



trust... begins here

Transport Corporation of India Ltd. | Annual Report **2012-13**



contents



TCl: Vision & Values

2

Corporate Information

3

Vice-Chairman and MD's Message

4

Board of Directors

6

The Journey So Far

7

Management Discussion and Analysis

8

Business Verticals

11

Joint Ventures

17

Information Technology

18

Human Resource

18

Corporate Social Responsibility

19

Key Financial Ratios (Standalone)

20

Key Financials (Consolidated)

21

Risk Management

22

Directors' Report

23

Report on Corporate Governance

33

Finance Section

44

AGM Notice

87



**...in AN ERA OF INCREASING
CONNECTIVITY AND
intensified public
scrutiny, trust is the
lifeline of ANY
organization - A CRITICAL
ASSET in ENSURING A
business's long-term
SUSTENANCE AND SUCCESS.**

Customers place trust on a product or service, the society puts trust on how ethically businesses are conducted and even within a business, there is trust in the form of employee-employer relationships. Therefore, building trust is a vital step towards maintaining and promoting business efficiency.

Trust is essential to building enduring connections with employees, customers, suppliers, shareholders and the communities in which we do business. Trust drives the risk-taking ability that leads to innovation and progress.

trust is... the beginning



trust is... emphasising customer orientation, multi-technology and multi-specialist transport system in india

vision

We, at TCI, believe in delivering quality services to every corner of the country and beyond borders, with a special emphasis on customer-orientation, multi-technology and multi-specialist transport system in India. Time and again, TCI has come out on top in its each and every operation to meet the rising needs of society, customers, vendors, employees, shareholders and the transport industry.

CORE VALUES

With intent to differentiate our value offerings, TCI swears by its CORE values, that is, Customer Focus, Ownership, Responsiveness and Empathy. By practicing this value system, TCI constantly works towards future growth and development while taking into account its business work ethics.

corporate citizenship

As the group's social arm, TCI Foundation (TCIF) fulfils its corporate social obligations and runs charitable health centres and schools for the under-privileged in the rural areas. It runs programs on AIDS interventions and education among the vulnerable trucking community. TCIF is also active in the area of disaster relief assistance and provides disability management for physically challenged.

AWARDS & recognitions

- ☐ 'Best Logistics Provider of the Year 2012' constituted by the Indian Institute of Material Management (IIMM) Kolkata
- ☐ 'Retailer of the Year (Supply Chain Solutions) 2012' at Asia Retail Excellence Awards, Singapore
- ☐ 'Effective Retail through Supply chain 2012' by Asia Retail Congress
- ☐ 'Best 3PL Company of the year 2012' – sixth consecutive year at the Express Logistics & Supply Chain Conclave, Mumbai
- ☐ 'Warehouse Service Provider of the Year 2012' at the Indian Supply Chain & Logistics Summit
- ☐ 'Customer & Brand Loyalty Award 2012' in the 3PL / Supply Chain Sector instituted by AIMIA, a global leader in loyalty management



corporate information

board of directors

Name of the Director	Designation
Mr. S. M. Datta	Chairman
Mr. D. P. Agarwal	Vice Chairman & Managing Director
Mr. S. N. Agarwal	Director
Mr. K. S. Mehta	Director
Mr. O. Swaminatha Reddy	Director
Mrs. Urmila Agarwal	Director
Mr. Ashish Bharat Ram	Director
Mr. M.P. Sarawagi	Director
Mr. Vineet Agarwal	Joint Managing Director
Mr. Chander Agarwal	Executive Director

group cfo & company secretary Mr. A.K. Bansal

statutory auditors R. S. Agarwala & Co., Chartered Accountants

bankers

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

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
Phone: +91-11-42390708, 42390725, 42390909
Fax: +91-11-27215530
E-mail: rta@abhipra.com

corporate office address

TCI House, 69 Institutional Area
Sector-32, Gurgaon-122 207
Tel. +91-124-2381603-07 Fax +91-124-2381611
E-mail : corporate@tcil.com
Website: www.tcil.com

registered office address

Flat Nos. 306 & 307, 1-8-201 to 203, 3rd Floor,
Ashoka Bhoopal Chambers, S. P. Road, Secunderabad-500 003
Tel: +91-40-27840104
E-mail: ak.bansal@tcil.com, secretarial@tcil.com



from the desk of vice chairman & managing director

Dear Shareholders,

WE start the new year with an optimistic report of the organisation for economic cooperation and development (oecd) claiming that india is now the world's third-largest economy in purchasing-power-parity (ppp) terms.

Though many factors could have contributed towards the recognition, however I believe the prime reason is that of acceleration in industrial production and changes in consumption patterns that led to a high demand for basic and specialised logistics management. The demand has been fuelled by the growth of industries such as automobiles, aviation, consumer packaged goods, hi-tech, telecom, defense and retail, amongst others. Besides, the entry of multinational companies (MNCs) in sourcing, manufacturing and distributing are other growth drivers. As per the World Bank, Indian economy would grow by 6.1 per cent in 2013-14 on account of robust domestic demand, strong savings and investment rate.

However, despite the positive outlook on the

economy, 2012-13 has not been an eventful year for the logistics industry, partly affected by the impact of the slowdown in the country's economic growth. Although the logistics industry is a critical enabler of supply chain, the sector's growth has not kept pace with India's wider economy, thanks to Intra-State border issues, cumbersome documentation, bureaucracy and low average trucking speed on account of the poor quality of the country's road network. Add to this, the below satisfactory development of logistics parks, warehousing and other support infrastructure, and we have the biggest challenge to increase efficiencies and become more cost-effective, thereby increasing India's overall cost arbitrage.

TCL as India's leading integrated supply chain and express solutions provider, has shown

remarkable resilience and has responded well to the challenges by recording a modest growth across all its divisions except the Freight Division which got affected due to fluctuating transporting costs attributed to low industrial production and frequent rise in fuel prices. TCI is among the few companies in India to achieve A1+ ratings from ICRA on short term borrowings and AA- from CRISIL on long-term borrowings that encourages benchmarking against other companies and reassuring faith among investors.

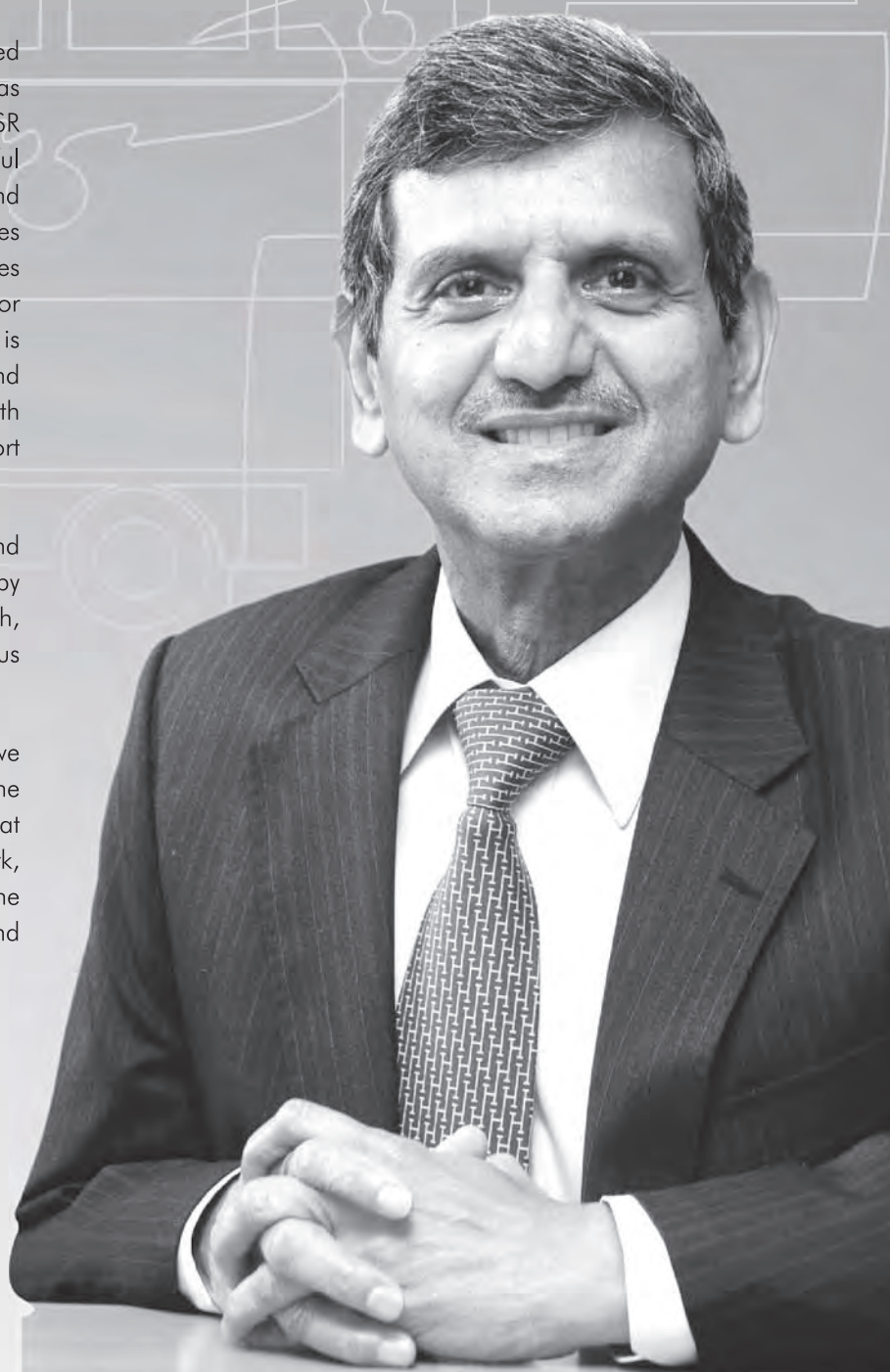
TCI constantly nurtures its responsibility as a committed corporate citizen by Corporate Social Responsibility as an integral part of its business plan. Through its CSR venture, TCI Foundation (TCIF) is making a meaningful contribution in the areas of Health, Disability and Education. TCIF has set up schools and dispensaries for the deprived sections of the society, besides rendering support in forming self help groups for woman and child development programmes. TCIF is also active in the area of disaster relief assistance and AIDS education & intervention. TCI is partnering with CBSE to offer a 10+2 vocational course on Transport System and Management.

TCI is positioning itself to meet the future demand growth and marketing needs which will be driven by higher capacity utilisation, expanded customer reach, focus on working capital rationalisation & various initiatives for increasing productivity.

As we tread into the next phase of our growth, we continue to strengthen our leadership position in the Indian logistics industry. We would like to reiterate that though our eyes are always set on the next benchmark, milestone and innovation, our feet are firmly held to the ground, based on core fundamentals, values and ethics.

D P Agarwal

Vice Chairman & Managing Director



board of directors



Mr. S M Datta
Chairman



Mr. D P Agarwal
VC & MD



Mr. S N Agarwal
Director



Mr. K S Mehta
Director



Mrs. Urmila Agarwal
Director



Mr. O Swaminatha Reddy
Director



Mr. M P Sarawagi
Director



Mr. Vineet Agarwal
Joint Managing Director



Mr. Chander Agarwal
Executive Director



Mr. Ashish Bharat Ram
Director



the journey so far

tci's journey started as a 'one man, one office, one truck' way back in 1958. slowly and steadily, the company graduated into a private limited company and then a public limited. tci is listed with premier stock exchanges like national stock exchange and bombay stock exchange. today tci is india's leading integrated supply chain and express solutions provider with a global presence.

1,000+

company owned
branches nationwide

17,000

delivery locations in
India & abroad

Offices in

4

Countries

4

cargo ships

5,000+

Skilled workforce

9.75

Million sq. ft. of
warehousing space

Moving
2.5%

of India's
GDP by value

Covering
99.45%

of area where
GDP is generated

Fleet of
7,000+

trucks

partnerships

- **Transsystem Logistics International Pvt. Ltd.:** A joint venture with Mitsui & Co. Ltd., the lead logistics partner for Toyota Kirloskar Motors Ltd. in India
- **Infinite Logistics Solutions Private Ltd. (ILSPL):** A Joint Venture with Concor for bulk multi-modal logistics solutions by rail and road

ratings & certifications

- ICRA : A1 + for short term debt / CP programme
- CRISIL : AA-/stable for long terms
AA-/ stable for cash credit limits
A1 + for bank guarantee
- ISO 9001:2008
- IATA certified



MANAGEMENT discussion AND ANALYSIS

Express AND supply chain solutions- growing by leaps AND bounds

Market estimates put the market size of the logistics sector in India to be between USD 90-125 billion. Given that the Indian economy has grown to over USD 1.73 trillion, these estimates may already be well below the actual size of the industry. Sources also estimate that the industry employs over 45 million people and is growing at the rate of 15% with sub-sector growing at even 30-40% per annum. Due to its current growth and its future growth potential, the Indian logistics sector is viewed as one of the most attractive in the world. The Emerging Market Survey, 2011 conducted by Transport Intelligence highlights India's attractiveness as a strong growth area for logistics in the future. The survey found that nearly half of its respondents agreed that India would emerge as a major logistics hub in the future.

(Source- Deloitte Logistics Sector: Present situation and way forward)

traditional factors driving the indian logistics sector

As India continues its transformation into a manufacturing and services-led economy, rising investment, rapidly evolving regulatory policies, mega infrastructure projects and several other developments have skyrocketed the Indian logistics market and as a result, seemingly overcome infrastructure-related constraints and logistics-centric inefficiency.

Road and Rail network serve as the two most important links that have spanned across all modes of transportation and logistics services. Roads continue to be the most significant component of India's logistics industry, accounting for 60 % of total freight movement in the country. The corresponding development of roads has witnessed limited traction, recording a CAGR of 2% from about 3.7 million km in 2001 to about 4.7 million km in 2012, while an overall increase of 4.2 % in the past six decades. As the demand for goods either for mass consumption or industrial development grows beyond the conventional demand supply from the hubs of metropolitan cities to a number of widely dispersed tier-I and tier-II cities, the share of road transport can expect additional growth, given its ability to facilitate last-mile reach and limited supporting rail infrastructure.

On the rail transportation front, Indian railways operates 19,000 trains daily, transporting 2.65 MMT of freight and is expected touch the 1 billion tonne mark in 2013 with a 31% share of total freight movement across all modes of transport, growing at a modest CAGR of approx. 7%. This is in stark contrast to Air Cargo transportation and Water Transportation through Ports. Despite having 128 airports, 13 major ports and 187 non-major ports, these two modes have a negligible contribution, owing to lacklustre operational efficiency in delivering optimum quality.

