



## Annual Report 2009-10



Transport Corporation of India Limited

TCI House, 69 Institutional Area, Sector 32, Gurgaon 122207 Ph. No. +91 124 2381603 to 607 Fax: +91 124 2381611  
E-mail: corporate@tcil.com Website: www.tcil.com



Transport Corporation of India Limited

# Corporate Information

## Board Of Directors

S. M. Datta  
Chairman

D. P. Agarwal  
Vice Chairman & Managing Director

S. N. Agarwal  
Director

K. S. Mehta  
Director

O. Swaminatha Reddy  
Director

R. V. Raghavan  
Director

Vineet Agarwal  
Executive Director

Chander Agarwal  
Executive Director

M. P. Sarawagi  
Director

K. Prabhakar  
Whole Time Director

Group CFO & Company Secretary  
A. K. Bansal

Statutory Auditor  
R.S. Agarwala & Company  
Chartered Accountants

Bankers  
State Bank of India Limited  
HDFC Bank Limited  
HSBC (Hongkong & Shanghai Banking Corporation Limited)  
Citi Bank N.A.  
Standard Chartered Bank

## Corporate Office

TCI House,  
69, Institutional Area,  
Sector - 32, Gurgaon - 122207,  
Harayana (India)  
Phone : +91 124 2381 603 to 607  
Fax : +91 124 2381 611  
E-mail : corporate@tcil.com  
Internet : http://www.tcil.com

## Registered Office

Flat Nos. 306 & 307,  
1-8-271 to 273, 3rd Floor,  
Ashoka Bhoopal Chambers,  
S. P. Road, Secunderabad - 500003. (India)  
Phone : +91 40 2784 0104  
Fax : +91 40 2784 0163  
E-mail : secretarial@tcil.com

## Registrar & Share Transfer Agent

M/s Abhipra Capital Limited  
Ground Floor, Abhipra Complex  
Dilkhush Industrial Area,  
A-387, G. T. Karnal Road,  
Azadpur, Delhi - 110033. (India)  
Phone : +91 11 4239 0708/0725, 4239 0909  
Fax : +91 11 2721 5530

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Transport Corporation of India Limited

## Leading all the way

52 years of experience, a workforce of 6500, 1200 branch offices, presence in four continents, world class resources, savoir-faire of industry experts, innovation in systems and processes, customer-centric approach, and the zeal to learn come together to move TCI to the leading position in the logistics industry.

The five decades of diligence and meticulousness have made the Group emerge as India's foremost single window supply chain solutions provider - the Leaders in Logistics.

### The Leadership Vision

TCI aims to be a customer-oriented, multi-technology and multi-specialist transport system in Indian and International markets, with a proven commitment to excellence in every facet of activity and pursuit of value-based policies to satisfy the aspirations of society, customers, vendors, employees, shareholders and the transport industry.

### Values to Drive Leadership

TCI esteems and abides by CORE: Customer Focus, Ownership, Responsiveness and Empathy- the values that accelerate the Company's growth. The organization makes sure that all its work, ethics and beliefs revolve around these CORE values.

TCI aims to build mutually rewarding relationships which create value for the customers. It also ensures there is trust and transparency in the business.

TCI as an organization firmly believes that customer needs are pivotal and has been constantly expanding and innovating its services. Employees at TCI strongly believe this and work with the passion of an entrepreneur with a great sense of pride and self motivation. Employees are encouraged to incorporate emotional intelligence into their day to day operations and create an enabling work environment ruled by respect for one and all.

## The leadership thought VCMD's Message

Dear Shareholders,

Since October 2009, Indian economy has been showing signs of revival. The current year, hopefully, shall present a positive picture with the macro-environment changing considerably. Stability is evident in the financial markets and in business sentiments.

In the year under review, Group TCI operated efficiently and responded optimistically. TCI was able to retain its leading position in the logistics industry through diligence, commitment and resolution of its employees. Besides this, the management insight and practices were instrumental in ensuring that the economic downturn did not affect business operations and rather helped in building an even more stronger organisation.

All our business divisions have undergone resilience novelty and adaptability. Each division has brought in newer and better ways of operations.

TCI Freight expanded its Over Dimensional Cargo capabilities by adding more axles and heavy duty prime movers.

TCI XPS has introduced the Priority Service- the assured Door-to-Door day definite services for both commercial and non commercial shipments to metro and non metro locations backed by a Money Back Guarantee Offer.

TCI Global signed a contract with China Post for handling their shipments to India. The division has also forayed into small break bulk shipments. The operations of TCI Global in Thailand were further strengthened through a warehouse with a Daily Line Feeding activity for an auto major.

At TCI Supply Chain Solutions, the year was marked by phenomenal growth in revenues and profitability with the maturing of several large lead logistics contracts.

New collaborations were also seen in the Financial Year. TCI signed a joint venture with CONCOR (the country's largest rail container cargo mover). The core competencies of TCI & CONCOR in road and rail merged effectively into ILSPL (Infinite Logistics Solutions Private Limited) will provide the company an ideal platform to provide a national bulk multimodal logistics solution.

TCI has also initiated the process for demerger of its Real Estate & Warehousing division to form TCI Developers Limited (TDL), the latest addition to the Group. We firmly believe that TDL has immense potential in turning our existing real estate into commercial ventures and accelerate our vision to create 'middle' logistics infrastructure like multi modal logistics parks, truck terminals, free-trade warehousing zones etc.

The financial year was a rewarding year for the company. The full year Profit After Tax for the Standalone entity has increased by 51.77% to Rs. 429.8 million from Rs. 283.2 million while the Net Sales/Income from Operations during 2009-10 has grown by 11.51% to Rs. 14546.1 million against Rs. 13044.2 million.

The company's consolidated revenues increased by 12.25% from Rs. 13582.8 million to Rs. 15247.2 million and consolidated PAT was reported at Rs. 412.7 million.

The overall growth in each of TCI's divisions has been promising and the business volumes and profitability have been in sync with our expectations.

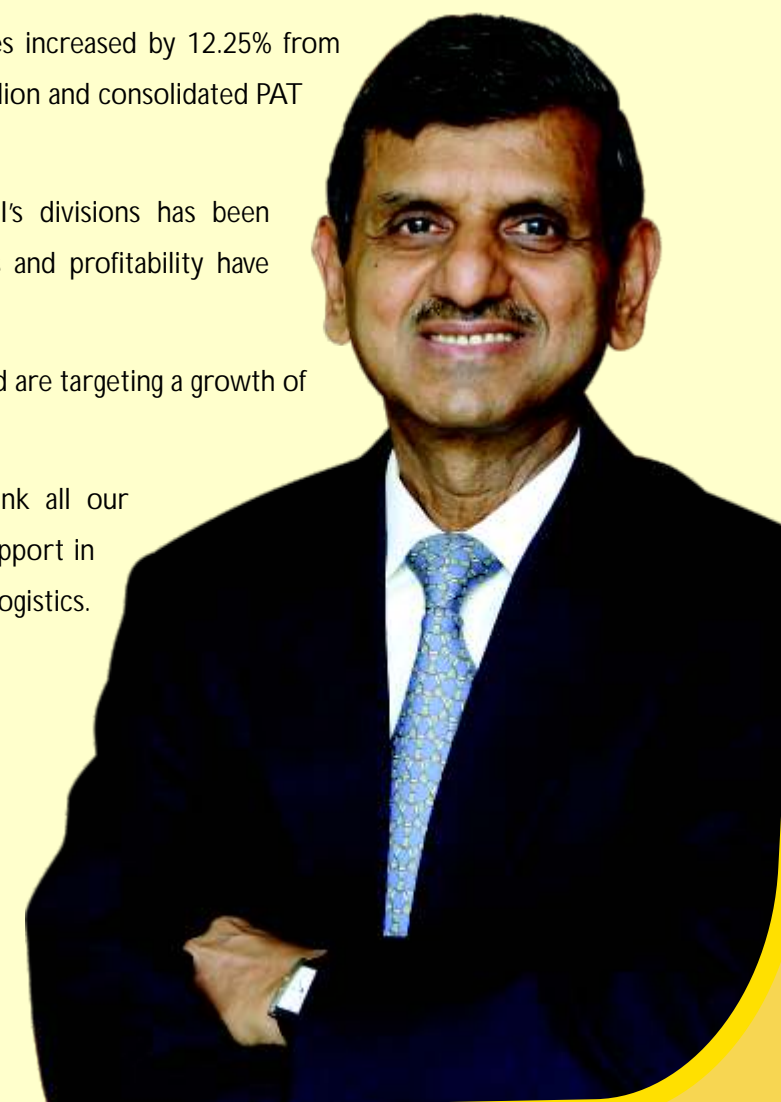
We aim to sustain the momentum and are targeting a growth of 15-20% in the next fiscal.

I also take this opportunity to thank all our share holders for their unflinching support in making your company a true leader in logistics.



D P Agarwal

Vice Chairman &  
Managing Director





## Board of Directors



Mr S M Datta  
Chairman

Mr S M Datta has more than 50 years of experience in the engineering and technology sector. Previously he has served as the Chairman of Hindustan Lever and all Unilever Group Companies in India and Nepal during 1990-1996. Mr Datta inter alia holds various positions in many capacities including as Director on the Boards of Castrol India, Phillips Electronics India, IL&FS Investment Managers, BOC India and Zodiac Clothing Company. A Chartered Engineer, Mr Datta is also associated with various management and research institutes both in India and abroad.



Mr D P Agarwal  
VC & MD,  
Executive Director

Mr D P Agarwal is the Vice-Chairman and Managing Director of TCI. Mr Agarwal has been associated with the transport industry for more than 45 years. He has been contributing in transforming the unorganised logistics sector into an organised one. Mr Agarwal holds the Directorships of Boruka Power Corporation and Jai Bharat Maruti Ltd. Mr Agarwal is also associated with various Chambers of Commerce including CII, FICCI and PHDCCI. He also takes active participation in many social and philanthropic activities for the common good.



Mr S N Agarwal  
Non-Executive Director

Mr S N Agarwal has over 39 years of rich experience in various industries including logistics. Mr Agarwal also serves as the Chairman of Boruka Gasses Ltd and Boruka Power Corporation Ltd besides being on the Boards of Kirloskar Electric Co. Ltd. and Iruppa Power Pvt. Ltd. He is also a member of the governing body of IIM Bangalore. A magna cum laude graduate in management from Davenport College of Business, USA, Mr Agarwal also holds an Advance Management Program (AMP) certificate.



Mr K S Mehta  
Non-Executive  
Independent Director

Mr K S Mehta is a renowned Chartered Accountant in practice. He has approximately 39 years of experience in corporate finance and restructuring, project financing, business valuations and tax planning. Mr Mehta is the board member of Radico Khaitan, Kothari Industrial Management Company, Blue Coast Hotels & Resorts, Ayurvet Ltd, Consafe McNulty JV Ltd and Consafe Engineering Services of UK.



Mr O S Reddy  
Non-Executive  
Independent Director

Mr O S Reddy has over 57 years of experience as a financial and management consultant. He is currently the Chairman of the governing body the Indian Institute of Economics, Hyderabad. Mr Reddy is associated with the Boards of Sagar Cements, TCI Finance, Sagar Power, Surana Telecom among others. He is also a member of the management committee of Federation of A. P. Chamber of Commerce & Industry.



Mr R V Raghavan  
Non-Executive  
Independent Director

Mr R V Raghavan is a professional manager, with 43 years of varied and senior-level experience in management in India and abroad. A Chartered Accountant by background, his career, inter alia, in Philips, Glaxo and Voltas, of which he was a main Board Director and Chairman of its publicly traded associates, Wandleside National Conductors, spans over 30 years of exposure to both finance function and general management of operations.



Mr Vineet Agarwal  
Executive Director

Mr Vineet Agarwal is the Executive Director of TCI. He joined the Company in January 1996 and has held various finance and management roles within the Company. In addition to these responsibilities, Mr Agarwal is the Director with Transcorp International and Chairman in Transystem Logistics International. He has led the Company into high growth segments like Third Party Logistics and Express Distribution Services.



Mr Chander Agarwal  
Executive Director

Mr Chander Agarwal is the Executive Director of TCI. Mr Agarwal has held various finance and management roles in other group companies like TCI Seaways, TCI XPS etc. His hands-on experience with Transfreight USA, a 3PL specialising in 'lean logistics' for Toyota Motor Vehicles, USA, has given him unmatched knowledge of the Supply Chain Management. Currently he is spearheading Group TCI's International expansion.



Mr M P Sarawagi  
Non-Executive Director

Mr M P Sarawagi has been associated with the Company for the past 46 years. He possesses rich experience in the legal and commercial aspects of the transport industry. Mr Sarawagi also serves the Boards of Boruka Finance Corporation of India, Boruka Investments, Orissa Tyres, Calcutta Goods Transport Association, All India Motor Union Congress and several other cultural associations. He is a Graduate in Law from Calcutta University.



Mr K Prabhakar  
Wholetime Director

Mr Prabhakar joined TCI in 1978 and is currently a Whole Time Director with the company. Prior to this, he was heading TCI XPS, the Express Delivery division of TCI. Mr Prabhakar's business acumen, leadership skills and strategising capabilities helped TCI XPS to achieve new heights. During his span of three decades in the company, Mr Prabhakar has relentlessly worked for the betterment of every aspect of TCI's business operations.

## Key Financial Ratios (Standalone)

Particulars	(Rs in Mn)				
	2009-10	2008-09	2007-08	2006-07	2005-06
<b>OPERATIONAL</b>					
Total Income	14,546.1	13,044.2	12,029.0	10,895.7	9,139.8
Profit before interest, depreciation, tax & exceptional item	1,139.5	990.0	807.9	742.7	627.5
Interest (net)	195.6	240.8	168.3	103.4	71.3
Depreciation	267.6	259.8	207.8	199.1	185.2
Profit before tax & exceptional item	676.3	489.4	431.8	440.2	371.0
Exceptional Item	29.2	40.0	-	-	-
Profit before tax	647.1	449.4	431.8	440.2	371.0
Taxes					
- Current	203.4	147.2	109.9	82.3	46.2
- Deferred	9.2	0.2	18.7	36.6	43.6
- FBT	-	18.6	18.5	15.6	12.9
- Taxes for earlier years	4.7	0.2	0.4	-	0.2
Net profit	429.8	283.2	284.3	305.7	268.1
Cash profit	706.6	543.2	510.8	541.4	496.9
Dividend Per Share (Rs.)*	0.80	0.60	0.60	0.60	2.50
Earning Per Share*	5.93	3.91	3.92	4.53	19.78
<b>FINANCIAL</b>					
Gross Block	4,417.8	4,132.3	3,901.3	3,551.8	2,608.8
Net Block	3,092.9	2,982.8	2,875.9	2,659.9	1,874.3
Net Worth	3,084.6	2,714.0	2,484.3	1,326.5	1,067.8
Total Debts	2,716.3	2,329.0	2,290.3	2,185.8	1,130.7
Avg Capital Employed	5,710.7	5,189.5	4,417.0	3,101.2	2,110.9
Return on Net Worth	13.93%	10.43%	11.44%	23.04%	25.13%
Return on Capital Employed	14.76%	14.07%	13.58%	17.53%	20.96%
Debt Equity Ratio(Times)	0.88	0.86	0.92	1.65	1.06
Interest Cover (Times)	5.83	4.11	4.80	7.18	8.80
Book value Per share (Rs)*	42.54	37.43	34.27	19.65	79.08
Share Capital	145.06	145.01	145.01	135.01	135.01

\*Shares of Rs. 10/- each had been sub-divided into shares of Rs. 2/- w.e.f. 12th December 2006 and therefore these figures are not comparable with the figures for the years prior to FY 2006-07



## Management Discussion and Analysis “Empowered to be Leader”

### Industry Overview

Healthy economic growth in India is increasingly supported by robust industrial growth. One of the relatively lesser known but significant sectors that supports almost all industrial activities - the logistics sector - is also witnessing this growth as a follow through. The annual logistics cost in India is estimated to be 14% of the GDP, which translates into USD 140 billion assuming the GDP of India to be slightly over USD 1 trillion.

### Big Hurdles

In spite of the growth, Logistics is still a budding and fragmented industry in India. It is estimated that while outsourced logistics accounts for 54% of total logistics spending in India, organized players have only 10% of the pie. In road transportation, which accounts for the biggest portion (36%) of logistics spending, 74% of operators are small-time players owning a single vehicle. In outsourced warehousing, 92% of players are from the unorganized sector.

A lack of adequate infrastructure and complex taxation and regulations are big problems. Movement of cargo on roads has several loopholes. National highways form only 2% of India's road network, but they handle more than 40% of road freight traffic. This inevitably leads to traffic jams. To add to this the Indian taxation system is quite complex. In order to avoid multiple taxation, companies typically have warehousing operations in every state. The result is a large number of small warehouses across the country which are lacking in the latest warehousing processes and technologies.

Source: Can India's Logistics Industry Deliver a Better Model for Transporting Goods? Published: September 10, 2009 in India Knowledge@Wharton school on line journals

### Opportunities ahead

Despite the limitations, industry players visualise a strong potential in the sector. Several initiatives and projects are underway to boost development of roads while the complex Central Sales Tax is expected to be phased out in coming years to welcome GST. The emergence of India as a manufacturing hub, growth of the organized retail industry, increased domestic consumption, and the global best practices of multinationals are all expected to boost the logistics industry. The following initiatives will also trigger the growth of the industry:

### Impact of 3PLs

Third party logistics (3PL) providers form a major chunk of the country's logistics sector and play an important role in spurring the growth of the sector. They offer tailor-made and innovative services for specific product categories as per customer requirements. Since timely delivery of goods is vital in the logistics business, service providers make use of highly modernised technologies. Consolidation of the



fragmented services is another area in which 3PL providers have excelled, thereby adding value to customer solutions. 3PL providers have been able to tackle challenges and overcome the same by catering to customer demands, by delivering right products at the right time to the right place at the right cost.

### GST

The introduction of Goods and Services Tax (GST) is a significant step towards the betterment of the industry. Since GST is expected to standardize rates across the nation, considerable consolidation is expected in the warehousing segment as companies will be able to manage bigger warehouses at few strategic locations.

### Multimodal Logistics Park

The country's escalating global business has attributed to the requirement of establishing logistics parks infrastructure. In view of this, the Indian exporting fraternity is looking forward to joining hands with logistics service providers for seamless and cost effective transportation of their cargo through multimodal logistics parks.

The advantages of Multimodal Logistics Parks are:

- MLPs will bring all services under one roof
- Unwanted steps and costs in the process can be eliminated
- These will trigger efficiency. Good connectivity, mechanized truck and rake handling mechanized inventory handling quick change between transport modes and single window documentation make MLP's highly efficient as compared to traditional modes of cargo

### Warehousing

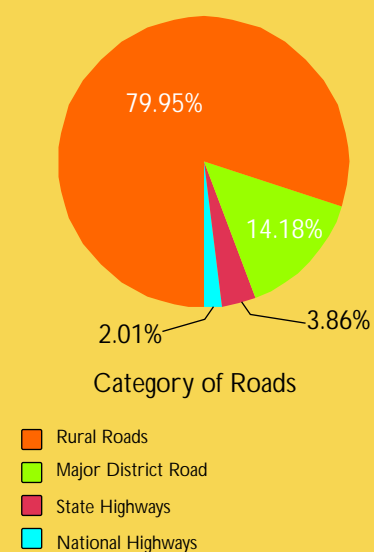
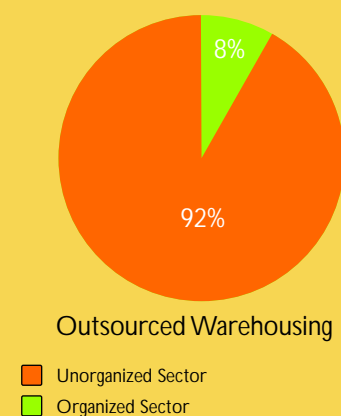
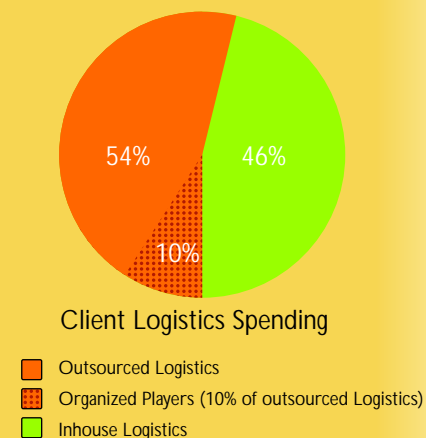
The modern warehouses are moving beyond traditional stocking and loading to other value added services like packaging, labeling, bundling and cross - docking. This business is growing at a fast pace and since warehousing accounts for about 20% Indian logistics industry, the growth will have a positive impact.

### IT penetration

IT is a major growth driver of this sector. Currently, IT solutions are being used for all supply chain management functions. Most of the ports use Electronic Data Interchange (EDI) facility for electronic transmission of data. This has led to reduced emphasis on manpower, thereby further optimising operational costs. Innovative logistics solutions have enabled conventional forwarders to use newer and improved methods of transportation for their services resulting in customer retention as well as customer acquisition.

### An overview of traditional Infrastructure which impacts Logistics

According to the Government of India, investment in the infrastructure sector in India is all set to grow radically. Goldman Sachs, the investment banking company has forecasted that India's infrastructure sector would be in need of investments to the tune of US\$ 1.7 trillion in the next 10 years. It also added that such investment would come more from the domestic market than overseas.



### Road

India has the world's second largest road network, aggregating over 3.34 million kilometers (km). According to the Planning Commission, the road freight industry will be growing at a compound annual growth rate (CAGR) of 9.9% from 2007-08 to 2011-12. According to Crisil Research's annual review of the roads and highways sector published in August 2009, the potential investment in the sector is expected to be to the tune of US\$ 107 billion between 2009-10 and 2013-14.

### Ports

The Indian coastline is dotted with 12 major ports and 187 minor ports. According to the Indian Ports Association, these major ports together handled a total of 560.96 million tonnes (MT) of cargo in 2009-10. There are 27 shipyards in the country, six under central public sector, two under state governments and 19 under private sector undertakings.

### Railways

The US\$ 18 billion Indian Railways industry is one of the largest developed networks in the world. The premier transport and logistics organisation of the country is also the largest rail network in Asia and the world's second largest under single management. It is one of the few mixed traffic systems in the world, carrying both passengers and freight that generates a cash surplus. The Indian Railways is the backbone of the Indian transport system. Its increasing freight business is a good reflection of the recovery of the Indian economy. The Railways moved 727.6 million tonnes (MT) of revenue earning freight in November 2009, registering 9.22% growth over November 2007.

Source: Rail and Road - mapsoftheworld.com, world largest rail and road network





## Empowered to be Leader

The evolving trio of STATURE, EXPERTISE and GROWTH of the Group has invested TCI with the power to be the industry leader. The presence of more than 50 years in the industry, the world class assets and international collaborations are the constituents of TCI's colossal STATURE; whereas the rich experience developed over five decades clubbed with the know-how of the TCI team consisting of industry stalwarts creates EXPERTISE - the extra-edge that has propelled TCI to the top. And when uninterrupted GROWTH of the Group observed at the end of each financial year joins the duo, the trio becomes complete.

## The Leadership Drivers

### 1. Stature

In 1958, TCI was setup as a "One Man, One Truck, One Office" enterprise. With the legacy of five long decades and discerning industry presence, TCI is now not only listed on both the National Stock Exchange and the Bombay Stock Exchange, but also propels 2.5% movement of India's GDP by value of cargo and extends across 99.45% of India's GDP of region coverage.

Today the assets of the TCI group comprise 1,200 fully computerized offices across the country, 6,500 employees and 20,000 strong outsourced team in India and overseas, 6 cargo ships, 7,000 trucks and trailers under operation and 8.5 million sq ft of warehousing space. Every year the Group's vehicles traverse more than 430 million kilometers delivering satisfaction to all its customers.

Having branches all over the country, TCI reaches out to even the remotest corners of India. Internationally, TCI's presence is experienced through its collaborations and subsidiaries in Asia (China, Hong Kong, Singapore, Indonesia & Thailand).

The pillars of strength at TCI are its professional set up and management practices which have been constantly evolving for the past five decades. The company believes that the core values of corporate governance, inter-alia, include conducting business in accordance with the highest legal and ethical standards which involve a great deal of transparency, professionalism and accountability.

TCI's Stature coupled with Expertise and Growth have led TCI to accomplish a robust and strong footing in the industry and thereby be acclaimed as the



### 2. Expertise

The marriage between rich experience and profound know-how accelerates TCI's winning performance. Our expertise is a composition of deep understanding and innovation where industry knowledge is juxtaposed with new ideas.

The senior management is invested with a wealth of experience and represents the core values of the company. Being highly acclaimed they also represent the industry at various commerce and industry led forums, whereas the young master minds contribute novelty to the Group.

And adding fuel to the rich gamut of experience and talent, the meticulousness and diligence carries Team TCI to the next level.



### A. Multi-skilled people

"Every individual has unlimited potential." This is a strong belief of the business house where human resources form its backbone. TCI believes in engaging, nurturing and developing human resource, offering ample opportunities to its employees for learning and growth in formal as well as informal setting.

Employees are also recruited at entry level positions, given learning and career development opportunities and are encouraged to maintain balance between professional and personal life. Here, mistakes are often considered as learning lessons rather than penalizing tools. In the recent past, TCI has taken a number of HR initiatives for the welfare of the employees, building their capabilities and competencies, enhancing their competitive edge and increasing the employees' engagement level with the organisation.

- Organizing free medical check-up and radiology camps
- Out-bound programs for team leaders for improving team effectiveness and enhancing strategic thinking
- Sports participation in Cricket tournaments & Marathons for recreation to inculcate the spirit of sportsmanship enhancing sport culture, camaraderie, bonding and corporate interaction
- Blood donation camps for inculcating social responsibilities among employees
- Online accessibility of medical insurance through company website
- Establishment of knowledge forum to share knowledge and experience

### B. Technology

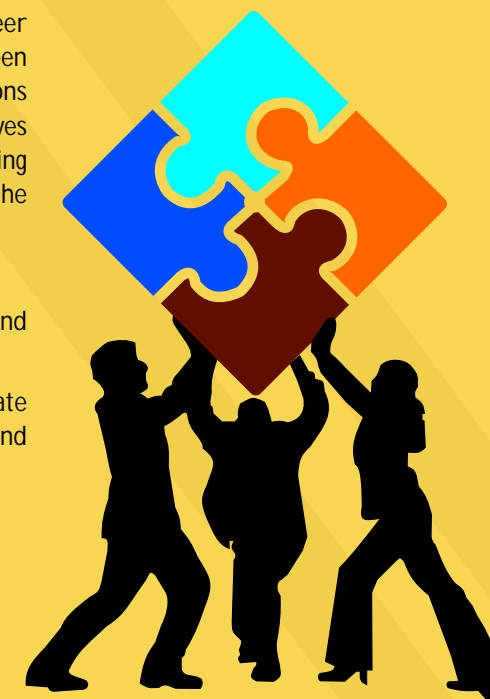
TCI's focus is on bringing the operations of the Group on a single platform in a user-friendly cohesive systems. This emphasis is continually upgraded with the changing times.

In addition to the existing systems of online tracking and e-proof of delivery, integrated back-end systems and processes to ensure that the Proof of Delivery with the signature of the consignee after delivery is sent by hard-copy, e-mail or fax to the consignor, TCI has implemented Business Intelligence tool for generating different, unique and decision-making reports to strengthen the process. All the business units of the Group work online on web-based software on a 24x7x365 basis. Moreover all the processes involved in the functioning of the units are automated. The in-house developed ERP caters to operation & finance while PeopleSoft is implemented for HRMS & payroll management.

### C. Innovation

Since its inception, TCI has been looking for newer and better ways of improving its systems and incorporating the latest technologies. Vehicle Design Innovation (VDI) and Indian Road Freight Index are two such innovations at TCI. VDI is involved in redesigning of fleet as per the customers' requirements and is a vital move to enable optimum utilization of resources. The Indian Road Freight Index is an initiative to bring in greater transparency & knowledge into this sector in India.

In an initiative taken as an innovative thought leader, TCI along with IIM-Calcutta conducted a study on 'Operational Efficiency of National Highways for Freight Transportation in India.' The TCI-IIMC joint study report highlighted the problems faced by the transportation sector and suggested recommendations for transporters and the Government as to how to mitigate the problems and contribute to the economic growth of India.





### 3. Growth: Finance Review

In spite of the Logistics Industry showing revival only in the later half of 2009, TCI was able to retain its growth through good management practices, effective cost control measures and value additions in the service portfolio. We are committed to grow our business and increase our customers' confidence in us.

#### Performance, 2009-10

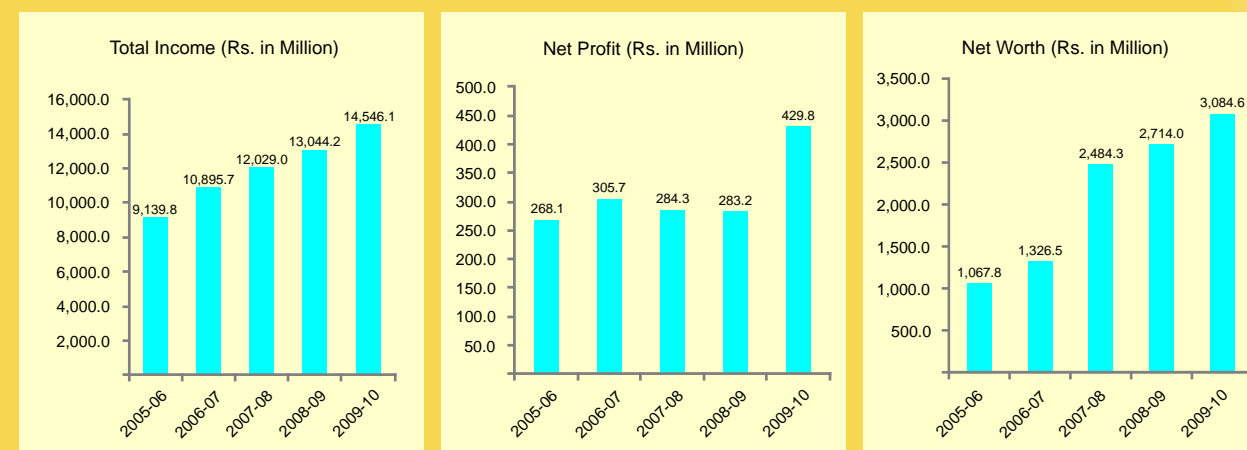
Year	2009-10 (Rs Million)	2008-09 (Rs Million)	% change
Revenue	14506.63	12,979.50	11.77%
EBIDTA	1139.55	989.96	15.11%
PBT (after exceptional items)*	647.05*	449.45*	43.96%
PAT	429.81	283.19	51.78%
Cash profit	706.61	543.20	30.08%
EPS	5.93	3.91	51.67%
RONW (%)	13.93	10.43	-
ROCE (%)	14.76	14.07	-

#### Margins

The EBIDTA margin increased by 24 basis points to 7.83% while the net profit margin increased by 78 basis points, despite under exceptional item a sum of Rs. 29 million was made on account of full and final settlement of derivative transactions. Going ahead, the operating margins are expected to strengthen on the back of an increasing share of higher-margin businesses like XPS, SCS and Seaways. Revenues increased 11.77% and EBIDTA increased 15.11% following operating and other costs optimisation priorities, which resulted in a declining trend of operating costs, in a challenging year. Return on net worth and capital employed has also improved significantly over last year.

#### Revenue analysis

The Company's revenue outperformed India's GDP growth and increased 11.77% to Rs. 14506.60 million in 2009-10 from Rs. 12,979.50 million in 2008-09, following enhanced marketing in India and abroad across existing and new clients as well as the robust growth of Supply Chain Solutions (SCS) and Express (XPS) divisions.



### Cost analysis

#### Total Cost

Total cost (excluding depreciation, interest and tax) increased 11.22% from Rs. 12054.26 million in 2008-09 to Rs. 13406.63 million in 2009-10 owing to increased freight, clearing and forwarding charges, stores and spares parts consumed among others but in line with business growth. This increase was however lower than the revenue increase for the year under review.

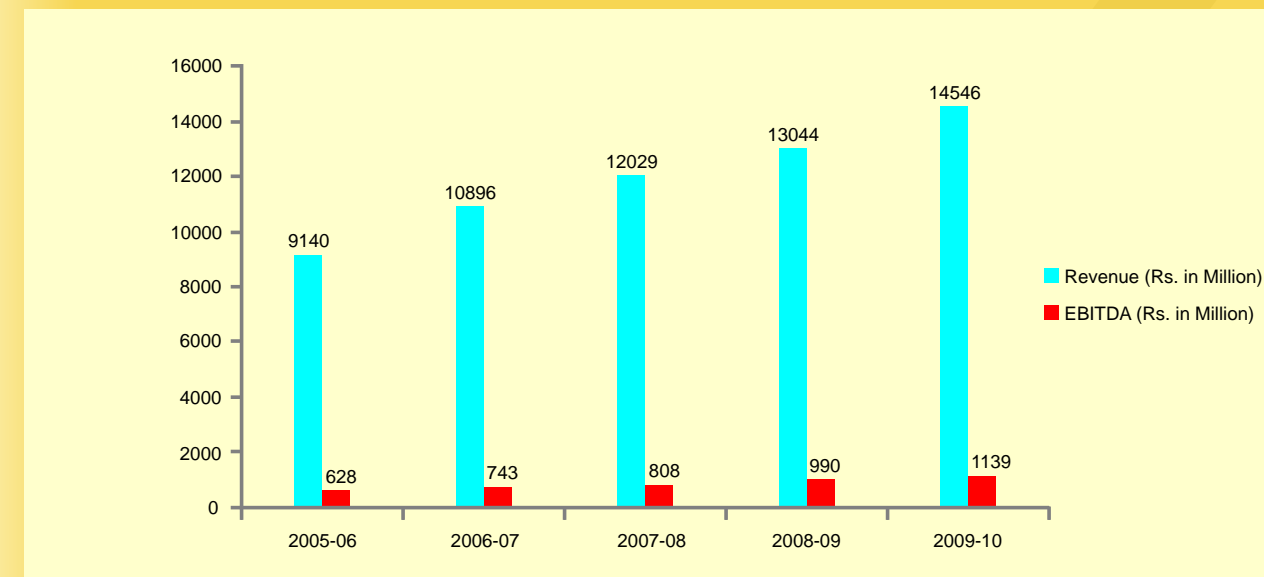
#### Interest

On account of an improvement in general economy and series of measures taken by RBI to ease out the liquidity position resulting in a sharp decline in interest rates following Interest outflow decreased by 18.71%. As a result, interest cover increased from 4.11% in 2008-09 to 5.83% in 2009-10, interest cost as a proportion of revenues decreased from 1.85% in 2008-09 to 1.34% in 2009-10 and also average debt cost decreased significantly from 10.44% in 2008-09 to 7.75% in 2009-10. The Company substituted high-cost working capital limits with short-term instruments, like short term/working capital demand loan and non-convertible debentures with low coupon rates of around 5-6%, the benefits of which has been reflected in 2009-10.

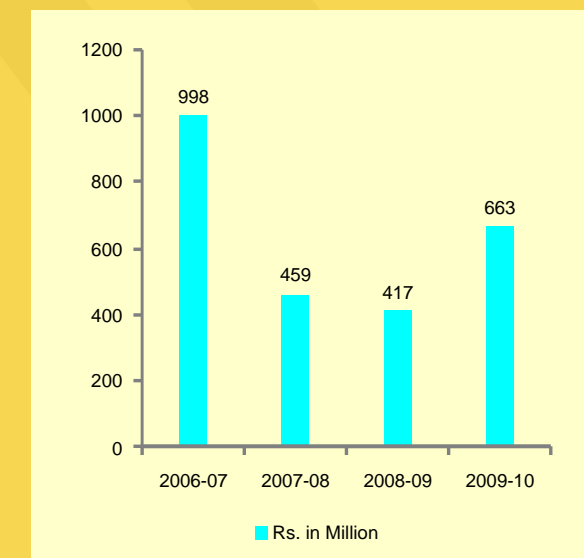
#### Capex

The Company has incurred a capital expenditure of Rs. 663 million during the year. This was mainly spent on purchase of land, construction of warehouse and hub centers, acquisition of trucks & axles and IT upgradation.

#### TCIL Standalone financials for Five years



#### Capex in the last four year



#### Investments

The Company's investments increased 92.34% from Rs. 185 million in 2008-09 to Rs. 357 million in 2009-10, owing to investments in joint ventures, subsidiaries – domestic & overseas and partnership firms.

#### Return

TCI share v/s BSE sensex: TCI's share price as on 1st April, 2009 was Rs. 34.25/ share and shot up to Rs. 101.90/share on 31st March, 2010, giving a return of 298%. Whereas BSE Sensex was at 9900 on 1st April, 2009 and increased to 17527 on 31st March, 2010, giving a return @ 77%.

## The Leadership Mix

### **TCI Freight**

Surface Transport reaches the next level with TCI Freight, a suitable match for cargo of any dimension, or of any product segment. No wonder TCI Freight, the biggest unit of Group TCI is India's major surface transport provider.

### **TCI XPS** EXPRESS DISTRIBUTION SPECIALISTS Air | Courier | Surface

This TCI unit enjoys the acknowledgement as the foremost door-to-door Express Distribution Specialist, when it comes to reaching the corners of India. TCI XPS offers door-to-door pick up and delivery at 13,000 locations across the country.

### **TCI Supply Chain Solutions**

Right from conceptualization to implementation, this division delivers a sustainable solution as a Lead Logistics Provider with services that cover designing supply chain for an all new company, re-engineering for an existing one and putting the designs into practice.

### **TCI Global** GLOBAL LOGISTICS

The world is home to TCI Global. Setting up offices in Singapore, Indonesia, Thailand, Hong Kong, China, Germany, Mauritius and the Netherlands, TCI Global established TCI as a global SCM organization by providing seamless freight forwarding, custom clearance and full

### **TCI Seaways**

As a sea cargo division, TCI Seaways' services encompass transporting container and bulk cargo from Ports on the East Coast of the country and Far East destinations.

## **TCI Freight**

### Stature

The largest division of Group TCI is the nation's leading surface transport organization. With its extensive and strategically located branch network and trained manpower, TCI Freight provides an entire range of transportation solutions for Full Truck Load / Small Parcel / Project & Over Dimensional Cargo and Rail.

The division enjoys:

- 642-strong office network and 25 hubs with an average space of 25,000 sq. ft. with 2182 strong workforce
- Extensive fleet ranging from hydraulic axles, multi-axles and prime movers to all kinds of transportation
- A robust rail network covering VPH, SLR, VPU for full rake and leased out special parcel trains
- Computerized and interconnected offices supported by GPS-enabled vehicles
- 24x7 online track-and-trace system and a dedicated customer care centre

Every year the division's vehicles traverse more than 293 million kilometers delivering satisfaction to all its customers.

TCI Freight is ISO 9001:2008 certified for the quality of service it offers to the customers.

### Expertise

The single-window surface transportation service for general, heavy and volumetric cargo, powerful office and rail network, extensive fleet and efficient hub-and-spoke model have equipped TCI Freight well to be ahead in the race.

In the FY 2009-10 the new initiatives and service were taken up by the division to intensify its existing strengths.

- Commencement of Point to Point Service for Small Parcel
- JV with CONCOR, India's largest rail cargo mover for container transportation via rail
- A modern fleet of Goldhofer Hydraulic axles to focus on power and infrastructure sectors
- New Hydraulic Axles enabling the company to move single ODC package upto 500 tons



### Growth

Overview of the FY 2009-2010 revealed revenue growth of approximately 5.88% more as compared to last fiscal while the profit after tax was up by 17.83%. The results overall for fiscal was encouraging.

### Outlook

The division expects to grow at 10-12% with a focus on long distance transport via rail owing to cost competitiveness, quicker turnaround and timeliness.

