



# TCIEXPRESS

LEADER IN EXPRESS

To,

Dated: February 12, 2025

**Listing Department**

**BSE Limited**

Phiroze Jeejeebhoy Towers  
Dalal Street-Mumbai-400001

Scrip Code: 540212

**Listing Department**

**National Stock Exchange of India Ltd.**

Exchange Plaza, C-1, Block G,  
Bandra Kurla Complex,  
Bandra (E) Mumbai-400051

Scrip Symbol: TCIEXP

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

Dear Sir/Madam,

This is in furtherance to our letter dated February 06, 2025, please find enclosed the text transcript of Investors Conference call, with regard to Un-audited financial results (standalone & consolidated) for the 3<sup>rd</sup> Quarter/Nine Months ended on December 31, 2024, 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&key=c74d97b01eae257e44aa9d5bade97baf>

We request your good office to take the above information on records

Thanking you,  
For **TCI Express Limited**

**PRIYANKA**  
**(Company Secretary & Compliance Officer)**

**TCI Express Limited**  
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**“TCI Express Limited  
Q3 FY25 Earnings Conference Call”**

**Thursday, February 06, 2025**

**MANAGEMENT:**           **TCI EXPRESS LIMITED**  
**MR. CHANDER AGARWAL - MANAGING DIRECTOR.**  
**MR. MUKTI LAL - CHIEF FINANCIAL OFFICER.**  
**MR. PABITRA MOHAN PANDA- SR. CHIEF SALES &**  
**MARKETING OFFICER**

**MODERATOR:**           **MR. MOHIT LOHIA –ICICI SECURITIES LIMITED.**

**Chander Agarwal:**

Good evening, everyone, and welcome to the Q3 and Nine Months Financial '25 Earnings Conference Call of TCI Express. Thank you for taking the time to join us today. Our earnings presentation has been shared on the website and stock exchanges, and I hope you had a chance to go through it.

I will begin by providing an overview of our business performance and key developments, followed by our CFO, Mr. Mukti, who will further elaborate on the financial performance for Q3 and nine months financial year '25.

During the quarter, we continued to demonstrate operational resilience and strategic adaptability in a dynamic market environment. The logistics sector faced challenges due to moderation in manufacturing activity, evolving demand trends and seasonal factors. India's manufacturing PMI softened slightly in the later months, reflecting slower production levels.

The festive season demand in October was lower than expected, while November and December saw a marginal slowdown, impacting overall freight movement. Inflationary factors, including annual toll revisions of 8% to 10% and increased labour and transport costs added pressure on operating expenses. Amidst the challenges, we remain focused on operational efficiencies, network expansion and automation, allowing us to maintain stable business performance.

In the Air Express segment, we are strengthening our metro city delivery network and have launched direct delivery services to improve service levels and customer reach. The contribution from Multimodal Services is steadily increasing, and we are planning to achieve a 20% to 22% revenue share from Multimodal Logistics in the next two to three years.

During nine months '25, we incurred a Capex of Rs. 20 crores, including Rs. 9.38 crores in Q3 '25, primarily directed towards expanding our branch network, constructing sorting centers and ramping up IT infrastructure. Our debt-free balance sheet and disciplined financial management have resulted in a strong cash flow generation with Rs. 40 crores cash flow from operations during the period. Furthering our commitment to shareholder value, the Board has recommended an interim dividend of Rs. 3 per share, reinforcing our confidence in the company's financial stability and growth prospects.

Our strong customer mix, extensive network and market positioning enabled us to maintain stable capacity utilization at 82%. We are honored to have received several prestigious recognitions this quarter, reinforcing our leadership in logistics and commitment to excellence.

TCI Express was awarded with the CII Scale Award '24 for Supply Chain and Logistics Excellence from CII Institute of Logistics, highlighting our technological advancement and operational strength. We are also featured in Forbes India's Select 200 Companies with Global Business Potential, DGEMS 2024, recognizing our strategic growth and positioning.

Our corporate social responsibility initiatives were acknowledged with the Indian CSR Award '24 by the Brand Honchos, and we are proud to have again achieved the Great Place to Work '25-'26 certification again for the fifth consecutive year, underscoring our commitment to fostering a positive and employee-friendly work culture.

Looking ahead, we remain optimistic about the anticipated recovery in economic activity, supported by Government infrastructure investments, fiscal measures and a renewed focus on manufacturing growth. The Union Budget '25-'26 introduced key measures to strengthen logistics. A new social sector scheme for gig workers would enhance job security, attracting skilled talent and improving service quality.

Access to the PM Gati Shakti database will optimize route planning, reduce transit times and lower operational costs. Air cargo infrastructure upgrades will enhance express delivery efficiency, reducing lead times. These initiatives would provide a strong foundation for TCI Express to drive growth, innovation and operational excellence.

With this, I hand over the call to Mr. Mukti, who will take you through our financial performance for the quarter.

**Mukti Lal:**

Thanks Sir. So now I'm just going through with our presentation for the three-month quarter and nine months consolidated. So, I will quickly run that. So can you just go on the slide, please. Next slide.

Yes. So these are our key features. This is almost nine-year; we are nearly complete nine years after the demerger. And our service is like 97% is B2B and 3% is B2C. And we have like 60,000 service locations. We have 970-plus branches, and a 3,000-plus workforce. Next, please.

These are like our USP, which consistently we're carrying since last two decades like asset-light business model, we're carrying high-value cargo. We are really working hard on low working capital requirements. We have the lowest cost structure and we are also expanding similar kind of services in Express Logistics. We have our own branches. Then we have like containerized movement 100%. Next please.

These are fundamentally, we're offering six major services, which is Surface, Air Domestic and International, C2C rail and Cold Chain Pharma Express. These are the services we are offering. These are footprint in across India where we're operating 970 branches, 280 sorting centers.

These are two sorting centers we already like automated, Gurgaon and then followed by the Pune. Next, we will be, I think at the end of next year or maybe like first quarter of FY '27, we will be implementing the automation in Ahmedabad and Kolkata. We have already finalized the contractor and soon we will be starting before even March end, we will start the construction in two facilities. These are Surface USP where we have, as mentioned, 60,000 pickup delivery locations and 50,000 is a pickup location, and these are our strengths here. Next, please.

Air Express USP of is that we're delivering in a measure 24 to 48 hours. Across India, we're covering 72-plus air gateways. And we are also delivering in Tier 2, Tier 3 cities with a time span of 48 to 72 hours. Next, please.

These are the International Express where we're delivering across the world, and we almost have 3,000 pickup points for international business that is also growing very well and we have a very positive moment from that, we're also doing import from other countries to deliver in India. So, we're doing two ways. We are sending the metal from India to abroad and from abroad to India we deliver. Next, please.

Rail Express, as we're keeping very high attraction from the customer, is growing very well. Now we almost have 150 routes and 5,000 customer base. This is also increasing. Now we're seeing continuous frequency of the customer, we're getting the repetitive orders from that, though as a mix segment, but growing very fast.

C2C, again, as we mentioned in an earlier call, is a growing sector, it's a niche segment. Majorly, this is used by like auto industries, where we're clubbing like we're picking from one location, delivering two, three locations at destination and vice versa also like picking from the two locations, delivering on one location. So, this kind of service we're giving and adding a new customer here. Next, please.

Yeah, Cold Chain Pharma, again, as mentioned, we're only focusing on pharma deliveries. So, this is also running, but not on a like good speed this is running in a normal way.

These are the Q3 highlights where we achieved a revenue of almost Rs. 300 crores with EBITDA of Rs. 33 crores, which is at 11% margin and profit after tax is Rs. 21 crores. We announced second interim dividend of Rs. 3. So put together is Rs. 6 now.

So, we see clearly visible in this industry, there is two aspects, one in revenue side where a few sectors still not improved, like one is lifestyle products, second is engineering goods and some other sectors also not improved. Second part, every like logistic service provider is facing challenge on cost side where cost has increased for the drivers, toll tax. And we're also facing one more challenge to increase the air cost also due to the duo ply of these service provider and second is prioritization of these airports. So, these are the two things where we face the challenge on the revenue side, because volumes are low. On the other hand, cost pressure is also coming. So, these two things clearly visible in overall industry purposes. Yeah.

These are like quarterly results three quarter what our performance is. Yes, next, please.

These are nine months where we have seen a growth of Rs. 900 crores plus. There is a decline in revenues of almost 3.5% and at EBITDA and PAT level is around almost 27%.

This is the highlight for the nine months. So again, capacity utilization in our truck has seen is overall in nine months is around 82%, and we obviously have two sorting centres. Cash flow operation is Rs. 40 crores. Total dividend, we have given like Rs. 6. Revenue mix slightly changed in nine months. It is 51 big customer and 49 is SME.

In Q3, it is also slightly different. It is almost 53% big customer, 47% SME customers. That's one of reasons to decline in our margin levels. So the cash profit you've seen is a decline of only 25%, and that has been reduced from Rs. 114 crores to Rs. 86 crores. Yes, please.

These are again nine month performances we have given for the comparison of last four years, please.

Key ratios, if you notice like return on capital employed slightly declined because there was a reason because margins are slightly down and initially Capex is growing fast. So I think in the initial two to five year, we had to face slightly moderate kind of return on capital employed once we finish with the Capex, then we will again start to enhance and have the planning to go back to in the range of 35% plus.

Cash conversion ratio is again strong. There is no challenge on that. It will be like in the range of 70%. Please.

Yeah. So again, I just discussed, we can skip. Leverage profile is robust. So again, if you see payable days are 35 days, receivable days is 58. So the net working capital requirement is in the range of 22 days. So, for the running or our daily show, there is really not any kind of funding, and this is a self-sustainable system. Yeah.

In spite of all the challenges, we still have the highest PAT margin in the industry, which you can see out of these six industry players, we are the highest one. And the second player here is also like our group company, TCI. Yeah.

We can skip that we already discussed in the last. Strategy and outlook is very clear. We will be diversified both with customers as well as supplier side. We will keep continuing expanding branch network. This time, we slightly slowed down because we're opening up the branches to cater SME customer majorly. We've seen a slowdown in SME customers, so we post that one for the time being. And though we are opening up like one or two branches in a month, but not aggressively going on, once we seeing the volume back from the SMEs, then we will be aggressively expanding on the branch network side.

Capex side, yes, it is also as per expectations. But this year, I think it will be slightly lower. But next year, we have very clear visibility for the Capex of around Rs. 110 crores. Yeah.

This is our priorities. So, we will keep continuation to growing in the other markets. Sustainability side, yes, ESG, we will be focusing on that. And we will put like EV vehicle for the last mile, first mile deliveries or wherever it is possible to put into mid-mile, we will give that. We would

also like to put hard wherever we are building up new sorting centres, we're giving as a solar for electricity generation. So, we will keep going on putting pressure on the ESG initiatives.

Technology, yes, is a backbone. So, we're also putting more and more digitalization in every function in company. Yeah, please. We can skip that.

So these again are long-term perspective, the logistics industry's growth drivers. Yeah, we can skip that.

This is our management team. Please, next.

So, this is clearly visible these things. Transportation costs have increased. Margins have been declining in this particular time. Manufacturing activities is surprisingly in a good month where we anticipated declining and lower consumption, economic -- I can't say slowdown, but it's like a muted one.

And the customer confidence index has also slightly reduced. So, these are the things which are clearly visible in an overall way. Yeah, next please. These are the award recognition as we have already discussed with that. Yeah, next please.

So, thank you very much. We can take the question and answer that. We are happy to answer.

**Moderator:**

So participants we are going to open the floor for questions and answers. Please raise your hands to ask your questions. So, we will begin the question and answer with Mr. Deora. Mr. Deora, you can go ahead with your question.

**Alok Deora:**

Yeah, very good evening. I just had a couple of questions. First, if you could just indicate what has been the volume growth for this quarter? Or rather degrowth I think.

**Mukti Lal:**

Yes. So Alok, volume is reduced by almost 3% in this quarter.

**Alok Deora:**

Okay. I just wanted to understand; I mean the growth has been pretty muted through many quarters now. So even this has impacted the margins also quite significantly. It's come down by nearly, if we see Y-o-Y, it's down nearly 500 basis points and even Q-o-Q, it is down by nearly 200-plus basis points. So how are we seeing this market now because you have been mentioning about even in the earlier call that how other players are taking price hike is not known and market is very tough.

So how do we see the fourth quarter also shaping up now? Because I think this volume growth even in January, I don't think there would have been much improvement. So, would this volume run rate of Q3 continue through Q4? And would this margin also, which has come down to almost like single digit now, would this be in this tight range?

**Mukti Lal:**

Yeah. So very well. So, there's two type of things is happening simultaneously. Like one is volumes are down. That's very clearly visible across the industry. We are like hit because SME is first time getting hit, and that's why volumes are down for that. And that's why it is also hampering our margin because as you are aware, these prices from the SMEs is higher than my contract customer.

So that's the one of reason. Second reason that has never happened where volume declining and cost pressure is also simultaneously there. But this year, this is a different situation where we're facing challenges and also muted volumes. Second, cost pressure, which is visible across the industry, which is as I mentioned, is contributed by increase in toll tax, increased by driver shortages, increased by labour cost. And in our case, is like added by fuel also by air cost.

So, these things are really and ultimately by lower volume, our utilization of truck is reduced. So by these, you see in two ways. Once we will be like bounce back with the volumes, once it is a normalized situation, which is really very hard to comment on Q4 because once like in the last quarter, we've seen the October month was slightly okay and then we've seen November and December month. December month is again always the best month, but we've not seen that kind of even degrowth on that month.

That was one-of reason also where e-way bill site has closed on the last day. So that has also impacted my volume in this quarter at least 1.5% to 2% on that particular day. So these kind of thing is happening. So I'm not seeing any much difference, but it's really very hard to comment on that. So this is the one volume side.

Second, cost side, I think this will be continue because we're discussing with the customers. If you see earlier, we were the first one to take the price hike from the customer because 50% is the SME customer. But this time, SME customer is already facing the challenges due to high inflation, high interest costs. They are not able to support us on this time because again, volumes are very less and they also have the like impact of muted growth.

So we now are touching like all big customers. So they're also assuring us to be giving the price hikes. So gradually, we're getting that. In this quarter also, we're getting a benefit of like getting a price impact of 25 to 30 basis points. But from January onwards, we're getting good price hikes from the customer. So both things will be like improving this quarter. And next year, I think hopefully, we will be seeing the situation has improved a lot.

**Alok Deora:**

Sure. Have the competitors, a couple of them had given -- I mean, it's public information like Blue Dart and Gati had mentioned about a price hike from January onwards and VRL has already taken a price hike at the end of first quarter. So have these price hikes gone into the system? In VRL's case it is much visible that it has already shown in the margin profile. But what about your other competitors like Gati, Blue Dart and others from the unlisted side? Has the competition taken price increase because we have not taken price increase and still the volumes has not



come back? So just some clarity on that, if you can provide, it would be helpful.

**Mukti Lal:** I think whatever name you've taken for the competition, they're also not growing in volumes, either they're growing through the price hikes, other companies you said, taken so much price and that growth was also equal to that. So this means volumes are not there. Price may be due for them because good thing was with us, we consistently taken the price hike over the period of four, five years, and that's why our margin has jumped from 8% to 16%. That was sustainable.

But this year is like slightly unique position, where SMEs hit, and we always like taking the price hike from them, so they are not able to increase. But I'm not seeing other customers in express, pure express, they will be able to take the price hikes because again, this segment, where we're dealing with the segments, specifically lifestyle, engineering companies and electronics companies, they will be allowed to increase the prices in this tough time. So, I'm really not confident about to like increase the prices by these all competitors.

**Alok Deora:** Just last question. We generally maintain that we will grow at 1.5x the GDP. So do we maintain that or it's something that it's not in sync at this point for the entire sector, not just for the company, where the growth in the GDP is not really reflecting in the growth in the road logistics sector, which could definitely impact us as well. So just that would be my last question. From a longer-term perspective, like two years, how do we see the growth?

**Mukti Lal:** Yeah, well, so this year, this is clearly visible. You see like FTL industry slightly grew because that Government CapEx happened, and that's why I think they have the slight growth on that. But they also have the very high pressure on margins, every FTL company. Second part, this is exceptional year in this, which is we stick with that 1.5x kind of growth for the GDP. This year, more GDP is coming from service and less from the manufacturing. So we will stick with that 1.5x of real GDP growth. And this is, I think one exceptional year we see.

**Alok Deora:** That's all from my side. Thank you and all the best.

**Mukti Lal:** Thank you, Alok.

**Moderator:** Our next question is going to be from Nimmagadda. Please go ahead with your question.

**Nimmagadda:** Yeah, hi. Thanks for the opportunity. A couple of questions from my end. Firstly, sir, you spoke about some improvement on the pricing from Jan. How is the volume trend? Do you see any kind of recovery out here? Also, if you can provide the absolute volume number in the quarter, please?

**Mukti Lal:** So in this quarter, we achieved a volume of 2.4, you're talking about quarter or this month?

**Nimmagadda:** This quarter in 3Q.

- Mukti Lal:** Yeah, Q3, we have achieved a volume of 242,000 tonnes, we have taken in our volume in Q3.
- Nimmagadda:** Okay. And how has Jan been, because you spoke of price hikes and because some of your peers are speaking about price hikes so therefore, you should be able to garner that kind of market share, right? So I'm just trying to understand how the volume growth has been or degrowth, what is the scenario like in Jan?
- Mukti Lal:** Honestly speaking, this January is fantastic or you can say there started a growth. But again, we are also worrisome because all the time we've seen in last three quarters where good month is not performing well. So we're depending upon the March, how March month is playing. So we have taken a growth in January, but we are really not sure, very hard to comment on March, how they're playing it. So same way like in Q3, we were in a good note on a start with the October.
- But finally, December month was, I think you can say is a worst perform. So this sense is really hard to say. But yes, we're always keeping trying to be hard to get the volume growth back to normal.
- Nimmagadda:** What was the price hike that you took in Jan, you spoke about a decent amount of price hikes. So, anything that you would like to quantify, approximately?
- Mukti Lal:** Sorry, come again. I just missed your last one.
- Nimmagadda:** I was asking what is the kind of price hike that you took in Jan. You were speaking about that you had some decent price hikes in the month of Jan. So, any quantum that you would like to indicate?
- Mukti Lal:** So again, on SMEs, we are not pressing to for price hikes because again, still they are in a slowdown or muted growth. We're now targeting our big customers. So hopefully, I think in this whole quarter, we will be able to take the 1% price hikes overall basis because 50% is out. Then remaining 50%, supposing we get from the only 30% plus, 30% customer. So ultimately, it will be converted into almost 100 basis points.
- Nimmagadda:** Sure. My second question is on the investments that the Board has approved on the Singapore side, the \$7.5 million. I mean this is roughly about 35%, 40% of your cash balance. So I'm just trying to understand what was the rationale behind this investment? And why is the company looking to do it in the current scenario when the domestic market, there are challenges where you still have to cut down on the CapEx. So what was the thought process here? If you can help us understand this, please?
- Mukti Lal:** Well, so first, this new capital requirement is not for this year, it is for like '25-'26 and '26-'27 for the two year. So overall cash flow will not be more than like in the range of 10% to 15% each year. Second, our rationale to establish that company to be having like freight forwarding business in across world to Singapore and inbound and outbound. That will also help us to be support an Indian business where we can be import the things in

India and then can distribute across India as from the express model. So we want to establish operation in Singapore, but in a gradual way. So that's the way we will be putting it.

**Nimmagadda:** Okay. I mean the reason I ask that question is also in the context of the weakness that we are seeing in the domestic market and where we also had to curtail the Capex. So it feels that, I mean what you're doing perhaps is right, just trying to fit it in context, at the time when you had to cut down on Domestic Capex, you're looking at international investments. So that part I was trying to figure out.

**Mukti Lal:** No, so basically, we have not curtailed any Capex because our Capex -- why I'm saying our Capex is completely depending on the buying of the lands. So, we're not curtailing any Capex. Whatever Capex we're doing, we are doing that. Now we already finalized as a contractor because after buying a land, we're taking almost 1, 1.5 years for clearance and everything to finalize everything. So now construction will be starting this quarter only. And as I said, in Ahmedabad and Kolkata in a big way and both facility put together would be around 5 lakh square feet.

So next year, these will be ready by March end. Our automation will be maximum again March end or max first quarter of next year. So everything is planned, and it is not on cost of Domestic CapEx to international investment. This is a separate thing. There's a separate strategy for that.

**Nimmagadda:** Just to understand, does your sister company, TCI have any presence in Singapore or you don't have any presence over there?

**Mukti Lal:** No, they don't have any presence in Singapore.

**Nimmagadda:** Got it. Thank you very much for patiently answering. Thanks.

**Mukti Lal:** Thank you.

**Moderator:** Our next question is from Mr. Krupashankar. Please go ahead with your question.

**Krupashankar:** Good evening and thank you for the opportunity. So, my first question would be slightly more on your contribution from SME as well as the large corporates. One of the reasons why we had a higher preference for SMEs was our margin side. But clearly, the operating efficiencies has been lagging because the volume also has not been contributing to our overall system. So are we relooking at adding more corporate customers and changing the mix because that can be one lever wherein which can drive your overall operating efficiency. Any thoughts around that?

**Mukti Lal:** Absolutely right. You rightly said. So what we're also strategizing because specifically, if you see on the eastern part of India or other part like down south and all, there is no manufacturing, and we're completely depending on SME customers. So this is a dual challenge for us from the eastern part and these parts of India where we have the SME presence. They have less volumes. So our returning load is reduced. That's why my utilisation level is 82% right now. So we also like exactly more focusing on a big customer

there wherever we have, and we're really getting good response on that side. So aggressively, we're pushing to be more focused on a big customer rather than SMEs. Once this will be normalised, then we will be again take this ratio like 50-50. So absolutely right, we're doing on strategy on that way only.

**Krupashankar:**

Got it. So second part is primarily on, while I do appreciate that MSMEs are facing a lot of challenges, you are supporting the trade at this point by not increasing price hikes or not taking price hikes rather. Just wanted to get a sense because we are in a hyperinflationary environment, if I need to put it across all cost heads and tonnage is weaker. So why the hesitation in passing the increase in costs, it's not that we are profiteering higher just because of, and that's one of the reasons why we are taking a price hike, right? So we're just offsetting the cost which is there. So I just wanted to get your thoughts as an industry itself, why is it that there is a fair bit of hesitation to take price hikes at this point?

**Mukti Lal:**

Yeah. So these are the SME customers, which helped a lot us all the time to support us. Now really, they needed support from our side. We have like informal relation with them. We have the long-standing relationship of like more than one decade. So we're listening them carefully. They helped all the time. So this time, also, if you see cost is also manageable. Wherever we did, our cost has just increased by 200 basis points, which will be normalised once volume will be like back to normal. I don't think so any worrisome. They will also support once they will be normalised on their business part. So we've really not seen any problem there, and we unnecessarily don't want to be put more pressure to enhance our profits basically. So this is like give and take in a business basically.

**Krupashankar:**

Lastly If I may, while you have highlighted that the branch addition is going to be not as aggressive as previously anticipated until traction and growth is visible. Any thoughts around what would be the potential branch addition in FY '26, '27, given that you're adding a lot of CapEx towards constructing new hubs, especially in Ahmedabad and Kolkata and also you had constructed two hubs in Gurgaon and Pune. So just getting a sense of any plans around FY '26, '27 on branch addition?

**Mukti Lal:**

Yes. So basically, we're opening up the branch to support SME customers because to cater big customer, we really don't need much branch network. So that's why now SMEs are really in a slightly muted growth. So we decided just like in a go slow on that, not stop. So next year, again, we will be planning to open a branch in the range of 50 to 75. And in '26 '27, again, in the range of 75 to 100 that surely we will be open that branches. More focus like we have the strategy to be open almost 30% to 40% branches to support the Multimodal business remaining for the Surface business. This strategy we will go there.

**Krupashankar:**

Okay. Last question, if I may. Are you open to sharing data relating to contribution of new services like the rail and pool chain and extra.

**Mukti Lal:**

So, all put together, services are still stagnant at 17.5% to 17% to 18% and remaining is surface. Another one aspect also would like to mention here. Earlier, we have the e-commerce share in overall revenue is 4%. Now it is

also shrunk to 2.5% to 3% only because as you are aware, our focus is not on a B2C. So now a few customers like asking, again, cost price reduction and all, we are not going into these things. So our B2C share is also shrunk to 2.5% to 3% from 4% in last year. So that's also one of reasons to be reduce this volume in this side.

- Krupashankar:** Got it. Thank you. That's it from my side and all the best.
- Moderator:** Participants to ask question please raise your hands. Our next question is from Mr. Rohit. Mr. Rohit, you can go ahead with your question.
- Rohit:** Yeah. Hi, just one question from my side. Of the total revenues, how much will be the retail portion that we have right now?
- Mukti Lal:** So Rohit, right now in nine months, ratio is 51% big customer, 49% small customer. But in particular, this Q3 quarter, it is 53%, 47%.
- Rohit:** I'm speaking about the retail. So maybe the lifestyle that you said lifestyle segment.
- Mukti Lal:** Okay. You mentioned that yeah, retail. So retail is overall basis is almost around 9% to overall revenue to us.
- Rohit:** Okay. So that's it from my side. Thank you.
- Moderator:** Next question is from Kaustav. Please go ahead with your question.
- Kaustav:** Yeah, hi. Thanks for taking my question. So I wanted to understand from you how will this gradual move from road to rail, the implementation slowly of the DFCs financially impact and operationally impact our Surfaces business over the long run?
- Mukti Lal:** Yeah. Well, so because rail is not really competition with the road, whatever they're building up this freight corridor, this is meant for to be carrying commodities and like urgent cargo. So they're building it for that because for the road, it is really can't be multimode for that. FTL is like, as you are aware, there are like direct from factory-to-factory. Our business also like door-to-door, so rail can't be covering that. But tomorrow, supposing this is really viable and economically viable to have the mid-mile through that is it faster or connections and service loading, unloading at platform is really fantastic, then we can be think to shift our mid-mile. This is very good for the overall industry. So then we will think on that.
- Kaustav:** And yeah, but within this Rail Express vertical of yours, what is the exact purpose from which you started that? And what are you trying to achieve by blending? I'm assuming you're blending Surface Express and Rail Express.
- Chander Agarwal:** They are two different products. Surface, usually the transit time is five to seven days and rail is two to three days. So that's the difference in the service offering. The pricing is higher for rail, because it's a faster delivery

service. Therefore, there is no overlap between rail and road in the Express business for us.

**Mukti Lal:** And rail also like to mention here, rail is through passenger trains. We are not utilising this goods train.

**Kaustav:** Yeah, that's what I was asking. Could you explain the business model of your Rail Express business? That was my question.

**Mukti Lal:** Yeah, it is again, it's like substitute of air services, where they're giving whatever prices, and we're doing this rail services in like 25% cost and with the same kind of TAT where we're putting our material into passenger train and then delivering. So it is also door-to-door service. And we're giving on a similar kind of TAT, which we deliver even competition in air mode with the highest price of like 4x. So this is the model we have. That's why Rail Express is moving very fast.

**Kaustav:** Okay. Understood. When you say door-to-door, you mean then a truck collects the product from somewhere and then delivers it to the customer.

**Mukti Lal:** Exactly. It's a Multimodal basically where we pick from the customer's premise, bring to like platform, put into in train, passenger train and then collect from destination location and deliver to customers' destination, customer's place. So the whole value chain we are giving to them.

**Kaustav:** Understood. Okay. Great. Thank you.

**Moderator:** Our next question is from Mr. Ravi. Please go ahead with your question.

**Ravi:** Okay. I am shareholder since last 10 years. And what commentary, Chander, you said before two to three years, now business is different, what you said earlier, I visited Gurgaon Sorting Centre to, have you any idea such bad time come to lifeline of country business? And if it comes, when it will be a normal one?

**Chander Agarwal:** So nice to speak to you again. This year is an election year. And last year, sorry, what I mean. So the whole of the financial year, there have been elections, so we saw the poor situation of the economy because cash had dried up from September of 2023, since the Rs. 2,000 was banned, we saw the economic downturn started happening.

Coupled with that was the high interest rate and the inflation rate. So everything is now subsiding. Elections are over. Hopefully, now there will be a rate cut. And of course, let us not forget that the global challenges of the three wars that were happening. So all that also came into factor where we started getting affected, the country started getting affected. You see the situation was so bad that to win the power, nothing was being cared about for the businesses or the country.

Now that is aside, we have already started seeing growth from January onwards. So going forward, we are well poised, well positioned to handle the growth, which will be coming on. Now let us not forget that we have been paying dividends very tactfully. And also at the same time, we have

been profitable also to the extent that we have not taken a loan till now. So looking at that, I mean, a glitch like this is okay. We are able to manage it and sustain it and go forward.

**Mukti Lal:**

And also to add that, Mr. Ravi, basically, we've seen these kind of cycle in 2008, '09, that time global slowdown was there. And we've seen this kind of problem again in '14, '15 before GST time. That time has been run through by like one, 1.5 years and then again, whole industry has come with the next leap of the growth in that. So we hope also like now worst time has gone, tough time has gone, and we will start moving on a positive side.

**Ravi:**

Thank you very much for your reply. Okay, thank you.

**Moderator:**

Our next question is from Mr. Jinesh.

**Jinesh:**

Yeah, thanks for the opportunity. My question is on our volume growth trajectory. Now I think if I remember right, in the last call, you had mentioned that our target for FY '26 is approximately 13% to 15% in terms of volume growth. But given how the performance has been so far, especially on the SME side, where you mentioned that there is a pain which they're going through. So essentially, how should we look at the next year in terms of volumes?

And also, if you can call out any specific sectors that are witnessing more challenges within the universe that you operate? I think you mentioned that retail is at about 9%. But any specific sector which is having a major impact as far as your volume uptick is concerned?

**Mukti Lal:**

Yeah. So you rightly said, so we've taken a target wise to grow in value-wise in the range of 12% to 15%. Volume wise, we will grow like double-digit at least 10% to 12%. So we also intend to take the price hikes in next year also. So one of that. Second part, you rightly said, so we now think why should we so depend on the SMEs because this is not doing well.

So we're more aggressively going for the big customers, and we also achieved that result in this January month. So we will go with that strategy. Third thing, we also are very aggressive to be for the Multimodal businesses, wherein rail and air are our forefront for that. So we're putting high effort for that as well. So maybe like margin is already like eroded on a 300 basis points. So we've not seen any further erosion on that. This is like sustainable margin, whatever we did that. So I have seen there's a growth aspiration for the next FY '26, we will be achieved in time to come.

**Jinesh:**

Sure. And I'm a bit new to the industry. So this question might sound a bit basic or silly in nature. But just wanted to understand the overall universe. I mean, given the challenges that we are facing, how are the other competitors doing? I mean, are we holding on to our volume market share when we say that we are at about 242,000 tonnes. So are we holding on to our volume market share? Or are we seeing volumes shift across the competitors? And what is the overall universe in terms of total volumes? And what kind of growth or rather degrowth one has witnessed in that

universe, say, in the last couple of years? And how do you see the overall demand scenario shape up for the next year?

**Mukti Lal:**

Yeah, well, so if you see other industry players where FTL and LTL, they slightly in a growth because this market is very fragmented and they can get the FTL movement from the unorganised player very well, very easily, but must be compromised on a margin level. But if you see the express industry is working in a different way, where we're catering to B2B customer. So our challenge, we can't be compromised on a service level. FTL industry, LTL industry can be compromised on a service level because we are as a premium service provider, we can't be compromised on a service level. This is one aspect where once volume will be back, then we will normalise our margin level.

Second, new industry, we're also targeting new bathware, kitchenware, home furnishing, these are the new industries where people like buying and we're giving and we're also putting very high emphasis on adding these customers. So we're doing that. Third, we're also changing slightly our aggressive strategy to be focusing more big customer than SME customer because SMEs, I think that maybe go like again for the three or six months, maybe have the pain, depending upon how like RBI may be cut under rate or inflation plays. And so this all depending on the various things, but we clearly intend to keep ready for the FY '26 to achieve like 10% to 12% in volume growth.

**Jinesh:**

Okay, thank you so much.

**Mukti Lal:**

So we can have more one or two questions, then we will need to close that.

**Moderator:**

Okay. Our next question is from Mr. Achal. Please go ahead with your question.

**Achal:**

Yeah, good evening team. Thank you for the opportunity. Just two questions. First, did I hear you right in terms of your Multimodal revenue mix is about 17%, 18%.

**Mukti Lal:**

Yes, correct.

**Achal:**

And what kind of contribution are we looking at over next two years or three years?

**Mukti Lal:**

So we are planning to have 22% at least after three years. So each year, we want to be enhanced with the growth of like faster growth in Multimodal means because these are a very niche segment in air and rail. So we want to be enhanced at least 1%, 1.5% each year. So after completing three years, we want to be that share in 22%.

**Achal:**

And that comes at superior margin to current level or similar level of margin?

**Mukti Lal:**

So these slightly superior margin in Air and Rail Express.



- Achal:** Understood. And when you're looking at a double-digit volume growth, which are the two or three sectors you think will drive that growth? And secondly, as you said, you obviously going to focus a bit more on the corporate side, which will be at a lower margin. So what's the typical margin difference between the two in terms of between corporate and the SME?
- Mukti Lal:** No. So basically, it will not impact my margins. Rather, it will be improved because now the matter is to fill factor of my truck has to be improved on those routes where we really have the low volumes. So it's really helped to improve the margin, even not reduce the margin. And this ratio is also not bigger one, like we're just looking for the 2% or 3% kind of change in that ratio.
- So ultimately, again, we all said all the time saying, big customer giving the volumes and small customer giving the prices. So this time, we really need the volume. So that's why we're catering that. And once normal time will come, then we will be more aggressive to get the business from these SMEs and correct this ratio again in the range of like, 50% SME, 50% big customer.
- So that's the strategy we want to adopt, specifically on return loads, where we have like emptiness in the truck. So, we want to be fill up because as I said, we can't be compromised at all on a service level. This is the fortunately, unfortunately, in good time is a good thing where we have the higher volume and good margin. But in like this low time, we have to face the challenges of vacancy and its direct cost to us. Tomorrow, supposing my volume increases (that completely will be very fast) will improve my margin level of 200 basis points once fill factor improved by 2%. So this is directly linked with the service levels and volumes.
- Achal:** So, in a sense, if I understand right, essentially, what is happening is that because of the weak volumes, there is underutilization of the fleet. So fill factor is lower.
- Mukti Lal:** Yes.
- Achal:** Just some sense in terms of how it has trended in 1Q, 2Q and 3Q? Has it gone down materially? Has it remained stable?
- Mukti Lal:** So it's almost the highest we achieved in one quarter where the highest volume is around 84.5%. In this year, we achieved 82%. So this vacancy level is around, reduced by almost 2%.
- Achal:** Okay. And is it any particular leg, sector, region it is acute and which even though the overall number may not look that low, it has a disproportionate impact on the margins?
- Mukti Lal:** So slightly that, as I said, SMEs is slightly weaker. So we're getting impacted through like eastern to across India and down south to across India. These two sectors where we're depending majorly on SMEs, that's impacted.

- Achal:** Understood, that's very helpful. Thank you and wish you all the best.
- Mukti Lal:** Thank you.
- Moderator:** Our last question is from Vikas. Mr. Vikas, go ahead with your question.
- Vikas:** Good evening. So my question is, as we are planning some international services, already we are having offices in international locations like Singapore, what can we expect in next three to five year spend contribution from international services and especially the network, how many countries we will be doing, which type of services, LCL, FCL or only air cargo? And second question is on the automation. We have done two hubs automation. Finally, now all the teething these problems must be over. What's the impact of this automation on OpEx and operational efficiency?
- Mukti Lal:** Yes, Vikas. So basically, international side is really very hard to say on the numbers. We are not diverse. We can answer on a one-to-one basis. But basic idea because we already have the network across India through agent network. So we don't have any further office opening in worldwide, we will keep the office in Singapore only, but we do the work there as we will want to be a hub there so we can do from the Singapore in and out. Second part on automation side, as already mentioned, there is an efficiency improvement a lot in these two centres where we reduced this time to be processed the cargo in these two sorting centres.
- So ultimately, we reduced the cost by like 30 to 50 basis points put together in these 2 centres in overall basis. So we will keep adding the sorting automation in the new centre wherever we're building up, like as mentioned, Kolkata and Ahmedabad will be the next one, followed by Chennai and Mumbai. So we will be going in by this strategy.
- Vikas:** Thank you.
- Mukti Lal:** Yeah, thank you.
- Moderator:** So, with this, we end our question-and-answer session. Mr. Mukti Lal, would you like to have ending statements?
- Mukti Lal:** Yes, Mr. Chander will be giving.
- Chander Agarwal:** So, I must thank everyone for participating in the TCI Express con call for Q3 financial year '25. To summaries, despite the evolving macroeconomic landscape and sectoral challenges, TCI Express has continued to demonstrate resilience, adaptability and strong commitment to operational excellence. As we move forward, we remain optimistic about the long-term potential of the logistics sector and the express industry, supported by favorable policy initiatives, infrastructure development and growing demand for express transportation solutions.
- We are confident that our asset-light model, disciplined financial management and customer-centric approach will continue to drive value for our stakeholders. And with that, I must thank you.

**Mukti Lal:** Thank you, please.

**Moderator:** Yeah. I would like to thank management once again for providing us the opportunity to host this call. On behalf of ICICI Securities, that concludes this conference. Thank you for joining us, and you may now disconnect your line.

**Mukti Lal:** Thanks a lot.

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