

DTDC to Upgrade Tech, Expand its Facilities

Co plans to spend over ₹100 cr this year, says executive director

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Mumbai: Logistics company DTDC has planned a capital expenditure of \$15 million (about ₹102.5 crore) in the current financial year, primarily on technology and expansion of facilities, its executive director said.

The Bengaluru-headquartered firm aims to increase its net profit 25% and revenue 15% from that a year ago, but has pushed plans of an initial public offering beyond 2020, Abhishek Chakraborty told **ET** in an interview.

“We are going for a more consultative approach with our customers rather than just a door-to-door cargo service provider,” he said. “The way you handled volume and scale a couple of years ago wasn’t the same as it’s going to be handled now.” More than a third of the capital expenditure will be on technology and devices, he said.

DTDC, which has a network spanning over 11,000 pin codes in the country, has invested in and introduced cloud solutions in its services. Chakraborty said that by 2020, all the company’s shop floors will have handheld devices instead of computers.

The company slashed its manpower

8-9% last year even as it made its functions more technology driven. This year, the company will see a 1% increase in its workforce, he said.

Another 30% of the capex will be spent in expansion of the company’s facilities.

The company plans to expand its 12 major hubs by more than 150% in terms of space, taking it up to 5 million square feet by the middle of 2019, said Chakraborty. It is shifting its western India base to a 25,000 sq ft facility near the Mumbai airport from 9,000 sq ft base at present. The facility in Bengaluru will be upgraded



and there is a new one being set up in Hyderabad. Last year, DTDC’s net profit increased 100% due to higher demand and a tight control on costs. This year, it expects its net profit to grow 25% and revenue 15%, Chakraborty said without sharing absolute numbers.

DTDC, once primarily a document courier company, now gets only 15% of its revenue by ferrying documents. The rest comes from parcels.

It gets about 15% of its revenue from e-commerce clients and that chunk is growing about 50% annually.

About 85% of the company’s e-commerce revenue comes from domestic cargo and the rest from international cargo, a fast growing chunk considering it accounted for just 2% of the company’s e-commerce revenue a couple of years ago. Chakraborty said he expected a 65:35 split in the future.