



**MOVING COMMERCE
TO NEW HORIZONS**

ANNUAL REPORT 2015-16



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Disclaimer:

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried, wherever possible, to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realized, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward looking statements, whether as a result of new information, future events or otherwise.



TCI has been at the forefront of logistics for nearing 6 decades setting new benchmarks in delivering excellence in logistics. 'As Leaders in Logistics', Transport Corporation of India has strived to continuously better existing systems, processes and productivity. The Logistics business is complex with varied requirements from customers, multi-channel, multi-modal network of local and global touch-points. Sustained success requires a seamless connectivity and flow at each touch point.

We are in a new-age world equipped with highly advanced modern technology, encompassing various walks of life and fields of work – including innovative business solutions. TCI is a flag bearer of such innovative solutions in the arena of logistics for commerce & trade. TCI is fully poised to leverage the new age technology now available to reach even newer horizons. With the collusion of decades of expertise and new age technology, together with a customer-centric approach, optimized resourcing and professional management we are ever connected and ever evolving. We are in the business of moving.

...Moving Commerce to New Horizons!

Vision

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

Core Values

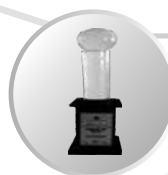
We believe that a brand is a living entity and it should be reflected in its behaviour. Our behaviour will be governed by a set of values communicated by the acronym CORE

Customer Focus
Ownership
Responsiveness
Empathy

Awards & Recognition



Cold Chain Rising Star of the Year
(Presented by KamiKaze B2B Media, 2016)



Best Warehouse Management
(Presented by Indian Chamber of Commerce, 2016)



CSR Leadership Certificate for Concern for Health (Presented by ABP News Channel, 2016)



Asia Retail Congress Award For Effective Retail Through Supply Chain, 2016



Manufacturing Supply Chain Service Provider of the Year (Overall) (Presented by KamiKaze B2B Media, 2016)



Ranked 37th by World HRD Congress in the category "Dream Companies to Work For" (Presented by World HRD Congress, 2016)



Award for Retail Excellence for Effective Retail Through Supply Chain To TCI SCS (Presented By Asia Retail Congress)

TCI e-presence



Know About Us
www.tcil.com



Follow Us
<https://twitter.com/TCILGroup>



Install Us
"Logistics Focus" on Android & iOS



Like Us
<https://www.facebook.com/TCI.TransportCorporationofIndia/>



Get Linked With Us
<https://www.linkedin.com/company/transport-corporation-of-india-ltd>



Stay Informed With Us
Road Freight Index
<http://www.tcil.com/tcil/indian-road-freight-index.html>

Study Reports

<http://www.tcil.com/tcil/indian-road-freight-intex.html>

TCI Publications

<http://www.tcil.com/tcil/publication.html>

Joint Ventures

Transsystem Logistics International Pvt. Ltd.

A joint venture between TCI and Mitsui & Co Ltd.

It is the sole logistics partner for
Toyota Kirloskar Motors Ltd. in India.

TCI-CONCOR Multimodal Solutions Pvt. Ltd.

A joint venture with CONCOR for
bulk multimodal logistics solutions
by rail and road.

TCI Transportation Company Nigeria Ltd.

A joint venture between
Indorama Eleme Petrochemicals Ltd. and TCI.

Corporate Identification No.

L70109TG1995PLC019116

Other Information

Group CFO

Mr. Ashish Tiwari

Company Secretary & Compliance Officer

Ms. Archana Pandey

Statutory Auditors

R S Agarwala & Co,
Chartered Accountants

Bankers

State Bank of India

HDFC Bank Ltd.

HSBC (Hongkong & Shanghai
Banking Corporation Ltd.)

ICICI Bank Ltd.

DBS Bank Ltd.

Registrar & Share Transfer Agent

M/s Karvy Computershare Pvt. Ltd.

Karvy Selenium

Tower B, Plot Number 31 & 32
Financial District, Gachibowli
Hyderabad 500 032, India

Tel: +91 40 67161524

E-mail: rajeev.kr@karvy.com

Website: www.karvycomputershare.com

Rating & Certifications

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

Corporate & Registered Office

Corporate Office

TCI House, 69, Institutional Area,
Sector 32, Gurgaon 122 001

Tel: 0124-238 1603-07, Fax: 0124-238 1611

Email: corporate@tcil.com

Website: www.tcil.com

Registered Office

Flat Nos. 306 & 307, 1-8-271 to 273, 3rd Floor, Ashoka
Bhoopal Chambers

SP Road, Secunderabad - 500 003

Tel: +91 40-278 40104

Email: secretarial@tcil.com

Corporate Information

BOARD OF DIRECTORS



Mr. S M Datta
Chairman



Mr. D P Agarwal
VC & MD



Mr. O Swaminatha Reddy
Director



Mr. Ashish Bharat Ram
Director



Mr. S N Agarwal
Director



Mr. K S Mehta
Director



Mrs. Urmila Agarwal
Director



Mr. M P Sarawagi
Director



Mr. Chander Agarwal
Director



Mr. Vineet Agarwal
Managing Director

Leaders' Speak

From the Desk of Vice Chairman & Managing Director



“Ever Connected, Ever Evolving”

Dear Shareholders and Readers,

In today's era, tailored logistics services are a key to success for companies in many industries. We are proficient in this business and are determined to offer every customer precisely the service they need to be successful. Doing this means facing a wide range of challenges, even within one industry. We are more than aware that our success is reliant on the success of our customers.

In the logistics business, you need size, reach, scalable products and innovative services to compete over the long term and achieve profitable growth. Likewise, you have to identify and open up potential in future growth markets and industries. TCI has a continuous thrust to look at growth opportunities which include opening of a world class temperature controlled warehouse to service the cold chain industry and providing end-to-end cross border solutions across SAARC countries by opening its 100% subsidiary, TCI Bangladesh Ltd.

Overall revenue growth remained weak due to sluggish economic demand though some volume was seen in the last quarter of the financial year. Due to better control on costs and stable fuel prices, blended EBIDTA for the year has improved to 8.6% as against 8.3% in previous year and correspondingly the net margin has been improved by 12% to 850.6 Mn. In the current financial year, we expect moderate growth in the Indian economy that will pick up momentum as the year progresses with a corresponding increase in revenues.

Furthermore, we remain confident that we shall achieve the objectives we have set for ourselves. The expected implementation of GST will boost the demand for warehousing, 3PL solutions and multi modal services, areas where the company has a strong market presence.

Our new service lines like e-commerce fulfillment, last mile delivery and multimodal coastal shipping on the west coast of India have given us some momentum for the coming financial years.

It is your trust that drives us!

We shall continue to press forward with spirit and determination to maintain this TRUST.

D P Agarwal

Vice Chairman & Managing Director

Management Discussion and Analysis

Global Economic Outlook

The global economic growth remains modest at 2.4 percent in 2016. While growth rates between mature and emerging markets have rapidly converged, significant variation between regions remains. We project a modest improvement in the global economy growth rate to 2.8 percent in 2016, up from 2.5 percent in 2015.

Indian Logistics Industry

(a) Status of Industry

The transport and logistics sector are fundamental to the development of a country. Indian logistics market is expected to grow at a CAGR of 12.17% by 2020 driven by the growth in the manufacturing, retail, FMCG and e-commerce sectors. India spends around 14.4% of its GDP on logistics and transportation as compared to less than 8% spent by the other developed countries. The key drivers of this growth are infrastructure investment associated with ports, airports, and other logistics development plans, domestic demand growth and increasing trade.

The Indian logistics industry is fragmented and under developed. Logistics costs are relatively high due to poor physical and communication infrastructure; high dwell time at ports; low levels of containerization; and a multi-layered tax system contributing to significant delays at border crossing points.

(b) Trends and Outlook

- i) Economic reforms, trade cooperation, improved transportation infrastructure, and industrial growth is ushering in increasing opportunities for the logistics service providers (LSPs) in India. Presently, the Indian logistics industry is witnessing development and expansion of its existing infrastructure, emergence of e-commerce specific logistics solutions, has a strong focus on manufacturing, but also has a large presence of unorganized service providers.
- ii) TCI in collaboration with IIM Calcutta, launched the 3rd edition of the joint study report titled "Operational Efficiency of Freight Transportation by Road in India". The report was unveiled by Shri Nitin Gadkari,



Honorable Minister for Road Transport and Highways, and Shipping. The report is based on the joint survey of road freight transportation along 28 key routes in India. The aim of the study is to understand the operational efficiency of freight transport by road.

- iii) Development of transportation and logistics-related infrastructure such as dedicated freight corridors, logistics parks, free trade warehousing zones, and container freight stations are expected to improve efficiency. Government reform initiatives, promotion of manufacturing and trade, improving investment climate are expected to transform the industry and drive growth between 2016 and 2020.

Emerging trends for growth of Logistics & Transportation in India

(a) Implementation of GST:

Implementation of GST (Goods & Services Tax) in the logistics industry will diminish logistics costs upto 10-15 percent over a period of 3-4 years. With GST, there will be efficient cross—state transportation and rationalization of paper work for road transporters. This will reduce operations costs as taxation will be done at a national level and not by each state.

Implementation of GST will be a game-changing event for businesses in general and organized logistics players. It would provide a boost to warehousing, supply chain management and 3PL business. It will enable the creation of the common market and permit free and unimpeded movement of goods & services across the country. The anticipated benefits for LSPs being consolidation of its network, larger warehouses, larger tonnage trucks, will boost overall efficiencies. This would mean that modern technologies like automatic storage and retrieval, material handling equipment, RFID, etc. will replace typically labour intensive activities, reducing errors in the supply chain and therefore cost. This will make Indian warehousing and trucking more or less at par with the western world and Far East.





Add to it, as GST will bring everyone into the tax ambit, it will reduce the share of the unorganized sector in warehousing and transport. Prices charged by the organized players will come down and reduce the price advantage that the unorganized players currently enjoy. Thus, GST will level the playing field and create an equitable development of the industry across India.

(b) Massive Investment in Infrastructure:

Government's new initiative on the projects like Dedicated Freight Corridors (DFC), 'Sagar Mala' and 'Bharat Mala' etc. would further enable seamless multimodal logistics services.

Dedicated Freight Corridors: which are being implemented will see a major boost in implementation of ICDs/CFS. Freight transportation by railways will also get a boost. Due to higher cargo containerization, operationalization of two Dedicated Freight Corridors (DFCs), and setting up of multi-modal logistics parks across the country and along the DFCs, the share of railways in carrying domestic freight could increase, strengthening the prospects of multi-modal transportation in India. The eastern (Ludhiana to Dankuni) and western (Dadri to JNPT) DFCs will cover almost 3,300 route kms, run longer and heavier trains, accommodate faster speeds upto 100 kmph, guarantee transit time and reduce unit transportation costs. In the near future, road transportation will still dominate rail transportation in terms of passenger and freight. However, increased cargo containerization and the operational commencement of DFCs, share of railways in carrying freight will increase marginally at the cost of a road share.

The Bharat Mala Project: will connect eastern and western India through 7,000 Km of National Highways. It will allow goods to move comfortably across the country and help reduce the cost of passenger and freight travel. The project will

inland waterways and coastal route), setting up logistics hubs and establishing industries and manufacturing centers to be served by ports in Exim and domestic trade.

Sagarmala			
Port Modernization <ul style="list-style-type: none">• 53 Projects• 1000 MMTPA of New capacity• 6 new mega port Locations• USD 15 BN Investments	Port Connectivity Improvement <ul style="list-style-type: none">• 83 Projects• 10, 000 Kms of new connectivity infrastructure• 7 new dry ports• USD 30 BN Investments	Port Led Industrialization <ul style="list-style-type: none">• 27 Industrial Clusters• USD 15 BN infra Investment	Coastal Community Development <ul style="list-style-type: none">• 8 communities earmarked• Setting up of community Development fund support
Total 173 projects having USD 60 BN investment			

Multimodal Transportation: The transportation sector is evolving with multimodal transportation solutions being setup and the development of inter-modal transportation infrastructure facilities. Dedicated freight corridors by the railways and improvements in coastal shipping facilities along with the construction of massive state-of-the-art logistics parks at key distribution hubs are helping to meet the specialized warehousing needs of industries. With all the above developments, customer will demand seamless multimodal (combination of rail, road, sea) transportation for cost optimization and greater value addition.

(c) Digital Transformation

Omni Channel and E-commerce Trends

E-commerce and Omni Channel—especially the e-commerce segment—have been and are changing retailing. E-commerce companies, with their online sales and growth, are redefining retailing, selling, and supply chain management to drive it with a new business model.

Customers are increasingly driven by factors of price differentials and convenience to adopt Omni channels as a part of their purchasing cycle.

Further, Omni channel revolution started with selling brands on marketplaces, providing a cross section of customer's shopping behavior data across categories thereby requiring logistics service providers to differentiate themselves in extremely competitive environment.

The upsurge transition in logistics industry is driven by e-commerce, Omni channel models, intra-regional supply chains, increasing demand of 3PL services etc.

The e-commerce sectors has witnessed unprecedented growth over the years fuelled by rising internet user base, rapid growth in online retailing ,rapid technological advancements and upswing in investments in the e-commerce industry.

Omni channel logistics are enabling customers to be everywhere and everything, to both retail and wholesale clients. Transportation and logistics are the backbone of any supply chain and depend heavily on fleets and nodes such as distribution centers, stores and customer locations. Offering an Omni Channel experience to the customer, therefore, entails revisiting key supply chain and logistics operations.

E-Logistics Trends

E-Logistics is an emerging trend in the country. IT has become an integral part of the supply chain management industry so much so that more and more companies are integrating IT systems with traditional logistics services. In this age of global competition, GPS (Global Positioning System) Technology is becoming an indispensable part of the Express delivery

ROAD-LINKING SCHEME

TOTAL LENGTH

5,000 km
(Approx)

INVESTMENT

Rs. 50,000cr

STATES TO BE COVERED

Entire Northeast, Odisha, West Bengal, Punjab, Rajasthan, UP, Tamil Nadu, J&K, Himachal Pradesh

MAJOR STRETCHES

Rajasthan (1000 km),
TN (600 km),
WB (300 km),
Odisha (400 km),
Uttarakhand (300 km)

FOCUS- Provide road connectivity all along the borders and to ports on the coast

improve road connectivity not just in coastal and border areas, but in backward areas as well. Apart from providing connectivity to the ports under the Sagar Mala project, this project will provide seamless connectivity along the borders with Nepal, Bangladesh, China, Pakistan and Bhutan, which is crucial for strategic reasons.

Sagar Mala Project: intends to achieve the broad objectives of enhancing the capacity of major and non-major ports and modernizing them to make them efficient. This will enable them to become drivers of port- led economic development, optimizing the use of existing and future transport assets, developing new transport lines/linkages (including roads, rail,

service Industry. It is used to accurately pinpoint the location of a vehicle. We have developed web-based applications using the latest technology for our Air and Courier divisions to provide real time consignment tracking to the customers.

Impact of digital changes

The rise in the growth of online retail transactions via marketplaces is due to the underlying mobile technology and the ready availability of online access. As a result, the profile of the Indian consumer is changing. According to a research report, mobile platforms have emerged as a major gateway for customer purchases as smart phones are increasingly replacing Personal Computers for online shopping. Competition is heating up among online retailers.

Though the supply chain in India has seen many new developments in terms of innovations, adaptation and agility, still most consumer goods supply chains are both complex and information starved. With growth, the cost of this capital avoidance has been steadily increasing. With Digital India coming into the picture the gap between the Indian Supply Chain Industries efficiency and its innovation, agility and adaptability can be bridged.

(d) Increasing Trends towards outsourcing of Logistics

Outsourcing logistics management has been on the rise for the past few years, and the trend is expected to continue. According to a study, 67% of customers indicate that they plan to increase their use of outsourced logistics. A whopping 92% of 3PL service providers grew their client base by at least 5% last year.

3 reasons why outsourcing logistics is on the rise:

(i). Customers save time and money

Cutting transportation costs is a top priority for those in the shipping industry, so it's no surprise that of the logistics services outsourced, domestic transportation was outsourced by 80% of users. The services most frequently outsourced are transactional, operational and repetitive, and shippers are likely to save money by outsourcing these tasks to professionals with the necessary infrastructure and skill sets.

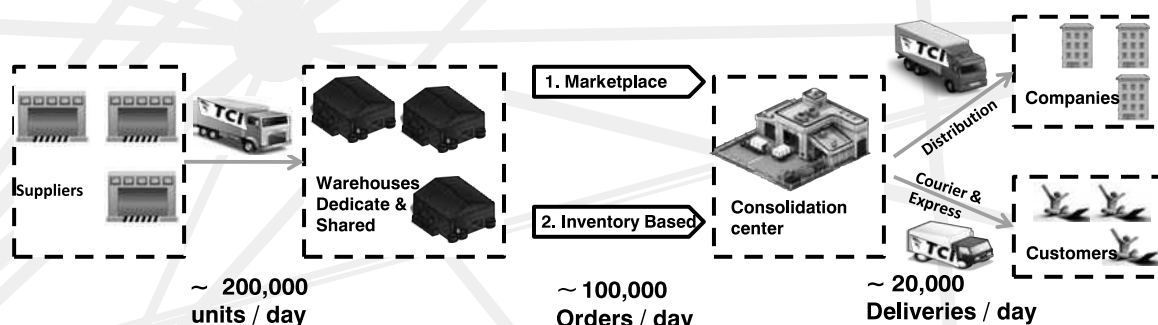
(ii). The Changing Consumer Landscape

As companies move towards Omni-channeling, transportation will become more complicated and reactive to the market, and supply chains will need to become increasingly flexible and agile to meet demands. Rather than focus on logistics, many companies would prefer to focus on fulfilling customer needs, and many customers find outsourcing helps them do so.

(iii). Business Process Improvements

Improving business processes is part and parcel of the motivation for logistics outsourcing. Whether focusing on an entire supply chain or only parts of a whole, 3PL offer process expertise in supply chain management. Because 3PL focus on efficiently designing and improving supply chains, many businesses find that outsourcing logistics to 3PL can improve their own business process. Often, 3PL can help businesses fine tune niche areas of their business or help with new product introduction.

TCI : Serving the Complete Chain



1. At Supplier

- i Supplier Coordination
- ii Scheduling
- iii Route optimization

2. Inventory Marketplace / Cross Dock-FC

- i Receipts and Bar Coding/RFID
- ii Quality Check and Put away
- iii Order processing on SLA
- iv Sortation and Ship+ CUBISCAN
- v Return Shipment Management

3. At Customer place

- i Doorstep delivery
- ii FOD
- iii Reverse logistics