this would be useful, sir?

**Pabitra Panda:** We are planning for around 50 new branches. Those branches will also give us a boost of adding new geographies and where we'll be having a good presence. That will also help boost our overall revenue. And these new products, these are also giving us momentum. This will also give us additional revenue. From our existing customers, we are also getting very good support for new products as well as these customers where we are working their business is also increasing. So, all three will give us a better revenue prospect.

**Deepak Lalwani:** Right. Sir, has there been any big customer win in the last 5- 6 months that you're sure of this revenue growth and the prospects for the future? If you can indicate any customer wins and which category, does it belong to?

**Pabitra Panda:** We do not divulge the customer name, whether we are mainly depending on major players. Auto and Pharma, these two are our major growth drivers, and we are adding more customers in these segments.

**Moderator:** We take the next question from the line of Ms. Radha from B&K Securities. Please go ahead.

**Radha:** Sir my question was to Mr. Agarwal. So, just wanted to ask that since listing in 2016, we have seen that this year in FY23, our revenues have doubled as well as EBITDA margins have doubled. So, this was despite COVID and going forward from here on, I just see that we have two main challenge one is DSP and second is rising competition but on the other hand, we also, have introduced many value-added products. So, from here on, how do we see the business shape up and what's your long-term vision as in with respect to revenues doubling from here on and as those doubled revenues, what would be our targeted EBITDA margin?

**Chander Agarwal:** I think we have given the guidance for doubling our revenue by FY27, and that still holds true, and I think even looking at the fact that the profitability will also grow 3x. The entire company is now geared to that sort of growth, and as you can see that we have announced levers to protect ourselves from competition. So, I don't think any sort of challenge will be faced. However, I always say that our rider is the Indian economy and the success of that will also determine our success.

**Radha:** Secondly, you are witnessing good growth in the Rail Express segment. Could you highlight if any benefits we are receiving from our group company already being present in a similar segment of the business.

**Chander Agarwal:** Yes, the group company, that's totally different business. They are doing bulk cargo. What we are doing is we're maintaining our 18% margins and all of that. And we are using our branch network of 40,000 pickup and drop locations and all of that. So, we are in a completely different business altogether.

**Mukti Lal:** To add that, we are doing through passenger trains and we're doing this with good margins. So, they are taking like overall full racks, and we are doing through the passenger train. We're using that belly space of passenger trains. That's why our service every just equal to air

services. Like supposing you want us to deliver from Delhi to Chennai in one day, we can deliver. We can take the material today, we will deliver tomorrow evening in Chennai through passenger train. So, that way our services are express services and is a one third cost in comparison to Air and what our other group company is doing, they're doing the full rack and it's a different business altogether, it's as a bulk business basically.

**Moderator:** We take the next question from the line of Mr. Alok Deora from Motilal Oswal. Please go ahead.

**Alok Deora:** Sir, just one question I had. So, the scrappage policy was to be implemented from April, but we understand it's not really implemented in the way it was expected. But if it was to come through, then there is a fear of that freight rate going up. So, we are completely on our outsourced model. So, how are we looking at that, sir?

**Pabitra Panda:** The scrappage policy is not going to impact us more because our fleet, which is already planned in such a way that all express routes we are two types of route, one is express route and another one is feeder routes. We don't keep any fleet above 5 years old in our fleet in express routes and not above 8 years in our feeder routes. So, this scrappage policy will not impact us.

**Moderator:** We take the next question from the line of Mr. Krupashankar. Please go ahead.

**Krupashankar:** Yes, just wanted to get the extent of contribution from each end user industry, for example, auto, pharma, etc.

**Mukti Lal:** So, basically, these are the five major verticals which is giving around 55% revenue to us and these are like Auto, Pharma, Electronics, Lifestyle and Engineering. So, these five verticals is giving 55% revenue to us, and lead contributor like pharma and auto, and then led by like engineering and electronics and this lifestyle products.

**Krupashankar:** Contribution from each of them you wouldn't be willing to share?

**Mukti Lal:** From one sector it is not more than 13%. It's hovering around in the range of 9% - 13%.

**Krupashankar:** My second question is to the extent of contribution from new businesses altogether. Just wanted to get a grasp what would be that percentage in FY23?

**Mukti Lal:** Altogether, if you talk about like except Surface, we have almost around 18% contribution.

**Krupashankar:** Last question from my side. So, when I look at it, the branch addition vis-a-vis the revenue per branch, you're going to touch a number which is revenue per branch going to be much higher than what we had seen in FY19. So, incrementally do you expect that the mix will be more in few of corporates as we take in more and more volumes from new customers from the corporate side rather than SME? So, do we expect that corporate proportion would go up?

**Mukti Lal:** So, that is a very good question, Krupashankar. So, basically, it is not like that. You rightly said, we open up these new branches. Even these are small branches but giving the good profitable business. That's why we continue to add that. But it does not mean that business

from the big customer has reduced as a proportionately. This is also, again, we have the same kind of proportion of like 50% – 50 %. It may be slightly improved like 51% - 49% in a particular quarter or a particular year. But continually we have the 50% - 50%. Because whatever, here we had like 100 SME customers, then one big customer can give the equivalent business for that. So, that sense, it is not the case, but though we are always keeping in mind we are not depending on a particular one single customer. That's why no single customer is giving more than 1% - 1.5% revenue to us and in other terms like top 25 customer is not giving more than 15% revenue to us.

So, that sense, we have a very good system where our dependence on a particular customer is not there, and that's why, like you rightly said in FY19, what was my margin levels and what's the margin level we have in FY22, this is a sharp jump of that, and the one of reason because we have also, added the branches and we are getting the benefit of these small customers matching. So, it is very easy to add the business from the big customers. But to add from the equal business from the small customers is big challenge, and that's why we are opening up the branches to match that.

**Moderator:** The next question is from the line of Mr. Ritik Tulsyan from Concept Investwell. Please go ahead.

**Ritik Tulsyan:** So, my first question is, in Railways, we have grown quite aggressively right, from 250 customers to 2,200 customers. So, I just want to know what we are doing differently in terms of customer acquisition strategy?

**Mukti Lal:** So, basically, our strategy since day one is very clear. We want to acquire the competition air customers, which they are paying like Rs. 100 per kg or Rs. 150 per kg. We want to serve them with the kind of one fourth or one third cost with a similar kind of service level we want to deliver. So, that's a very clear strategy.

We had our customers are happy. Though in the first consignment they slightly maybe have the doubt because, from Air to Rail, sometimes they maybe have that doubt. But once they come in with us, then they're giving the repetitive business to us and with these all customers are, good thing is that there's a small-small customer we're doing the business with them.

And now good thing is happening like consistent or repetitive business is coming from the existing customers. So, both way we're doing, like doing the business with the existing customers are also, adding the new numbers. So, that's way strategy is very clear. India's Rail network is super, and especially passenger train services . Now all services are on time. So, that's why this business is getting the traction from the customer and getting good margin.

**Ritik Tulsyan:** And one more question. So, in terms of customer concentration in specific to Railway business, So, do we have the same concentration level as the company level or is it different in terms of customer concentration levels?

**Mukti Lal:** So, our dependence on small customer is higher, not that any big customer, which contributing 5% or 10% on that particular Rail business, no. It is again, top 10 customers is not contributing more than 10% - 15% business to us in Rail as well.

**Ritik Tulsyan:** And I just have one more last question. So, in terms of other businesses, right, that is pharma and C2C business, how that is panning out in terms of your expectation, if you may not quantify numbers? qualitative number will also, work.

**Mukti Lal:** So, again, our strategy is very clear. Cold Chain Pharma is very limited business. So, there will not be a much big aspiration on this business. But yes, C2C and Rail is much bigger business in market, though it is a niche segment. So, we're creating for that and aspiration is higher on these two businesses in comparison to like Pharma Cold Chain and all.

**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.

**Chander Agarwal:** Thank you everyone for joining the investor call for FY23. I expect TCI Express to continue its growth in FY24 and I look forward to speaking to everyone again in the first quarter of FY24. Thank you very much.