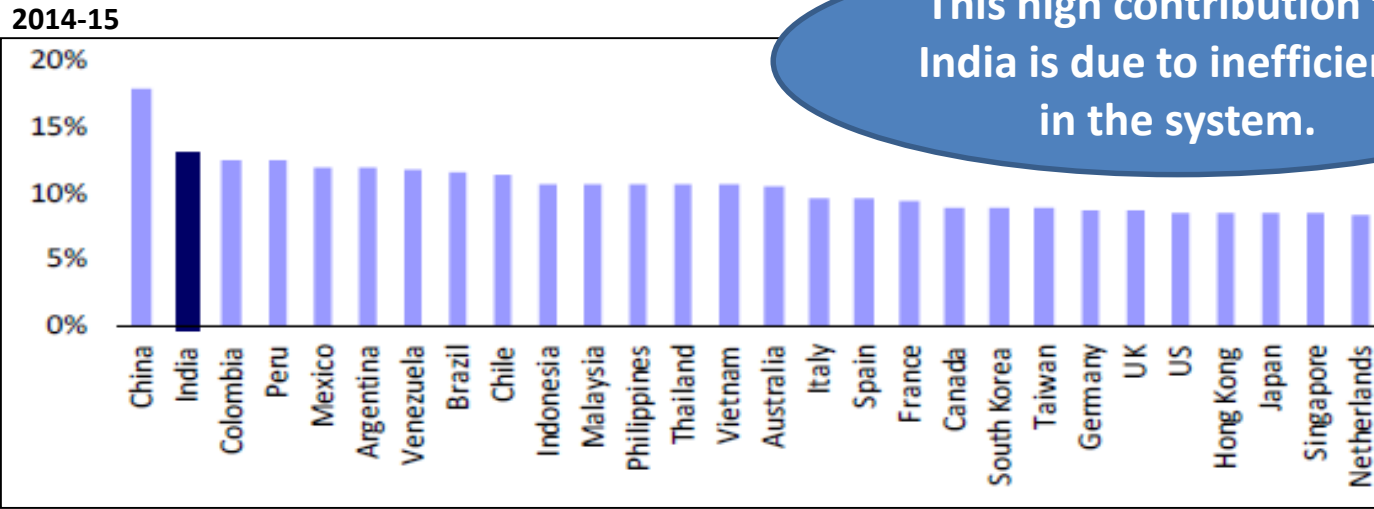


Private Sector's perspective on Rail Cargo / Freight & Opportunities ahead

Yogesh Dhingra
22nd Jan, 2016
New Delhi

LOGISTICS INDUSTRY : GLOBAL PERSPECTIVE

Logistics Spends in India contributed ~ 13% of GDP in FY15. This % contribution is one of the highest in the world



This high contribution for India is due to inefficiency in the system.

Size of Global Logistics Industry in 2014-15 : ~ 4.5 Trillion USD



Logistics Spends @ 18% of GDP = ~1900 Bn USD
CAGR : ~12%



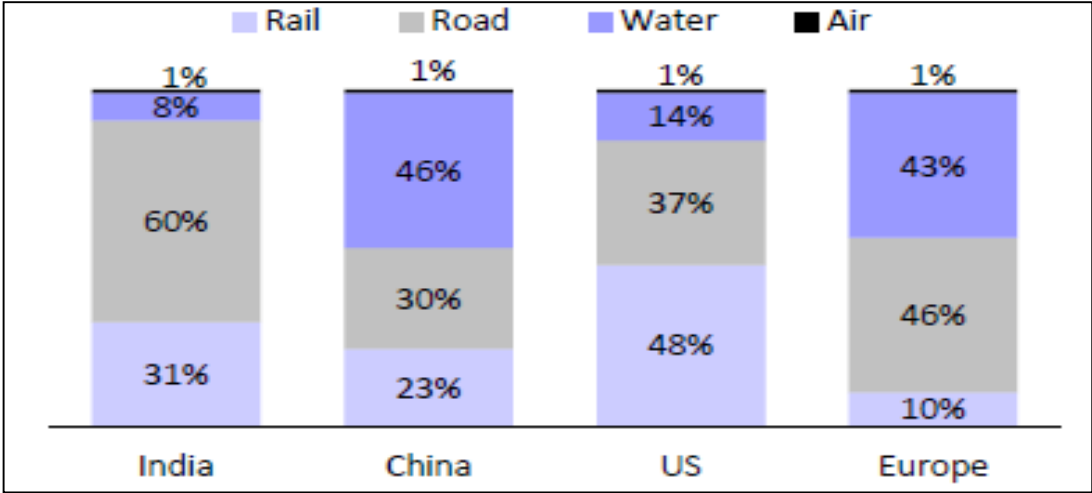
Logistics Spends @ 8.3% of GDP = ~1500 Bn USD
CAGR : ~ 4%



Logistics Spends @ 13% of GDP = ~200 Bn USD
CAGR : ~ 15%

SHARE OF RAIL : GLOBAL PERSPECTIVE & OPPORTUNITIES

2014-15



- Share of Railways in India’s freight movement is down to 31% in 2015 from 60% in 1980
- Share of Road has increased to 60% for India as compared to China (30%), US (37%) and Europe (46%)

Opportunity for Railways to regain the lost ground thereby generating revenue and profit



Source : KPMG, World Bank, MOSL

INDIAN RAILWAYS : EVOLUTION

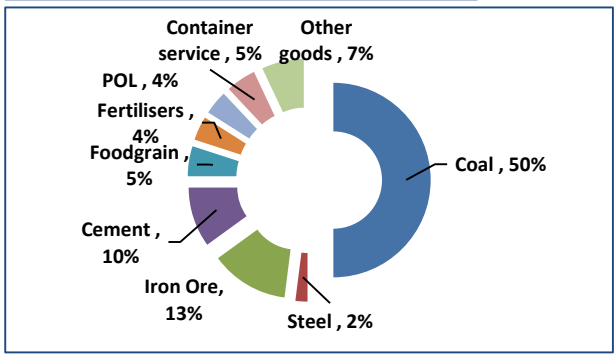
	FY 1951	FY 2015	CAGR
Total Revenue (INR Cr)	355	1,57,880	9.9%
Passenger Revenue Earnings (INR Cr)	132	42,798	9.4%
Freight Revenue Earnings (INR Cr)	223	1,06,444	10.1%
Freight Traffic (Lac Tonnes)	732	11,013	4.3%
Running Track (Kilometers)	59,315	89,919+	0.7%
No. of Stations	5976	7172	0.3%

Even today the revenue from freight is a high CAGR growth area for Railways. This can improve further with some additional measures.

Freight contributed 67.2% to the revenue of Indian Railways in FY15 @ 1,06,444 Cr

Freight carried by Railways is 9% of the India's Logistics Industry (By Revenue)

Freight Tonnage Break up FY 15



FREIGHT : AN ATTRACTIVE OPPORTUNITY FOR RAILWAYS

Revenue per Kg from Freight for Railways

	Freight Revenue INR Cr	Freight Traffic Lac Tonnes	Revenue per kg Rs / Kg
Railways	1,06,444	11,013	~1

How can Railways increase the low Revenue per Kg?



Revenue per Kg is low as the major carriage is for commodities such as Coal, Iron Ore, Cement, Food grains etc.

For Railways, the focus should be on increasing high yielding **Express Component** in order to increase the RPK from current low level to Rs. 20/-

Currently Rail carries Express shipments at ~ Rs. 15 to Rs. 20 per kg but the component is very low.

FREIGHT : OPPORTUNITY FROM EXPRESS COMPONENT

Avg. Revenue per Kg from Express Logistics Channels

Ground Express
Average Revenue per Kg (Rs / Kg) : 10

Air Express
Average Revenue per Kg (Rs / Kg) : 60

By having 5% Express component @ 20 RPK, Railways Revenue from Freight can increase by 102%

E.g.

- Considering 5% of Railways tonnage to be Express.
- Considering Rs. 20 RPK for these 5% Express shipments
- For rest 95% shipments, considering current level of RPK @ ~Re. 1/-

Revenue from Freight in FY15	:	Rs. 1,06,444 Cr
Freight Traffic in FY15	:	11,013 Lac Tonnes
Revised Revenue considering 5% Express @ Rs. 20 RPK	:	Rs. 2,14,754 Cr
% Increment	:	102%

KEY ISSUES & PROPOSED SOLUTIONS

Key Issues

Proposed Solutions

Poor Service Quality

- Gaining from expertise of private Express players through knowledge sharing on service quality and operational excellence

Low Speed

- Dedicated Freight Corridors
- Decongesting High Density network by efficient planning
- Increasing track lengths
- Automated Rail crossing

Low on Technology

- ERP systems similar to the Rail passenger system IRCTC
- Working with Private sector Express and Technology companies and integrate best in class technology platforms available

No 24 x 7 Visibility

- Integrating best in class technology to ensure 24 x 7 visibility
- Cloud based solutions etc.

Other Issues

- Fragile cargo handling primitive.
- Dedicated space constraints
- Cargo handling issues
- Pilferage / Safety / Security concerns

- Manual non-automated loading / handling
- Poor environmental management and readiness
- Access to loading / unloading bays
- Rail delays

One common solution to all these issues could be forming Public Private Partnership

PUBLIC PRIVATE PARTNERSHIP: THE BEST FOOT FORWARD

Public Private Partnership : A means of augmenting investments in Railways and attain world class rail infrastructure.

➔ Roads and Airports have seen significant success through PPP, Airports Authority of India earning more than INR 12,000 Cr since 2007 through PPP organized 4 Airports proving it a viable business proposition

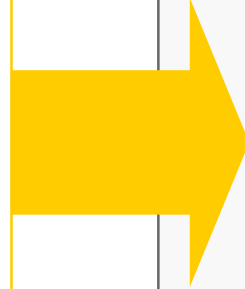
➔ Huge opportunity for Private Sector and hence willingness to participate in the growth story will be high.

➔ Opportunity for Railways to extract long-term value-for-money through appropriate risk transfer to the private sector over the life of the project – from design/ construction to operations/ maintenance

PARTNERING WITH RAILWAYS : A WIN – WIN SITUATION

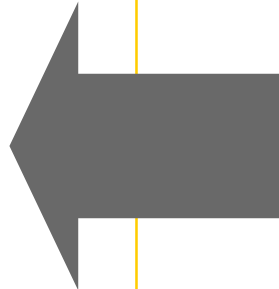
BLUE DART

- Global Expertise in Express Industry
- State of the art Technology
- Strong Brand reflecting Market Leadership
- Unparallel reach
- Business scalability
- Best in class service quality
- Customer Centric
- Preferred Service Partner by various sectors like etailing, Banking, Auto, Pharma, Computer / IT, Electronics etc.



INDIAN RAILWAYS

- Fourth largest in world in terms of freight carried and size of network.
- Industrialization leading to higher freight traffic
- Huge potential for Express Logistics
- Strong focus by government
- Openness to PPP
- Dependable mode of transport



BLUE DART : A LEADER IN EXPRESS INDUSTRY

Blue Dart is a premium market leader in India. All investments & strategies are customer driven

All investments made in light of customer requirements

- Investments in building a robust infrastructure to meet increasing demands of a growing economy
- Blue Dart invests in engaging and retaining the best talent
- Domestic Expertise at globally benchmarked levels



Strong Brand Reflects Market Leadership

- Innovations for service excellence and customer convenience
- Strongest, advanced and most cohesive homegrown technology offerings
- The power to move from a document to a charter load



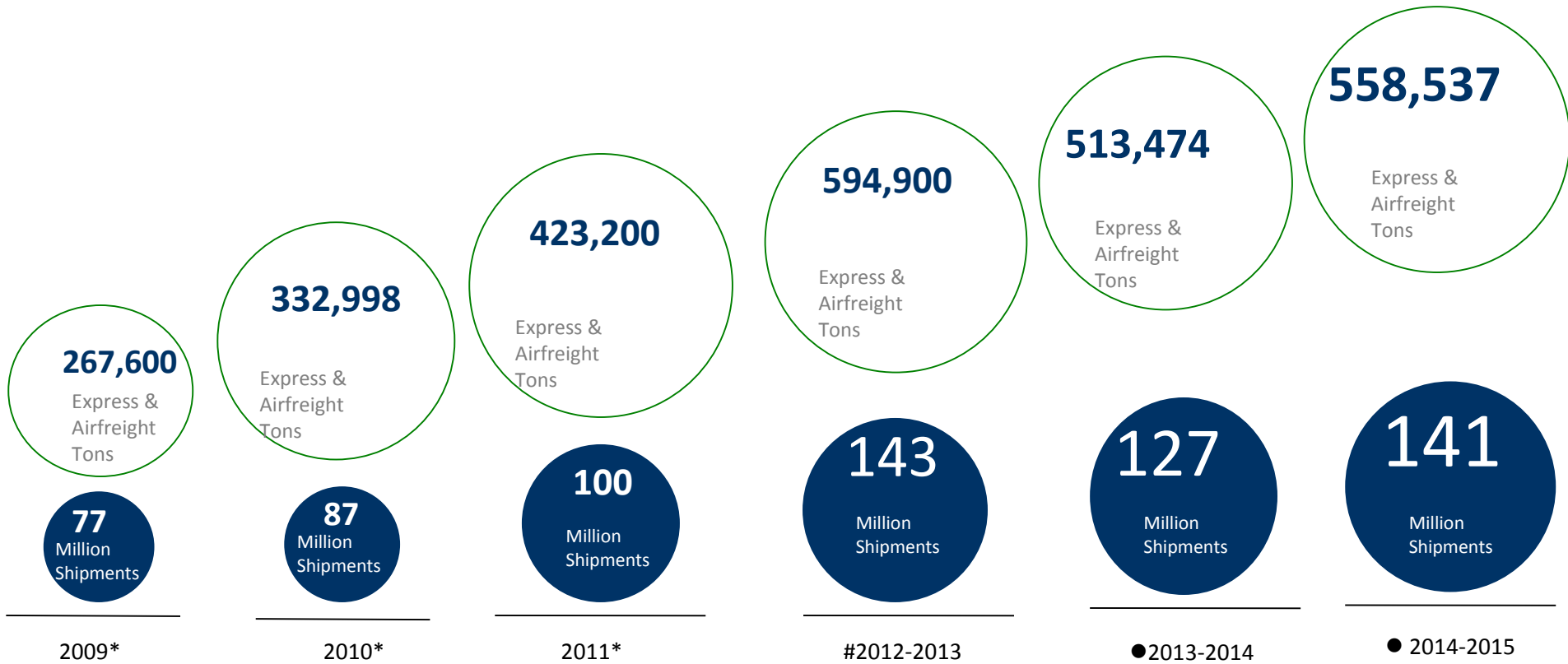
Best in class service from Blue Dart

- Offering customers one-stop convenience, offering the entire spectrum of distribution solutions
- As a trade facilitator, Blue Dart manages the seamless flow of goods in the diverse complexity of India's vast geography.



BLUE DART'S LEADERSHIP IN INDIA

Blue Dart is a premium market leader in India with Net Service Levels at 99.96%; it's entire Operations, Products and Services are ISO 9001-2000 certified.



* CY

#January 2012 – March 2013 (15 months)

● FY



BLUE DART – CORE PRODUCT & SERVICE OFFERING

Blue Dart is a premium market leader in India with the widest range of express delivery services

Express Service Offerings

- Domestic Priority (Dox)
- Dart Apex (WPX)
- Dart Surfaceline (Ground)
- Smart Box (Air / Ground)
- Express Pallet (Air / Ground)
- International Services
- Etailing specific services
 - Dart Apex (etailing) B2C
 - Dart Surfaceline (etailing) B2C
 - eFulfillment
 - X-Border



Value Added Services

- GOGREEN Carbon Neutral Service [CNS]
- Time Definite Delivery Services [TDD]
 - Domestic Priority 1030 & 1200
 - Dart Apex 1200
- Critical Express
- Demand Draft on Delivery [DOD]
- Freight on Delivery [FOD]
- Insurance Arrangement [FOV]
- Cash on Delivery [COD]
- Temperature Controlled Logistics [TCL]
- Dart Surfaceline Plus [DSP]
- Ground Point to Point [P2P]

Air Freight Services (GFS)

- Domestic Airport-to-Airport Services
- Interline Services
- Charters

BLUE DART'S LEADERSHIP IN INDIA :- SUPERIOR TECHNOLOGY USAGE

Blue Dart is a premium market leader in India backed by cutting edge technology; over 78% of customers by revenue use Blue Dart's technology

Information Technology- Network: Tools for Customers

<p>TrackDart TM</p> <p>Keep pace with your shipments.</p>	<p>MailDart TM</p> <p>Track your shipment by e-mail.</p>	<p>MobileDart TM</p> <p>Shipment status on your cellphone.</p>	<p>InternetDart TM</p> <p>The memory bank for your business.</p>
<p>PackTrack TM</p> <p>Streamline your shipping process.</p>	<p>ShopTrack TM</p> <p>Let your customers track their orders.</p>	<p>ImageDart TM</p> <p>Get Delivery Challans online.</p>	<p>ShipDart TM</p> <p>Control your shipment from desktop</p>

BLUE DART'S LEADERSHIP IN INDIA :- SUPERIOR TECHNOLOGY USAGE

Blue Dart is a premium market leader in India backed by cutting edge technology; technology usage enables Blue Dart control of its entire network

Information Technology- Network: Tools for Internal Applications

<p>COSMAT-II</p> <p>Blue Dart ERP</p>	<p>SMART TM</p> <p>Aviation Space Management System</p>	<p>CARESS TM</p> <p>Complaints/ Appreciation System</p>	<p>SHIELD TM</p> <p>Security Investigation System</p>
<p>SA'FIRE TM</p> <p>Sales Force Automation System</p>	<p>ACTUATE</p> <p>Business Intelligence System</p>	<p>Mpower TM</p> <p>Financial Accounting Payroll, Invoicing</p>	<p>PRIDE</p> <p>HRMS MS-Exchange</p>

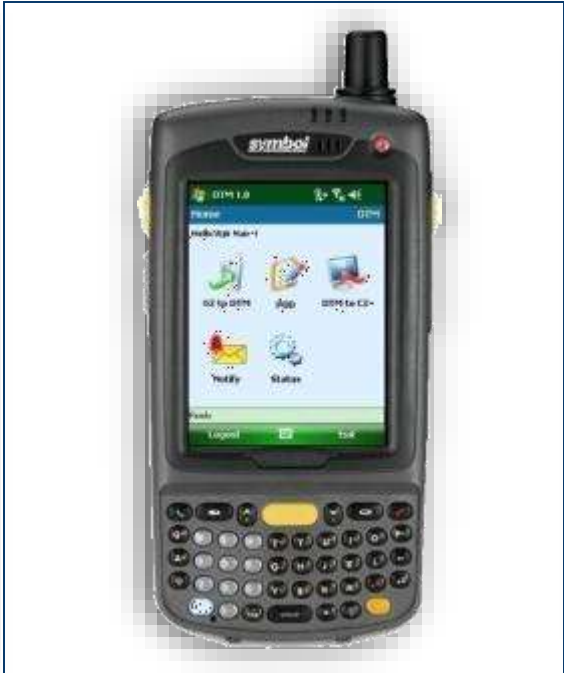
BLUE DART'S LEADERSHIP IN INDIA :- KEY TECHNOLOGICAL ADVANCES

Blue Dart is a premium market leader in India with superior technology deployment

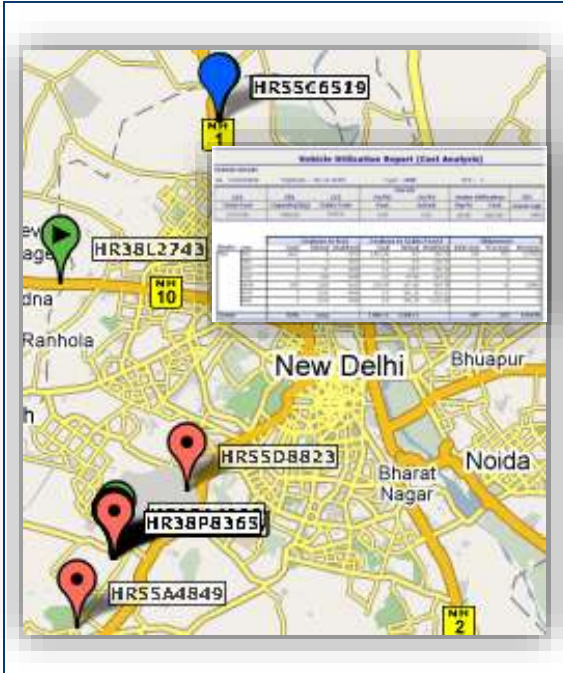
WDL: Productivity Management



OTM: Productivity Management



Ground Technical Support



BLUE DART : PROVIDING INNOVATIVE TECHNOLOGY BASED SOLUTIONS

Industry-leading adoption of new technology to enhance productivity, drive efficiencies, and ensure speedy and accurate information access.

MPOS

» *Mobile Payment Mechanisms – Credit / Debit card*



API Integration

» *Customised API's to customers for Shipping / Booking*



Reverse Logistics

» *Smoother Returns Management and Visibility*



AWARDS & RECOGNITIONS



Brand / Customer Service / Retail / Loyalty: Reader's Digest Most Trusted Brand' Gold Award (7 years in a row) | Blue Dart ranked amongst 'India's Top 500 Companies' by Dun & Bradstreet | 'Brand Builder of the Year' – 11th Indira Awards for Marketing Excellence 2012 | 'Quality Excellence Award for Customer Loyalty Programme' – Blue Points – National Quality Excellence Awards 2012 | 'Quality Excellence Award in Product Development' – GOGREEN CNS – National Quality Excellence Awards 2012 | 'Retail Best Employer of the Year' – 8th Reid & Taylor Award for Retail Excellence | 'Customer Loyalty Program' – Blue Points – 8th Reid & Taylor Award for Retail Excellence | 'Best In-House Magazine' – Daily News – 6th INDY'S Awards 2012 | 'Customer & Brand Loyalty Award in the Logistics Sector' – Domestic Express – 5th Loyalty Awards | 'Air Cargo Carrier of the Year Award' – Indian Supply Chain & Logistics Summit and Excellence Awards | **Human Resources** | 'Organization with Innovative HR Practices' – Asia Pacific HRM Congress Awards 2012 | Ranked as one of the 'Best companies to Work for in India 2012' – Great Place to Work Institute, India (thrice in a row) | 'Best HR Practices from an SME' – 2nd SHINE.COM HR Leadership Awards | 'Organization with Innovative HR practices' – Global HR Excellence Awards 2011-2012 | 'Best HR Strategy in Line with Business' – 6th Employer Branding Awards 2012 | 'Organization With Innovative HR Practices' – Asia Pacific HRM Congress | **Sustainability** | 'Environmental Leadership' – GOGREEN Carbon Neutral Service (CNS) – Responsible Business Awards 2012 | 'Sustainable Business Strategy' – Blue Edge: Empowering Lives – Responsible Business Awards 2012 | 'Best in CSR' (Overall) – Responsible Business Awards 2012 | 'Support and Improvement of Education' – Blue Edge: Empowering Lives – 6th INDY'S Awards 2012 | 'Outstanding Contribution to the Course' – Blue Edge: Empowering Lives – 6th INDY'S Awards 2012 | 'CEO of the Year' – Anil Khanna – Asia Pacific HRM Congress Awards 2012 | 'Responsible Business Leader' – Anil Khanna – Responsible Business Awards 2012 | 'Best CEO of India' – Anil Khanna – The Entrepreneur Awards 2012 | 'CEO Thought Leader' – Anil Khanna – Thought Leaders Award 2012 for Mastering Change in a Hyperactive Business Environment | 'Logistics Achiever's Award' – Anil Khanna – Logistics Talent Hunt 2012: International Conference and Award | 'Brand Builder of the Year' – Anil Khanna – 11th Indira Awards for Marketing Excellence 2012 | 'CEO of the Year' – Anil Khanna – National Quality Excellence Awards 2012 | 'Exemplary CEO of the Year' – Anil Khanna – Global HR Excellence Awards 2011-2012 | 'Best CFO of India' – Yogesh Dhingra – Corporate Excellence Awards 2012 for his exceptional contribution to corporate finance | CFO 100 'Recognition of Excellence' – Yogesh Dhingra, for his exceptional contribution to corporate finance | 'Best Customer Service Professional of the Year' – Arun Nangpal – National Quality Excellence Awards 2012 | 'Brand Builder of the Year' – Ketan Kulkarni – 11th Indira Awards for Marketing Excellence 2012 | 'Retail Leadership Award' – Ketan Kulkarni – 8th Reid & Taylor Award for Retail Excellence 2012 | 'The Quality Champion Award' – Asmita Malvankar – National Quality Excellence Awards 2012 | 'Marcom Professional of the Year' – Subrato Roy – 6th INDY'S Awards 2012

Thank You

