"Transport Corporation of India Limited Q4 Investor Conference Call FY 2025"

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MODERATOR:	**Ms. SIMRAN SHARMA – INVESTOR RELATIONS**

Ms. Simran

Good evening, ladies and gentlemen. We will begin with the session shortly.

Ms. Simran

Good evening, ladies and gentlemen.

I am Simran, the moderator, and I would like to extend a warm welcome to everyone joining us for the Transport Corporation of India Limited Q4 and annual FY25 earnings conference call. On behalf of the management, we have with us Mr. Vineet Agrawal, Managing Director, and Mr. Ashish Tiwari, Group CFO. All participants are in listen-only mode.

Please note that this call is being recorded. With that, I now invite Mr. Ashish Tiwari to begin with his opening remarks. Thank you, and over to you, sir.

Mr. Ashish Tiwari

Thank you, Good evening to all of you again. Welcome to this quarter four call. I hope that you would have got the investor presentation copy yesterday.

It was uploaded on the website and SE, that is, Stock Exchange, as well. Just to kind of have a disclaimer that some of the information and the discussion might be the power of, have some power of misstatements, so that may not be the actual, according to the actual numbers. With this, I would like to invite Mr. Vineet Agrawal, MD, TCI, for his opening remark and investor presentation. Thank you. Over to you, sir.

Mr. Vineet Agrawal

Thank you, Ashish. While Ashish puts up the presentation, I think I'll just quickly highlight a few things that have happened in the last few months. And specifically, I think the impact of the conflict that is there, that happened between India and Pakistan.

I think we feel that in the last, this particular conflict has had an impact when it comes to business momentum, because it is certainly set back some momentum in terms of four, five months, because there were some lot of meetings got cancelled, overseas delegations got cancelled, some large conferences have been postponed and so on. So it will take a few months for that to come back. We have also heard that the supply chains were disrupted in many places, there were warehouses that were shut, and certain places, the business continuity processes were invoked.

We also saw dealers in Punjab and other places did not take inventory of vehicles, etc. Rakes were also not available, labour has moved away also from these states. So there is definitely some impact that we are seeing that will have on industry in the next few months from the North sector. However, we are hopeful that this will be mitigated fast. We have also seen that the IIP numbers have been mixed, have been lower, manufacturing PMI is slightly higher, so there is a mixed trend.

Some of the customers we met are also a little sceptical with when it comes to tariffs. There have been some delayed plans, they delayed some of their plans. Some of the good news is of course that we are seeing the demand for customers remains high, consumer trends are shifting, they're getting more positive. We are also seeing that the festival season seems to auger well. Monsoon seems to be at least estimated to be good. So, in general, some of these things will remain, are certainly positive. Let's move on to the presentation.

Almost all of you must be aware of the entire structure of the company. We have a notable point over here is that we have 250 reefer vehicles also in our fleet now, and we have been able to increase our warehousing footprint to about close to 16 million square feet by adding one more million this year. Our growth drivers to the industry remains stay the same.

There is a lot of demand for business for the logistics sector and they will continue. We are seeing a continuous, the enablers are in place from infrastructure perspective, from the multimodal perspective. Consumer demand is also strong when it comes to different services that we can provide from a supply chain perspective.

And of course, there is the China Plus One strategy is definitely playing out, PLI is playing out, and those are areas that we see high growth in the future. As a company, we have some strengths and the ability to really provide a multimodal network, it is absolutely unique to us in our country. The capabilities that we built in the last decade in all three modes, road, rail and sea are unmatched.

And the ability to provide a single window concept with a whole host of services backed by technology is something that is unique to us. We built several modes around it and we built capabilities around servicing high growth sectors, chemical for one, or the other sectors that are now coming up in the next few years. As I mentioned, the range of services are huge now when we are servicing almost all the major verticals today.

I want to share a case study of a quick commerce company that we are working with where we are doing the integrated food and vegetable, fruits and vegetable processing. It's almost a lakh and a half square feet facility with frozen chilled ambient temperature services. We have 80, 90 trucks that are going in and out every day and they receive the fresh orders, we clean them, shred them, grade them, and create market, make value packs.

And those are then delivered to the dark store. Now, this kind of fulfillment services that we provide are not just for the fruits and vegetables, but for general FMCG, merchandise, etc for several quick commerce companies. Now, some amount of automation has come in, but this is also a certain amount of manpower intensive activity.

The interesting thing here is that we are able to scale up the operations very rapidly. Today, we are servicing 85 dark stores and in the future, we can service definitely a lot more also just through incremental output from places like over here. Our multimodal capabilities remain strong.

We did 2,500 rakes last year with our R3 trains plus we handle a lot of trains that we hire directly from the railways as well as Concor, the joint venture that we have. So this kind of capability of 2,500 rakes again is quite unique to us. It's almost what, eight, seven to eight rakes a day that we are moving.

In terms of, just behind please. In terms of container movements, the TEUs handled have increased from almost 139,000 to 154. Number of cars have reduced a little bit.

We've increased the number of yards that we have from 55 to 67 yards and we handle about 70 tunnels. And we have saved 1.6 lakh tons of CO_2 equivalent using multimodal network last year. Technology is ubiquitous to us. We have several cases where we have now started using AI in some operations like for, dynamic route management, etc So it's an ongoing process, but the base of this remains strong as always. We are working in many sectors.

Apart from the ones that you see, we also working in the aviation and defence sectors and several such new sectors that are coming up. So these are all very high growth and also have very high barriers to entry because there's a lot of complexity in it. And I think, we think that these are the things that will really help us to maintain a differentiator in the coming years from our competitors. We delivered another quarter of consecutive growth, year on quarter on quarter on a year-on-year basis. And the momentum is strong as a whole. Net cash surplus is about 235 crores, and debt is about 100 odd crores.

I'll start talking about freight if you go to the numbers, Ashish. So, freight operates from 25 hub centers across the country, now 700 locations. It has been performing weakly in the last year or two, mirroring some amount of GDP growth, but also SME growth has been very tight and that has also affected our business. We have the market share, the share of business about 36% out of the overall business, which has not increased.

We feel that we are now bottoming out on this business in terms of the margins and things should start looking up now onwards, specifically because of the festival season coming up and we have a renewed thrust when it comes to the LTL business. The top line has grown very moderately at 4.3% for the full year and margins are of course lower than last year. The ROCE is also compressed. The capital employed has gone up slightly because of working capital intensity increase with the FTL business. Again, we have got that back into focus and we've done some additional work around the LTL side, which I will talk about later so that we can increase that business share.

On the supply chain side, the business volume has been good specifically because we've been able to grow our warehousing business quite attractively in the last year, recording single double digit high growth last year. Tractor segment has started to improve. Two-wheeler is doing reasonably well, but it is still lower than COVID.

Quarterly, we grew at about 15% and EBIT growth is about 12.5%. Some amount of bench strength has been created in this business because we are seeing good traction coming up in the next few years. We've acquired some very large warehousing contracts as well. ROCE are slightly lower because of the capital employed.

We've made investments into new trucks and some warehousing equipment as well, as well as working capital intensity has also increased slightly. On the seaway side, we continue to have the same amount of ships. The two ships that we'd ordered are scheduled to come between July, August next year, which will essentially feature in FY27.

And that should add to some capacity, but some capacity we might lose also because of ageing of ships. There are three dialogs that have been planned in FY26, out of which one has already been completed in the month of April. The business, as you can see, has done quite well.

We continue to grow in the quarter as well. The volume has been not been that, volume growth has not been high, but the value growth has been stable. We are feeling that this year, coming year also, we're expecting the volume growth to not be there and value growth also to be stable.

But the ships have depreciated as well as the fuel prices are also quite flat. So that is also helping us. The margin structure is at the 40-ish percent range in terms of EBITDA.

And going forward, I think we should start seeing some normalization. If the conflict in different parts of the world start reducing, we should see the freight prices coming down and hence having an impact on the domestic market to some extent, as well as availability of second-hand ships might also increase. Joint ventures have done well. Concor joint venture grew at about 32% with some increase in profitability. We are seeing again customers coming to us for a lot of opportunities for multimodal logistics. Cold Chain grew moderately at about 16%, but profitability was flat.

We've had a lot of capex in this, as you can see with the capital employed being increased, both on the trucking side, as well as on the storage side. The second joint venture with Mitsui for automotive logistics has done reasonably well with a 17.2% increase in top line. For the full year, the guidance that we had given for the top line was 10 to 15%.

I think we've achieved that on the console side, but not on the standalone side. On the PAT side, we had given a guidance of 15 to 20, but the revised guidance was 15 to 20%. We've achieved that on the standalone side, but not on the console side.

So broadly speaking, we've achieved most of the guidance that we've given for the last, I think post COVID, actually maybe even longer, all the guidance has been achieved. The financial indicators are all robust. Overall ROC is about 24% and RONW is about 21%.

The dividend that we gave out in the quarter two and three interim dividends are the total dividends, which were about accumulated to about 400%, which is about 50, 60% of our overall payout. Our ESG goals remain strong and high, and we are looking at more carbon emission, carbon mitigation through the multimodal network. We have also added some CNG trucks as well as LNG truck as well.

Our tool that we developed for transport emission with IAM Bangalore has been certified as an ISO certified standard for measurement, which should become a national standard for India, hopefully in the next few years. We've had several publications that you're aware of. In terms of the future outlook, we're looking at a 10 to 12% growth on the top line and bottom line this year, slightly subdued compared to last year. The budget, we achieved about 300 crores of CAPEX in this year out of the 375 crores projected. This year's budget about 400, 450 crores with almost a similar line, except that the shipping, we'll have to make two payments this year versus one. So that would increase the outflow on the shipping side and some amount of trucks as rakes, etc, that also might come in.

So roughly an equal amount of money going into land and building and trucks and rakes. Happy to answer any questions, thank you.

Ms. Simran

Thank you, sir, for sharing your valuable insights. Ladies and gentlemen, we will now begin with the question and answer session. If you have any question, please use the raise hand feature.

When called on, kindly start by stating your name and organization before asking your question. Our first question is from Mr. Alok Deora. Sir, please go ahead.

Mr. Alok Deora

Hello, hi, sir, good evening. And just wanted to understand on the serious segment. So, what kind of growth we could expect considering that there's dry docking in this year, which was not there much in the previous year.

So, what kind of growth could be there? And also if the growth is slightly lower than what we have done in this year, then would the margins also sustain? That would be my first question.

Mr. Vineet Agrawal

Yes, well, we're not projecting a lot of growth for this year, flattish levels, and again, flattish levels in terms of profitability as long as the fuel prices hold. Some, as I said, if there is some fall in freight rates overseas in the international market, some ships might come into our sector, which might reduce freight rates a little bit, but that remains to be seen. So geopolitical tensions is a big caveat here, but we are projecting a flattish year.

Mr. Alok Deora

Sure, and so just wanted to understand in the freight business, the margins have not gone anywhere in the last many, many quarters, and we have been targeting a higher LTL share, which is not really materialized in a big way. So how do we see this segment now? Should we consider it as a 2%, 3% kind of EBIT margin segment also ahead?

Because the competition is only increasing here and also volumes are a little tied up at the industry level itself. So, coming two years, we could see a similar kind of growth rate and similar margins for this segment, what we did in FY25.

Mr. Vineet Agrawal

No, I think the business, as I said, has started to bottom out in terms of its, we do see growth now coming back here. We also feel that there is some element of cost rationalization that has started to happen. So there would be pushed to increase rates also with customers, and we see the industry also will try to push that as well.

So I'm a little bit more hopeful from that perspective. We've also put a strategy in place for LTL business. We've added more teams on the ground.

We've automated a lot of procedures and processes. We've looked at higher tonnage trucks so that we can reduce the cost per kilogram. The hubs have become a little bit more modern. We are doing LTL marketing through B2B, B2B LTL marketing through social media. So we've initiated and instituted a lot of activities so that we are able to keep up the momentum in this and really start inching that 36% share. On the FTL side, things are stable.

They are flat. We keep looking at new customers to go to because every customer that we are ultimately with, our competitors do feel that we have the best margin. They try to get in there.

So, we are constantly trying to upscale the customer, providing them control tower and a unique experience versus working with other companies. Simple things like just the fact that they can send the order online and the order processing happens completely online. These are things that no other company offers really in this space.

So, using the app or using just a simple login, they can place orders on trucks and so on, as well as they can view their entire movement on a control tower. So these are some things that we are value-adding with our customers, and hopefully that should create stickiness where we can inch up the margins a little bit more.

Mr. Alok Deora

Yeah, just last question. Any update on the second-hand ship, if at all we are looking also for that? Any update or any chances of that coming in this year?

Mr. Ashish Tiwari

Well, the market remains as it is. We are sensing a little bit of softness coming in. If that starts coming in, we should see some ships available for purchase, but it's still a work in progress.

Mr. Alok Deora

Got it. That's all from my side. Thank you.

Ms. Simran

Thank you, sir. The next question is from Mr. Amit Dixit. Sir, please go ahead.

Mr. Amit Dixit

Yeah, hi. Good evening, everyone, and congratulations for a stable performance in a very challenging quarter. I'm Amit Dixit from ICICI Securities.

A couple of questions from my side. First one, if we look at the supply chain business, now here EBITDA margin has increased by a while on both on quarterly as well as yearly basis. But if you look at the ROCE and look at EBIT margin, they have in fact gone down.

So just wanted to understand whether it is the case where capital employed had gone up in this particular quarter or year, or is it a one-off case? Or we have some surplus capacity that we might use in the coming fiscal. Right.

Mr. Vineet Agrawal

So, we have definitely increased some amount of capacity, whether it is new trucks that we've added on or whether we have the capacity in building new warehouse equipment, putting new warehouse equipment in some of the new orders that we've got. So some of that had to happen right away, and hence that you can see the CapEx, the increase in CapEx impacting the working capital or the capital employed in this business. This is also, we did create, as I said, mentioned earlier, bench strength.

So there is, of course, equipment sector that has also been added on. Simultaneously, working capital has also gone up. The business is up by about 15%.

So, some amount of increase in working capital has also happened. We changed some terms with some customers and hence some amount of requirement for working capital has also gone up where the customer used to discount our bills. We stopped that and hence we are able to, some capital employed went up. So this is I would say there will be some increase next year also as you've seen in terms of the capex about a 100-ish crores of capex for trucks and about 20-30 crores for warehousing equipment. But let's see how much of that gets translated but yes, this kind of investment pattern will continue for some time.

Mr. Amit Dixit

But ROCE and all might improve or might have bottomed out from here.

Mr. Vineet Agrawal

Yes ROCE should definitely look at improving as well since there is a lot of these will now start playing out for the full year the capex that we've done.

Mr. Amit Dixit

Okay the second one is essentially on the capex split on the last slide. So, if you look at that split compared to last year while there is a lot of spillover that we see this year. Container in particular we have seen that we missed the budget and for FY26 we have projected even lower capex.

And the second part of the question is that despite of a thrust on IT we are seeing that and the capex was higher in this category last year. But this year we are seeing a meaningful cut in the capex. So is it on the, I mean there are couple of things included I understand over here. So just possible to shed some light on these two elements.

Mr. Ashish Tiwari

Amit these are quite small numbers compared to the overall 12 crores in containers versus 17 crores what we did. Not very significant some of the containers are being built on top of the trucks itself so sometimes you don't need to really buy specific containers on the side. This number can go up also it is not that this is sacrosanct this is a broad budget that we have in place.

The other is on the IT side it's not it's not just IT as you rightly pointed out also it's warehousing equipment as well and it's dependence on certain contracts. Again if you are getting several contracts then this number might go up also. I mean the budget of 50 crores we exceeded that last year so there is a possibility that we might increase that this year also.

Mr. Amit Dixit

And is there any possibility of curtailing this capex if market conditions remain you know as they are and they are quite uncertain at this point in time. So is there a possibility of curtailing this budget or it is you know sacrosanct this year we will try to achieve somewhere plus minus five percent near this.

Mr. Ashish Tiwari

The range is usually for last time also we mentioned between 375 crores and this year also we've been saying 450 crores. It's not really fixed something some things like hub centers warehouses it's not necessary that it will come the time we wanted because the approvals take its own time. So hence it's a this is a little bit fluid not specific.

Mr. Amit Dixit

Got it sir. Thank you so much and all the best.

Ms. Simran

Thank you, sir. The next question is from Mr. Pinaki Banerjee. Sir please proceed with your question.

Mr. Pinaki Banerjee

Hello sir am I audible?

Mr. Ashish Tiwari

Yes.

Mr. Pinaki Banerjee

Okay so thanks for the opportunity. Sir actually first is a hypothetical question you have just now mentioned when you are using the automation intelligence and automation technology in your process and as we know that the industry which you are working in is a huge manpower related industry. So will this automation and artificial intelligence be able to rationalize your manpower or will be able to lower your operating cost in the future?

What is your state?

Mr. Vineet Agrawal

It's not very significant in terms of manpower cost but definitely in terms of overall productivity and predictability type of situation it can definitely help a lot more. So, I would say that this is more in terms of incremental manpower doesn't need to be added too much in some cases but the productivity and the kind of insights we can give to our customers that improves significantly. Okay sir.

Mr. Pinaki Banerjee

Sir regarding your freight division like as you see that your share of LTL is now slowly increasing. So sir actually can you share what is the operating margins of the FTL and LTL business if it's not a issue?

Mr. Ashish Tiwari

Well operating margins are 20 are double in terms of the FTL, LTL business. It's about 20-ish percent on the LTL and 10-ish percent on the FTL.

Mr. Pinaki Banerjee

Okay sir. Sir regarding the recent fundraising process actually what is the main motive behind this for looking forward?

Mr. Ashish Tiwari

It's just an enabling resolution in case if you need to. Okay sir.

Mr. Pinaki Banerjee

So just last question sir actually in your balance sheet your current investments have almost come down from 330 crores to 171 crores. So how did you utilize it for CAPEX related purpose or some other thing?

Mr. Ashish Tiwari

So we had 200 crores of buyback and of course 300 crores of CAPEX and about 75 crores of dividends.

Mr. Pinaki Banerjee

Okay sir. That's all from my end. Thanks and all the best for the future.

Thank you.

Ms. Simran

Thank you, sir. The next question is from Mr. Krupa Shankar krupa. Sir, please go ahead.

Mr. Krupa Shankar

Yeah, good evening and thank you for the opportunity. We need a couple of questions from my side. First one you did mention that the Seaways business you are expecting more of a flattish revenue growth.

So, and the overall guidance on the revenue growth is about 10 percent. So more pressure on the supply chain business to deliver and also the free business. So just wanted to get a sense you know what is the visibility you're seeing on the supply chain business with respect to contracts ramping up and you know what is your thought process on the LTL business as a whole going ahead?

Mr. Vineet Agrawal

Right. Supply chain business I think the traction seems to be quite decent and we should be able to grow at that 12 to 15 percent range this year as well and that should help to increase the top line. Freight will not grow at that much 8 to 10 percent but supply chain will become the largest business for us this year and then the other businesses if you look at our joint ventures are going to are looking at solid growth opportunities including the Concor venture.

So console level we should be able to cross the 10 percent mark in terms of the projections. Standalone we might be closer to the lower end of that number but I think some of the divisions should pull up put up some I mean even if Seaways is flat and supply chain is around 15 percent and freight is about 8 to 10 percent we should cross 10 percent.

Mr. Krupa Shankar

But on the bottom line I think Seaways contributes materially right so from that point yeah how do you see a margin expansion coming in in other segments?

Mr. Vineet Agrawal

Absolutely and you know I think from a console perspective Seaways contributes to about I'm just looking at the numbers as we speak about 35-40 percent of the overall margins.

Mr. Krupa Shankar

Yeah so I think you know over here while you did mention that you're positive on entire trans-system as well as chemical logistics you know just wanted to get a sense on the supply chain business side any further avenues where things can pick up material because you know when you're looking at 14-15 percent sort of growth in this sort of an environment any sense around whether is this an option increase in adoption of supply chain contracts by end industries or have you added any end industries to your portfolio?

Mr. Vineet Agrawal

One is that you know warehousing growth has been quite robust for us and as I said single double digit high growth we've seen there and there that is one area. In the automotive logistics also we are seeing good traction there are lots of new companies are coming up new factories are coming up and the ability to sell services to many of these clients have increased quite a lot. So net-net the traction seems to be good and you know there is a lot of there is in some new industries that have come up also but not as significant but I think some of our the way that we operate very high quality and efficient logistics systems for many of our customers also has helped us to get a new business from either when they're expanding or whether when whenever we have more new customers coming in. So both from expansion as well as new customers we get that opportunity.

Mr. Krupa Shankar

Got it. Lastly I think on the one data point if you can share what would be the total proportion of customers will be using more than one service in TCI existing portfolio any numbers on no unfortunately I wouldn't have that but no problem. Thanks a lot and all the best.

Mr. Ashish Tiwari

Thank you.

Ms. Simran

Thank you so the next question is from Mr. Divyansh Gupta. Sir please go ahead.

Mr. Divyansh Gupta

Hey Vineet a couple of questions so in the presentations the number of trucks that we gave for SCS right I think this time we have mentioned 3500 trucks which earlier used to be 5500 trucks so just wanted to understand is there a actual reduction in the number of trucks and you mentioned that we have made some investments up front so how should we read into let's say this different directional number let's say opposite directional things.

Mr. Ashish Tiwari

So actually there are two couple of things one is that that 5500 was more of number of market address as well so over a year there has been more of more of vendor and supplier which are the fixed kind of vendors and some amount of typo error as well so the numbers which are which are actual are close to 3500 plus so maybe 3500 plus 200 so 3700 or so that 5500 was not the actual number.

Mr. Divyansh Gupta

Got it and what would have been a like to like number let's say last year not even last quarter but

Mr. Vineet Agrawal

So it has grown for sure it has not reduced business has grown so certainly volume number

Mr. Divyansh Gupta

Got it got it regarding the chemical got it so the next question was regarding the chemical subsidiaries so this happened last quarter I wasn't able to join so what is a trigger point which let's say makes us decide that let us now create a separate subsidiary with a separate CEO or a person looking at it so is there a particular level of scale and ambition that drives this decision?

Mr. Vineet Agrawal

Absolutely I think the way that we look at this business and for any such business whether it is cold chain or others was the fact that there is we've come to an inflection point when that business is now looking at higher growth and that inflection point is a factor of many things first is that MNCs and other companies in India are looking at India as a China plus one option which means that they're setting up new plants and India is also starting its export import of chemicals that is a lot and automatically when that is starting to happen we are seeing that companies want a high degree of compliance and a high degree of corporate governance in the way that we their suppliers operate in chemical logistics that's true and then there are adjacent businesses that come up with chemicals so chemicals that are being used in different applications and might require cold storages or chemicals that are required heavy movement where we're using rail or certain types of warehousing that is required for chemicals so now all of these factors start playing in and we realize that there is a steep learning curve when it comes to for example exempt trade or certain degree of compliance etc.

Now that's where we start looking for purpose particularly specifically partnerships or where we can bridge this learning curve faster and hence, we subsidize this business in the anticipation of a JV partner and once that happens we should see good and fast trajectory growth in this sector.

Mr. Divyansh Gupta

So are we planning to onboard a JV partner sometime down the line and therefore created the subsidiary?

Mr. Vineet Agrawal

Yes exactly.

Mr. Divyansh Gupta

Got it and what would be the let's say overall chemicals contribution to TCI's revenue?

Mr. Vineet Agrawal

It's not very large compared to the overall business the subsidiary did about 40 crores.

Mr. Ashish Tiwari

Right now it's 40 crore which is the kind of FY25 but some of the business remained in the TCI also so that would come again in the couple of quarters.

Mr. Vineet Agrawal

Yeah they will all get consolidated into the they're all being operated from different entities they'll start coming it's not additional business that is coming it's the existing business that is going to go into the subsidiary and businesses and then that subsidiary itself is now on its growth path in terms of new business opportunities.

Mr. Divyansh Gupta

Got and these 40 crores is for the last quarter for the whole year let's say combined

Mr. Vineet Agrawal

Full year but the business volume is this is we don't have the full number yet but this is this can be 2x 3x of the actual business that we are doing.

Mr. Divyansh Gupta

Got it. Last couple of questions so you mentioned that in the opening remarks that we are doing some taking some steps for LTL increasing the LTL business so can you share some light on that and the second question I'll just so that others can then take on subsequent questions. In our presentation we used to mention that we were moving two and a half percent of GDP now in the latest presentation we are seeing two percent.

I would have guessed that given all these stresses the unorganized sector would have taken a much bigger hit and we should have actually moved ahead. How should we read into this reducing?

Mr. Vineet Agrawal

So it's not reducing we always maintain a two and a half percent we did not specifically say two and a half percent and with GDP growth growing there is a certain amount of businesses that we don't do for example commodities we don't do there has been a good growth in steel cement aluminium and all those other sectors but we don't touch those sectors simply because we know there's not enough margins there so hence we are concentrating mostly on the value based the higher value cargo and there the volume as you can see over the last few years has been increasing in our system but perhaps not as fast as GDP growth so hence we are saying that okay two percentage is more reasonable number to talk about versus two two and a half percent that's the only difference.

Again on the LTL side I did mention a few things in terms of putting more people on the street we have rejigging some of the hub centers providing better fleet there which is more in terms of bigger trucks so that we are able to reduce the cost as well as sales force automation we have a lot of applications that we've now built on to the mobile phone of the sales force so that they're able to convert faster clients faster and measuring productivity of those sales team. So like this there are some of these measures that we've increased in the last few quarters in branches we opened 40 new branches we intend to open 50 new branches this year.

Mr. Divyansh Gupta

Got it. Thank you. I'll join back the queue.

Thank you.

Ms. Simran

Thank you sir. The next question is from Mr. Devang Shah. Sir, please proceed with your question.

Mr. Devang Shah

Yeah. Hi. Good evening.

Congratulations for a good set of numbers first. So, my first question is that in the presentation in the recent slide that is showing you have mentioned the revenue and growth outlook somewhere in the range of 10 to 12 percent that has been guided on an overall basis and just as far as operating margin is concerned I mean so we are going to maintain overall basis somewhere close to you know 10 percent kind of thing. What's your outlook on that?

Mr. Vineet Agrawal

Yes we're maintaining a 10 to 12 percent on the top line and bottom line in terms of this year.

Mr. Devang Shah

And my second question is that as far as CAPEX is concerned, we have a sufficient amount of reserves so far showing on the balance sheet side. So, it will be done from the internal accruals or are we going to raise any kind of debt?

Mr. Ashish Tiwari

So right now actually it is maybe on the trucking side we would like to have a debt balancing but the other part non-capital effects probably would be the internal accruals.

Mr. Devang Shah

So what would be the ratio kind of thing because we have a you know good amount of reserve that's why I just asking that what would be the ratio in terms of debt and you know internal accruals any specific you can throw some light?

Mr. Vineet Agrawal

So maybe it is 60, 75, 25 kind of 70-30 I think would be the approximate number.

Mr. Devang Shah

So, 70 percent would be the debt? Hello?

Mr. Vineet Agrawal

Yes, 70 percent would be internal accruals.

Mr. Devang Shah

Internal accruals okay okay. And my last question that we are seeing some kind of you know in spite of being a headwind in economic side in general we came out with some kind of you know good year in a FY25 this particular financial year. So moving forward if we see any kind of you know improvement as far as the current situation is concerned do you feel that we may have some kind of you know better show in this particular financial year compared to you know this current financial year?

Mr. Vineet Agrawal

See I think you know in the past this has always been a question and though we maintain a conservative outlook with a 10 to 15 percent or 10 12 percent in this in FY25 in this for after the first six months we did up our target on the on the profit from 10 to 15 to 15 to 20. Now some of this can happen also based on what changes happen but I think growth in our sector is challenging because it you can lose profitability very rapidly with that. So we are very conscious of that and I will not hesitate to reiterate that we are willing to sacrifice some amount of growth if our margins are going to get compressed.

So it is important for us that we are seeing a very long-term view not a one two three year view but even five ten year view when it comes to the sector and for that we see that a reasonable growth amount is good. There'll be businesses that will grow much faster as you're seeing you know the Concor joint venture grew at 32 percent this year or the cold chain joint venture at 16 17 percent this year. So like this there'll be certain businesses which are high growth segments will grow. Broadly speaking the core businesses will maintain their profitability as they focus with the right amount of growth structure that is in place.

Mr. Devang Shah

So you always prefer to be a some conservative that's what you are trying to say right.

Mr. Vineet Agrawal

It is it has worked so far right.

Mr. Devang Shah

Right sir thank you so much sir.

Ms. Simran

Thank you, sir. The next question is from Mr. Deepak. Sir please proceed with your question.

Mr. Deepak

Hi Vineet, thank you for the opportunity. I'm Deepak from Unify Capital. First question is on the freight division growth that we mentioned of 8 to 10 percent.

So how are we thinking about growth like the same clients giving us 8 to 10 percent growth or new clients because in this environment given the competition getting new clients seems to be difficult. So any thoughts on that.

Mr. Vineet Agrawal

Yeah it's always a combination of new and old because you know there are some companies that will expand capacity or are increasing sales so we'll get some of that but there's obviously new customers that are available. Let's not forget that this is a we have a very very minute share of the business. The opportunity is massive in terms of what we can get.

So yes you know there's a churn that we always have every year if there are customers they do not give us margins we tend to drop some of them also and we lose some contracts because these contracts are also typically six months, nine months, one year or you months max on the FTL side and when that happens and typically customers are also looking for that churn because they're looking at a lowest cost provider a lower cost provider and sometimes they come back to us many times they come back to us when they realize that they are not necessarily getting the service from those companies. So it's a mixed bag always some churn and some new customers.

Mr. Deepak

And on the margin side since you mentioned that we have bottomed out and you see cost rationalization taking place so any examples on that and plus the rates in the assumption of rates being increased and the LTL push when do we start seeing the success from these two three factors on the margin side?

Mr. Vineet Agrawal

Well there are customers today that are saying that they need to move their FTL but simultaneously they need to move their LTL also. So I think one definitive challenge one definitive solution that we provide to our customers is this kind of movement they are able to visualize a larger they visualize a complete setup which is a single window solution. So some amount of rationalization starts happening when we are working together with the customer and we are able to pick up higher volumes from because if you're going and picking up some cargo let's say five pieces of cargo from a particular customer and he gives you 10 then you automatically have some rationalization that happens in terms of your pickup cost and similarly on the delivery side.

So these are some factors that help and sorry what was the other part of your question?

Mr. Deepak

Yeah the freight rates being increased at an industry level.

Mr. Vineet Agrawal

That's not increased much the freight rates were in the past the factor was diesel now that is not really playing out so much as you know it's more now other factors like toll etc that has started to go up very rapidly. Now industry has not been able to pass on a lot of this and it will happen slowly this year we understand that the capacity addition in terms of number of trucks is also lower so that might mean that if there is some demand growth that will happen, we should see increase in prices as well.

Mr. Deepak

Understood and on the seaways division sir you mentioned that revenue should be flat and on the EBIT it was a bit I needed more clarity so this 200 crores of EBIT that we did this year should that be maintained for the next year as well or do we expect that the freight rates coming down would hamper that?

Mr. Vineet Agrawal

It can hamper it I cannot completely say that if there is some freight rates reduction then there could not there will be some impact on the cost structure also yes that could happen as well but right now we're not seeing many things happening on the cost except for the dry docks that are clear and visible.

Mr. Deepak

Understood and on the trans system JV what kind of growth runway has the JV partner given us or the customer given us for this coming year I just wanted to understand that.

Mr. Vineet Agrawal

A similar type a little bit more flattish on the automotive side a lot of that business is with Toyota and Maruti so Toyota actually with Maruti cross badging so there the growth is assumed to be a little bit on the flat side.

Mr. Deepak

Okay and so last question the Concore JV the growth is phenomenal but on the profitability side is it's on the lower end so just wanted to understand the reason for that and is there any scope for improvement?

Mr. Vineet Agrawal

Yes the business is , the kind the kind of cargo that we move. There is of course some amount of competition. The rates that we get, we get it from CONCOR only.

So the movement that we can do on the rate side is less, but the ability for us to provide first mile, last mile and the complete end-to-end solution is something that works for us and we are able to hence grow the business. Margin structure is less. We have less capex also in this business. So ROC in the business is decent. And I would think that going forward with some volume increase, we should see some increase in the profitability also. Thank you, sir.

Ms. Simran

Thank you, sir. The next question is from Mr. Yash Tanda. Sir, please go ahead.

Mr. Yash Tanna

Yeah, thank you for the opportunity and congratulations, sir, on achieving the guidance for the year. So my question is, you mentioned that there will be addition on the seaway segment in FY27 and then there'll be a few ships that will, the capacity will go out due to aging. So if you can tell us the net capacity addition that will happen in FY27 and then probably comment on growth as well since FY26 will be flattish.

How does growth look for the years post that?

Mr. Vineet Agrawal

So both the FY26, 27, if there's a new, if there's a second hand ship that we are able to buy, then automatically volumes will increase. So we are keeping that option open. But as it stands, the two ships that will come will not increase the capacity at all.

We will, it'll be minor increase. We'll have the ships that will go off will be the ships. So net, net, we'll have some months where the capacity might be higher.

The other element is that if we are able, if there's some rule change that might happen with the government, then we, the ships might continue. Then we'll have a net positive increase in capacity.

Mr. Yash Tanna

Sure. So even with the new capacity, as of now, there'll be no net capacity addition in FY27. Yeah.

All right. Got it, sir. And on the freight segment, you mentioned that we are close to bottom of the cycle and margins should be improving.

Now, I think on the higher end in the previous years, we've done close to four and a half percent on the EBITDA margins on the freight segment. So by when do we, firstly, can we go back to those margins? And if yes, how long would it take?

Mr. Vineet Agrawal

I think we'll have to give it a few quarters. Let's see how this quarter and the next quarter behave in terms of volumes, etc. And then we can be a little bit more confident in terms of how we are going to achieve the plans.

Mr. Yash Tanna

Sure. Thank you. And congratulations. And best of luck. Thank you.

Ms. Simran

Thank you. The next question is from Mr. Kondinya. Sir, please go ahead.

Mr. Vineet Agrawal

You're on mute, Mr. Kondinya.

Mr. Kondinya

Hello.

Ms. Simran

Yes, we can hear you, sir.

Mr. Ashish Tiwari

Please go ahead.

Mr. Kondinya

Sir, if you can provide me the split of this 89 crore profit from JV, which we have given, like how much of this is from TCI Concor and TCI cold chain?

Mr. Vineet Agrawal

The what? Sorry.

Mr. Kondinya

The profits from JV is 89 90 odd crores, which we have shown in FY 25. How much of this will be from TCI Concor, TCI cold chain? If you can provide me the numbers.

Mr. Vineet Agrawal

Well, predominantly has come from evidence.

Mr. Ashish Tiwari

The JV profit itself is from a joint venture only.

Mr. Ashish Tiwari

Once a breakup. Breakup, a lot of that. 60 is about two, more than two thirds is coming from the trans-system joint venture.

Mr. Vineet Agrawal

I think Mr. Soham is on mute. So, can you unmute, Mr. Soham?

Mr. Soham

Yeah, yeah. Oh, OK, sir. Thank you.

Thank you. Thank you.

Mr. Vineet Agrawal

Mr. Kondinya can start.

Ms. Simran

Mr. Kondinya, please proceed with your question.

Mr. Vineet Agrawal

You're on mute.

Mr. Kondinya

Yeah. Hi, sir.

Yeah. Hi, sir. Thanks for the opportunity.

It took a while to unmute previously as well. So two quick questions. Firstly, on the ground level traction, I mean, notwithstanding whatever is happening on the northwestern side in the past couple of weeks, are you seeing any green shoots with respect to recovery, either, you know, with respect to manufacturing pickup or any opportunities from with respect to channel inventory in any specific sectors per se?

That's the first question. And then the second question is on the guidance front. I mean, when we speak of 10 to 12 percent bottom line growth and when the shipping is expected to be flat, which is like 50 odd percent of your PBIT mix.

So just trying to understand where do we expect to grow? How does the bottom line grow pan through?

Mr. Vineet Agrawal

So I mentioned that a little earlier that, you know, some growth, of course, a lot of the some of the heavy lifting will happen on from the supply chain side. But the other joint venture companies, the sector should also help in pushing this growth to that 10, 12 percent range. So overall, we should be getting there on a console level, on a standalone level, a little bit on the lower side of the 10 percent on the 10 to 12 percent.

And the previous question was, what was your other question? Sorry, you're on mute again.

Mr. Kondinya

Sorry, I think there's some issue. But anyway, so the first question was, I'm not trying to understand if there are any green shoots that you're seeing.

Mr. Vineet Agrawal

Yeah, we have seen some amount of green shoots, but that's a more seasonal type. But I think it is remains to be seen how the festival season will play out. I think in the next month or two is when we start seeing by July, actually, we start seeing where the stocking is happening or not.

Quarter one is typically the lowest and the weakest quarter and with the onset of the monsoon, etc. So some movement definitely is there, but not as much. It's more than last year.

I can say that for sure, but not as much, not or rather, I think, early days to see whether this is going to continue for the next dew quarters.

Mr. Kondinya

Sir, among the key industries that you cater to, right? I mean, at your end destinations where you ship the cargo to, how are the inventory levels now vis-a-vis, say, a year back or maybe prior to a FY24? I mean, how are the inventory levels?

Because that can possibly help, right? If the inventory levels are low than historical levels. Are there any indications out that front?

Mr. Vineet Agrawal

Usually March is when typically inventory levels get pushed to record highs and then it gets slowly absorbed over the course of the next few months. But not specifically, we are not seeing any inventory. Some of the warehouses that we maintain, manage the production or the inventory levels are moderated.

It's not really high or very low also. FMCG side, there is a little bit on the higher side, but otherwise, it's quite okay.

Mr. Kondinya

So, YOY, it's still flat is what we can take home? That's right. Yes, yes.

Sure, sir. Thank you very much and all the best.

Ms. Simran

Thank you, sir. We have Mr. Yash Tanna back with us. Please proceed with your question, sir.

Mr. Yash Tanna

Yeah, thank you for the follow-up. Sir, again on the seaways side, assuming that we do not get a second-hand ship due to the market conditions that we've been facing a problem since the last one year, then in that case, if the net capacity addition will be zero in FY27, would FY27 also be a flattish year in case we don't get a second-hand ship?

Mr. Vineet Agrawal

It could be flat, but it depends also on the freight rates. So, as I've been saying for the last few quarters that we are at a specifically quite a high EBITDA margin business and these are not necessarily going to be maintained at a 40-ish percent range. I think we think this 30-ish percent range is more likely for this business.

Mr. Yash Tanna

Right. So, then it will be more of a headwind, right, in terms of capacity addition will also be net flat and then margin will also have a headwind since we are on the upper range of it.

Mr. Vineet Agrawal

So, yes, it could be also, but then if you are able to get another ship, a second-hand ship or capacity addition, then that will lead to a business increase. Sure. Got it, sir.

Thank you.

Ms. Simran

Thank you, sir. We have Mr. Divyansh Gupta also back with us. Please proceed with your questions, sir.

You are on mute.

Mr. Divyansh Gupta

Yeah. Hey Vineet, just a couple of more questions. So, X of JVs, whatever business that we do, would it be possible for you to give a let's say industry split of let's say from where, how much of revenue is coming for the whole year?

Like autos is this much and chemicals is this and some other industry is this?

Mr. Vineet Agrawal

Well, you know, the each business is different. So, seaways is different and supply chain is more automotive driven. Freight has a high percentage of engineering products.

So, really speaking, the mix for each of the divisions is separate versus generalizing it. Incremental growth will come from every segment, every area.

Mr. Divyansh Gupta

So, I wasn't actually asking for incremental, just saying FY25, the year that we have finished revenue mix by end-user industry. For all three divisions combined? Yeah.

For the whole company, not trying to break, if you break it, then it's great. But I was, I was actually at an overall level.

Mr. Vineet Agrawal

Well, you know, 75, 80% of our supply chain business is automotive, which automatically makes that the largest segment irrespective. There's no other sector that is as big competitive and it's also 25% of the manufacturing GDP in the country. So, automatically, that is one of the largest segments for us.

Then I would probably put engineering and related products into the next category of and then the third could be then, then we don't see anything, which is specifically third. Then there are much, much smaller industries that we cater to.

Mr. Divyansh Gupta

And how much would be, let's say that engineering thing be in overall pipe?

Mr. Vineet Agrawal

Difficult to give you an exact number, but definitely lesser than supply than the automotive business.

Mr. Divyansh Gupta

Got it. And the last question is, how much of our business is from a point to point more domestic in nature and how much is more export in nature? The question is that if let's say that India plus one team or sorry, China plus one team is happening, and people are setting up plants here to export.

What are capabilities we already have to let's say serve our export oriented Indian economy, or we will be still focused on just moving stuff from an interior to a port and then someone else takes up the port to the end destination kind of business?

Mr. Vineet Agrawal

Not necessarily. I think we are looking to expand overseas as you know, that we have offices in the Middle East, we've just opened and in the neighbouring countries. So some amount of end to end traders, we are definitely looking at that in some of these countries because some of our customers are in these places.

So that's one. In the other parts, we'll grow some amount of freight forwarding etc. wherever needed if we are able to provide a little bit comprehensive solution.

And subsequently, then if we are able to let's say in a chemical venture find a JV partner overseas, maybe that partner can help us with the last mile delivery and the freight forwarding part. So in that sense, we are building some capabilities around the Ex-Im piece, but not, I wouldn't say very intensely, it is growing, but not that we're opening 10-15 offices every year overseas.

Mr. Divyansh Gupta

Got it. Understood. Thank you and all the best.

Thank you.

Ms. Simran

Thank you. So we have our last question with Mr. Nishant. So please go ahead.

Mr. Nishant

Yeah, hi. Thank you for the opportunity. So my question would be mostly on the truck fleet utilization.

How has the trend been maybe in the recent quarters or month, if you can provide some color there? And related question would be, I mean, would we be looking to add a truck fleet in the upcoming year? And what would that look?

Mr. Vineet Agrawal

No, well, utilization for us is not a problem so much because most of the fleet that we buy are essentially specific to contracts and customers. So they get utilized quite efficiently. And the fleet addition we are looking to do is also maybe some replacement trucks in some of the contracts and in some possible new contracts that we are looking at.

So this is a tentative number that we are projecting. And these are all kinds of trucks, mostly diesel, but we are also adding CNG trucks and some LNG trucks as well.

Mr. Nishant

So, sir, the net addition, any number you could provide?

Mr. Vineet Agrawal

There would be a net addition of, again, you know, I think we have about 1,300 trucks in our system, supply chain mostly, all in supply chain. And that would, maybe another 100-200 trucks will get net added.

Mr. Nishant

Got it, sir. Thank you. And, sir, the last question would be, we have seen some softness in the fuel prices.So, I mean, do we see that as a tailwind going ahead or impacting the diesel prices or the fuel prices for us?

Mr. Vineet Agrawal

No, not yet because the government has not made any changes, right? So, on the fuel side, we might see some positivity on the bunker prices for international, for the, sorry, for our shipping business, but not necessarily in the regular business.

Mr. Nishant

Got it, sir. Thank you. Thank you so much.

Mr. Vineet Agrawal

Thank you.

Ms. Simran

Thank you, sir. There are no further questions. Now I am handing over the floor to Mr. Ashish Tiwari for his closing comments.

Mr. Ashish Tiwari

Yeah, thank you, Simran. Thank you, everyone, for joining this quarter 4 call. I think we have answered all the questions.

Our investor presentation is self-explanatory. In case you have any further queries, please write us back. We will revert you in the dew course.See you again in the quarter 1 of next financial year. Thank you.

Mr. Vineet Agrawal

Thank you.