LEADERS IN LOGISTICS

30th October, 2024

The National Stock Exchange of India Ltd.,
The Listing Department,
"Exchange Plaza",
Bandra Kurla Complex, Bandra (East),
Mumbai – 400 051

BSE Ltd.
The Department of Corporate Services,
Phiroz Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400 001

Scrip Symbol: TCI

Scrip Code: 532349

Sub: Transcript of Analyst/Investor Conference call

Dear Sir/Madam,

In compliance with Regulation 30 and 46(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith transcript of the Analyst/Investor Conference call held on 25th October, 2024. The same is also available on the website of the Company at https://tcil.com/investor-analyst-corner/.

This is for your information, records and meeting the disclosure requirement as prescribed under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Thanking you
For **Transport Corporation of India Ltd.**

ARCHANA PANDEY
Digitally signed by ARCHANA PANDEY
Date: 2024.10.30 22:57:01 +05'30'

Archana Pandey
Company Secretary & Compliance Officer

"Transport Corporation of India Limited Q2 Investor Conference Call FY 2025"

Oct 25, 2024

MANAGEMENT:	**MR. VINEET AGARWAL–MANAGING DIRECTOR**
	MR. ASHISH TIWARI – GROUP CHIEF FINANCIAL OFFICER
MODERATOR:	**Ms. SIMRAN SHARMA - IR**

Ms. Simran: Good evening, ladies, and gentlemen, we will begin 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 TCIL Q2 FY 25 Earnings Conference call. On behalf of the management, we have with us Mr. Vineet Agarwal, 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, Simran, and good evening to all of you again joining this call. I hope that you have to have financial results and the investor presentation, which is available on the website and also on the stock exchange, a few of our comments might be forward looking and eventually may not be coincide with the actual performance. So please take all these conference notes with the disclaimer. Usually, as usual, we begin with the Q2 earnings presentation and followed by the question-and-answer session. Now I am handing over to Mr. Agarwal his opening comments and the presentation. Thank you, over to you, Sir.

Mr. Vineet Agarwal: Thank you, Ashish, and good evening, everyone, and welcome to this investor conference and call. It's always been a it's always a pleasure to meet everyone. And especially on the eve of the festival season, the second quarter of the year was anticipated to be not as good as, how it came out to be. Generally speaking, things were weak on the consumer side and the consumption side rather, but generally speaking, the industrials and some other areas have done reasonably well.

This year we expected we saw that stocking was slightly better, maybe 5-10% better than last year in terms of the festival stocking. Let's see how that translates into this, Sales in this quarter. Two Wheeler sales are robust. Four wheelers are weak, tractors are weak. MSME is still a little weak. Interestingly, the the impact of, of the of these sectors is not too much on the entire on all sectors. But some sectors have, have had, had felt the have felt major impact, for us we are also seeing that production cuts in auto sector has also started, It has started a little earlier than anticipated.

I think that we know that there is a lot of stock available across the board, across the country, and that is, doesn't occur very well for the second half of the year when it comes to, the automotive sales, usually automotive production cuts happen in the second half, rather in December, December period but this time it started a little earlier. The business that did reasonably well for us was was Seaways, not, well clearly domestic rates have gone up because some ships have shifted. And, the correlation that we felt was limited to international freight rates to India seems to be a little stronger in this quarter because some of these international, some of these ships moved to international waters, and hence we were able to really raise prices on the domestic sector with fuel rates being benign, It helped us from an overall perspective. These were some of my opening remarks. We'll move to the next to the presentations.

I think some of these things are known. I would just go to Ashish to the next, to the next one, please. I want to talk a little bit about technology, If you just go to that slide, what is interestingly starting to happen is that,ULIP is starting to grow much more and recently there was a hackathon also that happened for ULIP where we have participated. Our company is one of the only companies that has really integrated almost 7 or 8 APIs from Europe directly into our systems. If you want to check driver, credentials, we have a API.

If you want to check the vehicle credentials, we have the, Vahan API. If you are checking, railway related, tracking where the trains are, we have, integrated with something called Fios, FIOS. If you are checking on the tolls, we are we have the FASTag integration and otherwise, we are also working on a few other integrations with ULIP, which is essentially our integration is far ahead of many of our competitors, and we are actively participating in seeing how we can actually make this platform very, very, useful and universal for the entire industry.

We can go back to the case study Ashish, please, here, I wanted to talk, We wanted to talk to you a little bit about what we are doing specifically around, a business in a cold chain, company For a particular Japanese food company. We are running the entire outbound logistics for them. So whether it is there or whether the trucks that are being run by us or the trucks that are being run by, maybe some of our competitors also, they're all managed by us under a single platform.

And we are providing, minute to minute updates to this particular company. The movement is pan-India, with the movement is, we have set up warehouses for them across the country, as well as cold call cold chain trucks and cold chain warehouses and giving them real time price, real time temperature as well. So there's no compromise on the integrity of the product. This single, single window, structured way of working is, has been quite unique and very well appreciated by the company.

It has also become a showcase for them, for their global counterparts to see the activity we are doing in a in a logistically complex country like India. We do believe that these are certain examples that many other, customers that we are selling to many customers and we are doing parts of that with others as well, and they will continue to add value to the overall business that we have and build moats around, each of those businesses. Yeah, in terms of the highlights, I think, every quarter for the last several quarters, we've delivered a the, the quarter that was previous year, in the same, same period, we've delivered a higher growth year on year and, this continues, we've had a 12, 13% growth on the top line in this quarter as well.

The trends are, as I already explained, they remain moderate but but we have been able to beat that to some extent. The I reiterate the fact that the kind of business model that we built in the last decade is very unique because we are seeing that, and I mean, you have seen that for mostly times when things have not been great, one division, one business has done better and subsequently, when one business has not done well, the other business has helped, in terms of keeping up the momentum. Company remains net debt free and the buyback was quite successful.

In terms of the freight business, this is a weak element right now, predominantly because of the the lack of growth in the LTL side, MSME is still tight. And as I said, credit offtake is not very high there, It is flattish of the ecosystem around development of MSMEs is not happening to that extent. If you see the the kind of equipment that we need as a country for manufacturing of solar panels for semiconductors, the electric manufacturing, EMS businesses, we do not have enough high quality, MSMEs or companies that are able to really supply to, to the larger companies.

We are dependent a lot on overseas, on the Chinese market, and hence the ecosystem still remains small and, I would say unorganized to some extent. It is something that, has had an impact. We we are continuously increasing our branch network, We have opened 32 branches. The target to get to 40% next year, next financial year is strong and we are confident that we should be able to get to that. But yes, business has been muted and profitability has is also lower, In terms of guidance I think, closer to, with the second half usually being better for freight.

We think that we should get to around closer to 7- 8% to 10% top line, and we should reach the last year's bottom line, numbers as well. The ROC also slightly higher than last year is because of, elevated credit. I think there is a definitively some credit slowdown. Interest rates are starting to play on corporates where they are, not paying on time, I guess, because they are finding some areas of reducing cost. Since now they've been able to they mostly maximize all possible areas, so credit is a little tighter here but again, we are seeing that things are coming back.

Supply chain business has done well on the top line side, 12% on the overall for the quarter as well as for the half yearly. We are seeing as as I have been saying that we should get to this business will be the largest business for us in FY 26. The margin structure is, is the same, It's the same as last year, slightly weaker actually, on the Ebit side. This is some investment that we are doing in the new contracts we've got in on the warehousing side. The attractive business opportunity that has emerged over here is quick commerce, I think I did mention that last time, but we can talk about it a little bit more later on when we get into question and answers.

The capital employed has also gone up because we've invested into new trucks and of course, receivables has also gone up. But the business remains very strong with a very strong pipeline, that we are seeing on the, warehousing side, and, hence a little stretch on the margins, because of that, bench strength that we have to create for manpower as well as for setting up the equipment, as well as setting up the warehouses before the revenue start coming in on, I mentioned Seaways has done, very well, with a 22% top line increase on the in the quarter, as well as our 65% increase on the bottom line. Again, as I said, the revenues picked up because of shift of, some ships and hence, capacity came down.

Then, the fuel prices are, are stable. The we had a little bit less number of voyages, almost the same, I would say even though it was a monsoon season, we lost a few voyages in the quarter one of the year because of, dry docks. But now the next dry dock is only at the end of the financial year that to towards the, last ten days of the financial year. Otherwise we are clear for the full year now, till, till then, for, capacity utilization, the business remains strong, with the 40 odd percent EBITDA margins and a high 50% plus, grossie and joint ventures have also all done well with revenues of, Concor joint venture increasing by 22%, profitability also improving.

Similarly cold chain joint has gone up by 32%. Margins are a little tight, but because of the investment we've made into new trucks, we bought 75 new trucks last year. We are also making a major capacity expansion on the storage side of the cold chain business, and we have very new, some very attractive new customers, I did share a case study earlier also on that transystem is doing well, about 18 to 20% top line growth and a reasonable growth in margins, next slide.

Net net on the standalone basis, 10.9% on the console level for, sorry, on the standalone for H1, and, similar numbers, about 11.5% on the console level and profitability is up by about 25% on the, H1 numbers for standalone and about 16 odd percent. Some of this is because of the dividend that came in in the quarter one for from system. We do think that, the guidance that we've given for about 10 to 15% on the top line stands, as is the guidance on the bottom line for the 10 to 15% also stands, I think we will have a look at what happens in Q3, and if we need to revise that, we will certainly inform them. Ratios are all looking good with, EV EBITDA at 15, ROCEs, net of cash at about 25.7. Cash is about 280 crores.

Buyback was about 160 crores plus tax, debt is about 100 odd crores, which is, essentially all, truck related debts, which are cheaper than using cash. RONW is about 20%. We've as I've said, we've delivered a consistent, performance year on year and we believe that we are able to create necessary moats. We are able to keep a watch on what's happening with our competitors as well as, react and respond to that. Certainly there are some competitors that are still actively pursuing a, a lower cost strategy versus a, sorry, a lower pricing strategy versus a lower cost strategy and hence that puts pressure on us, but but notwithstanding, we are able to withhold some of our margins.

The dividend payout ratio increased too, from 125% to 175%. This is in line with, overall thought process of about, roughly about 20% our payout for the year, ESG goals are strong. We continue to invest into that, whether it comes to the environmental side where, earning green points as well as adding more capacity on the alternative fuels, as well as on the other areas. In terms of a Capex plan, it stands at 375, 353-75 crores as as we've committed, the ship payout has yet to happen in terms of the advances, that will be about 70, 75 crores and some container orders also in place. So that will start coming in, hub centres, though it has been a little small, fewer but the it will start picking up now.

And I think we are looking at 325 odd between 300 and 50 crores of Capex for the full year this year.
We do not have visibility yet on the secondhand ship. Again, thank you for joining and I am happy to answer any questions.

Mr. Ashish Tiwari: Thank you Sir.

Ms. Simran: Thank you, Sir for those valuable insights. Ladies and gentlemen, we will now begin the Q&A 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. So the first question is from Mr. Alok Deora. Sir, please go ahead.

Mr. Alok Deora: Hello, am I audible?

Mr. Ashish Tiwari: Yes, you are audible, but you are a little echoing. Alok

Mr. Alok Deora: Yeah. Can you hear me now?

Mr. Ashish Tiwari: Yes, we can hear you.

Mr. Alok Deora: Yeah, So good evening and congratulations on a good set of numbers. So just a couple of questions, one is, what are your…

Mr. Ashish Tiwari: Your voice is echoing. We are not able to clearly hear you.

Mr. Alok Deora: Oh, yeah, You can hear me.

Mr. Ashish Tiwari: No, we can hear you but the voice is not clear, It's echoing.

Mr. Alok Deora: Okay, I'll just ask the question in case you are able to hear, You can answer that.

Mr. Vineet Agarwal: I think you have one more device on open. Maybe So maybe you can do that and then get on the queue again.

Mr. Alok Deora: No, No problem, No problem, Thank you.

Ms. Simran: We have Mr. Amit Dixit with us, so please go ahead.

Mr. Amit Dixit: Yeah, Hi. Good evening, everyone and thanks for the opportunity. Congratulations for a good set of numbers in very testing times, I have a couple of questions. The first one is if I look at receivables in H1, they seem to have gone up substantially compared to last year, same period or even FY 24 as a whole. So just wanted to get better insight that how and why did they go up and do we expect, this working capital that has been built up to be kind of eased off going ahead in H2?

Mr. Ashish Tiwari: So, yeah Amit I think so, the percentage increase in the revenue that is also coinciding with the outstanding, that percentage increase. So they they have not disproportionately increased. But yes, they have increased because of, as Mr. Agarwal talked about, the tighter credit things and the higher interest rates. Some of the large customers are just trying to withhold the payments, not giving on the time. So I think these are some temporary issues which I think will be resolved in the next, the next half year.

Mr. Amit Dixit: Okay. The second one is on Seaways business now if I look at it, so significant margin increases when we thought that okay, margins would temper off but again we saw this particular division emerging. So just wanted to get the you know the overall sense what is happening over there while you highlighted in your prepared remarks on the international freight rates being kind of, you know, rubbing on the Indian freight rates as well, and all the ships, of course, being engaged. So how do we think about this division for the rest of the year?

Mr. Vineet Agarwal: You know, some of these things also, unfortunately, come as a surprise to us because, the geopolitical situation really is very fluid and then what happens is that some of these ships are, instinctively or, you know, opportunistically shift to other routes, routes, and then it creates a capacity constraint and, you know, demand on the western coast has also been good. So, all of these factors have really helped. You know, I'll be I'll be very, very it's very difficult to give you a prediction of what's going to happen in the next half of the year. I can certainly say that, you know, we are seeing that the geopolitical tensions have not eased. However, international shipping and freight rates have eased a little bit. I think that could be a little bit sensitive to what is happening with, perhaps an indication of global recession or interest rate cuts globally.

And so on and so forth, So that is starting to happen but I would not, really say that, we we have a real fix on what's going to happen but I do expect that we should we should be able to maintain this or it will go down but it I don't think it will go up too much also.

Mr. Amit Dixit: Okay, wonderful! Thank you so much and all the best.

Mr. Vineet Agarwal: Thank you.

Ms. Simran: Thank you, Sir, we have Mr. Alok Deora back with us, so please go ahead.

Mr. Alok Deora: Yeah, am I audible now?

Mr. Ashish Tiwari: Yes, yes, please go ahead.

Mr. Alok Deora: Yeah, yeah, Sorry for that. So just a couple of questions. One is in the freight division, If we see the margins have come off and, you know, still our mix on FTL, LTL continues to remain same. While we have been trying to increase the share of LTL or so any any color on that. What's happening here? Because we have seen almost a 10% decline in our EBITDA in the freight division. So how do we see the next, you know, six months panning out for us in this segment? That's the first question.

Mr. Vineet Agarwal: Yeah, certainly it has been challenging, as I've been indicating also for the last three quarters or three, four quarters actually. There is definitely some competitive pressure as well from some companies, there is also the growth is limited and slow.

There is, the cost structure is also a little bit on the inflated side. Overall, with inflation creeping in in various areas, including wages, driver wages or toll and so on, So there is definitely a little bit of stress that we are feeling and I'm sure that is also evident in the in the trucking market per se. So I think that, what we think that in the next two quarters, three quarters, these will start to stabilize more and more. The branch network should start helping us. Some sanity might come with some of our competitors, Let's see, but, but it still remains, a area of concern for us, but we are tackling it by putting more people on the streets. We are, we have developed some customized software to track sales performance, and also delivering some very specialized, methods of response to customers using, using apps, etc., where we are able to respond to the customer in minutes versus, hours when it comes to quotations and, customer complaints, etc. So there is a lot of effort going on there and, we are we are strategizing to ensure that the business comes back to its, its normal phase in the next 2 to 3 quarters.

Mr. Alok Deora: Sure, and if you look at the Capex, you know, we have done nearly 90 crore Capex in the first half, you know, it's much lower than what we have budgeted. So and plus, you mentioned that, the new ship is not on the horizon in terms of the second hand ship coming into Capex. Right, that that is around 80 crores, where you have kind of budgeted for that.

Mr. Vineet Agarwal: So that's for the first for the new ship. The advance for the new ship is about 75, odd crores. Yeah, New, the secondhand ship is, not yet, on the horizon at all, that was also not part of the budget anyways.

Mr. Alok Deora: Right! Okay got it. So, these 90 crores, or, you know, we have if you look at the the each segment like how we have done only 17 crores and, you know, in some of the key areas, we have done very minuscule Capex of what we had budgeted for. So, what could be the realistic Capex for this year considering we are almost just like six months away?

Mr. Vineet Agarwal: Well, you know, if we that 75 odd crores that has to go for the ship business, if that would have happened in a few weeks ago, then, you know, this number would have looked okay but that will happen shortly and other Capex is, underway. So I think we are, as I mentioned, that my comments may be 300 to 350 is what we are looking at this year.

Mr. Alok Deora: So just the last question. The revenue and profit growth or, you know, guidance remains same at 10 to 15% but we have done or, you know, we are doing we have done pretty well in the first half. And the second half tends to be a little better, right. So so could we see some upward revision here?

Mr. Vineet Agarwal: On the top line I don't expect it to move much on the bottom line, I think it will be on the firmer side of, of the teens but let's see what happens by Q3.

Mr. Alok Deora: Sure, sure, that's, that's all from my side, Thank you and all the best, Sir.

Mr. Ashish Tiwari: Thank you.

Ms. Simran: Thank you, so the next question is from Mr. Sunil Kothari. Sir, please go ahead.

Mr. Sunil Kothari: Thanks, Sir, for the opportunity. Since long I am tracking, TCI and your, management. Sir, what I observe is, you are creating slowly but solidly entry barriers to the competitor, yet they are charging lower, and customers must be looking at the price and going there. So, which are the other areas where you feel you require to improve? You require to invest and maybe create more modes.

Mr. Vineet Agarwal: Oh well, we are already doing that, as you know. You know, we all the joint ventures that we create are essentially created to we move up the learning curve pretty fast and create, and barriers to entry for competitors also create a much, much more stronger value proposition for our clients so that they are able to stay with us for a longer period on a continuous basis, and then we can start offering them multiple solutions also, because the idea is not to just sell them one product, one service, but as many things as possible. The new area we have last time we talked about subsidization of our chemical business that is under way, in the potential to grow, that is extremely large with, with the, you know, both domestic and MNC companies as well and that business has potential of not just multimodal logistics, but also warehousing, exim business and maybe look at a potential JV partner also at some point in time so that we are moving up the learning curve because it has complexities. It, you know, it's hazardous sometimes, Is are flammable type of material, they require specialized handling. Compliance needs to be higher, So that's all that's the whole objective. Move up the value chain as much as possible, and protect the margins

Mr. Sunil Kothari: For that, internally, where you feel you require improvement or investment.

Mr. Vineet Agarwal: Investments are ongoing, it's not that it is stopped anywhere, if you're investing into some warehouses, they're investing it with that purpose to ensure that we are building high compliance Warehouses for any, any purpose. Similarly, if you're buying containers, we are buying Chemical containers, chemical tankers, tank containers from China and other places as well, so it is ongoing, It is not. It is, we are not stopping any kind of investment or rather waiting for any kind of investment to happen.

Mr. Sunil Kothari: Last question. Is this the study, your case you mentioned now is this Japanese food company. I am sure they must have look at your capability and service and outcome also what type of benefits they must be getting because of they are with you, it cannot be just price, it must be something more, If you can little bit talk more, it will be really helpful

Mr. Vineet Agarwal: For the company product quality is very important because if that if the food product gets to the client in a bad shape or it is not of the right quality, then the client is going to complain, their client is going to complain, and then it's not going to they will lose out the business. So, they are seeing that element that are we able to maintain that high quality of the product, the final the product delivery that happens or not and that's what has prompted the customer to work with us and yes, you're right, absolutely right, It is not cost.

Mr. Sunil Kothari: Great, Sir. Thank you and wish you all the best.

Mr. Vineet Agarwal: Thank you.

Mr. Ashish Tiwari: Thank you.

Ms. Simran: Thank you, Sir. The next question is from Mr. Jainam Shah. Sir, please go ahead.

Mr. Jainam Shah: Yeah, Hi, good evening, Sir. This is Jainam from Imperial Securities. So, my question firstly is on the second issue that we are talking about. So is it more like the seller's market has dried up or is it something like that the price point that we are searching for is not available in the market.

Mr. Vineet Agarwal: It's both.

Mr. Jainam Shah: Okay So no visibility as of now in the near term to have any kind of the ship. Got it Sir. And on the severe segment, as you said, that few of the ships has been transferred on the international waters and a specific route that you have transferred, like in FY 22, FY 23. What I remember is that it has been transferred to the Myanmar route or something and is it back to the normal level in the Q3 or still something

Mr. Vineet Agarwal: We have not transferred capacity from that sector moved out to different sectors. We don't know where they have gone. But we are we remain on our sectors only. We've not moved because, we've been able our customers are there and they, they want the services that we are providing to them, so we've not moved out.

Mr. Jainam Shah: Got it, got it. And so, on the freight segment, as, all discussed, that our margin has been, slowing down or even we can say going down, is it some unorganized sector as well which can be taking up this market share, or is it some large, someone who is just like, you can say, application kind of a provider and matching up the seller and buyer in that case, which is eventually hurting our margins or even

Mr. Vineet Agarwal: Not not the not both well, you know, regional players and local players, unorganized players have always been there. But what has added on, are some Companies who have, I guess have been listed also, who've just got into some kind of express business and they are not exactly express, but they are in between express and LTL and they are trying to push down the pricing, because of capacity utilisation etc., they when they when the market is slow, then they also have fixed capacity that they have to utilise, So they will drive down pricing then. That's what we are seeing perhaps with some of them.

Mr. Jainam Shah: And just the last one on the e-commerce side that you also talked on the interview during the on the CNBC Tv18. So just wanted to have your sense like is it something that we are looking for next 3 to 5 years perspective to become a big and of course it is smaller in size as compared to our total operation but overall how we are looking at it, is it something that we are taking up market share in that particular thing in terms of warehousing from the dark stores?

Mr. Vineet Agarwal: Well, it's a a as you rightly said, it's not a very large business, but it's a business to learn from because there is a lot of consumer insights that come into something like this and we are anyways working for e-commerce companies on the fulfillment side, not on the last mile side. So there is a lot of learning because supply chains also end up changing, whether it is the whether it is FMCG or whether it is the food supply chain. All of these supply chains go through a bit of change when new business models come in, So for us it's a very important learning and, it's not that if those companies don't make money, it doesn't make we don't make money.

We of course make money because it is a fulfillment model and it works on, payment basis. It does not work on, on, yes, we are going to work with you, or we are going to take equity or something like that, no. So it is, it's a service that we are giving and, it is certainly, an opportunity because what is starting to happen is that and you must have read about it also, is that it's moving from just instant gratification to more, solid, your weekly or your monthly shopping that you need to do your grocery shopping, that substantiated amount of, of purchase is also starting to increase, which means a certain number of SKUs will also increase, the future, So that gives us an opportunity that, you know, there the fulfillment will keep increasing rather than, just, working on the, the short, instant gratification few product market.

Mr. Jainam Shah: Got it Sir, thank you so much, Sir. That's it from my side and all the best.

Mr. Vineet Agarwal: Thank you.

Mr. Ashish Tiwari: Thank you.

Ms. Simran: Thank you. So, the next question is from Mr. Pinaki Banerjee. Sir, please go ahead.

Mr. Pinaki Banerjee: Hello, Sir. Good evening, and thanks for the opportunity. Sir, just a couple of questions, Sir. That your freight division actually has remained a bit tepid this financial year l ike 5.5 to 6% growth and primary reasons which have attributed is the slowdown in the automobile sector because of the stocking up of inventory. So so is it the only reason or do you have any? Is there any other reason attributable to that?

Mr. Ashish Tiwari: Hello, Well, you're talking about, yeah, freight, in which which division does it? Yes, Sir? Is it the…

Mr. Pinaki Banerjee: I am speaking about the slowdown in the automobile industry?

Mr. Vineet Agarwal: No inventory buildup, has happened generally, but, top line growth is still there. Bottom line growth is not there because as I said, we have made investments into into new areas, new sorry, new capacity that is coming up for new contracts. Some of that revenue driver have and profitability has not come in yet, So give it a 1 or 2 quarters and we'll be able to see that this should moderate.

Mr. Pinaki Banerjee: Okay. So, Sir actually are you maintaining the guidance of 10 to 12% overall growth like in half. You have done about 12% now?
guidance for top line is about 10 to 15%.

Mr. Pinaki Banerjee: Okay okay and just one last question. So, in your balance sheet this your current investments is about about 273 crores. So, Sir actually do you have any prudent policy, how much assets you are keeping in liquid investments or such like that and how you are utilizing it?

Mr. Ashish Tiwari: No Pinaki ji these are all current investments which are temporary in nature, out of the cash flow.

Mr. Pinaki Banerjee: Okay, Okay, So that's all from my end and thanks and all the best and happy Diwali to you all.

Mr. Ashish Tiwari: Thank you, Same to you.

Ms. Simran: Thank you, Sir the next question is from Mr. Krupa Shankar. Sir, please go ahead.

Mr. Krupa Shankar: Good evening and thank you for the opportunity. So my first question would be on the supply chain business. You know, just wanted to get your sense that given the automotive slowdown is evident and we have been talking about contract winds over the last three, four quarters. Do you see probably that the mix finally would change much more in favor of other sectors and reduce the exposure to automotive sector, by FY 25 26, if things remain tepid with respect to automotive growth.

Mr. Vineet Agarwal: Yeah, but it will not change too much, KrupaShankar, because it's a it's a still a very large segment and the growth, Yes it is, it is, it is accelerating but we also see some growth in the auto sector, It's not flat for us at all. Spare parts growth is also happening there. New companies are coming up. So those are EV companies are coming up, new capacity is coming up, So it keeps going on also. So the mix is, is slowly, very, very slowly changing but you would not see any significant change in the next, 2 or 3 years.

Mr. Krupa Shankar: Sir is it fair to assume that tractors is a good portion of our supply chain business?

Mr. Vineet Agarwal: No, no, no, it's not very large, No.

Mr. Krupa Shankar Okay, okay. And the second part to this question was on Quick Commerce.
Just also wanted to get a sense on, you know, the rapid growth trajectory, would you be handling, the last mile piece as well, or is it just, you know, dark warehouse management and, something on those lines.

Mr. Vineet Agarwal: Not even dark store management from the fulfillment warehouse to the dark stores, the management of the fulfillment warehouse and then the delivery to the dark stores is, that's all we do, we don't do dark store management, we don't do last mile delivery.

Mr. Krupa Shankar: Understood. No, No intention to get out there as well because it's rapidly growing. Okay, Got it. Second Question was more on the Seaways business. While we do see that, you know, the performance has been strong, quite strong in the first half. Any any guidance with respect to your margins on the Seaways business? Anything that you would like to highlight this time around?

Mr. Vineet Agarwal: Well, as I said, you know, it is a bit unpredictable. I think this 40% EBITDA, it will probably come down, but it hasn't, So but I think 25 to 30 to 35% type of EBITDA is still reasonable, but I would, I would warrant any kind of guess right now on this because it has remained a little bit, perplexing but yes, you know, it will not come down. So I think that you can be rest assured that the margin structure is quite stable. There's no dramatic collapse on the, that is is being foreseen or is possible, Barring, you know, a Covid type of situation, but yeah. Otherwise, it looks still quite robust.

Mr. Krupa Shankar: Why? Why I was asking this question Vineet is that, you know, if in the, in the past we have seen that, certain capacity additions, has impacted the overall pricing power in the spot market specifically, are you seeing that volumes are growing at much faster pace, which can accommodate, higher supply, If any other competitor also tries to enter, then that way can shape our margins, drastically, Something which I wanted to get a sense of.

Mr. Vineet Agarwal: No, I don't think so. Because you're right that, it is, If the global prices start, softening, then, and these prices remain high on the domestic, there will be people coming back to the domestic sector. But yes, our demand remains robust, it hasn't gone up too much also, but it hasn't gone down, It is, it is on the upward trajectory only. So it, should we be able to absorb any new capacity comes in some freight rates will come down, that's competitive pressure, that's normal but then, you know, we have enough cushioning available to absorb that.

Mr. Krupa Shankar: Well, thank you very much for answering my questions. All the best. Thank you.

Ms. Simran: Thank you, Sir. The next question is from Mr. Manoj Jethwa, Sir, please go ahead.

Mr. Manoj Jethwa: Good evening, Sir, and thanks for the opportunity, Hello?

Mr. Ashish Tiwari: Yes, yes, yes, please go ahead.

Mr. Manoj Jethwa: Good evening and thanks for the opportunity. So my first question is relating to your supply chain business. As you said, by FY 26 is going to be the largest, so appreciate adding some colors on that Sir.

Mr. Vineet Agarwal: Well, the growth rate I mean supply chain is at 800 crores in the first half and 12% growth rate and if you see some freight business is about 800 and, how much Ashish. 820 ish or something. 840, at a 6% growth rate. So just doing the math, with this kind of growth rate for the next two years, a year and a half, supply chain by FY 26 should be the high, higher, larger companies.

Mr. Manoj Jethwa: Thank you, So my second question is pertaining to the, pertaining to the coastal shipping and inland waterways way of transportation as government also more, worried about the climate change which is happening. So how we are seeing this business to cope up, say, in the next couple of years for a TCIL, as a company Sir

Mr. Vineet Agarwal: Very clearly that it is a growth area for us. We are investing in it from capacity that is new capacity that's coming in as well as we will honor. We are continuously on the lookout to buy old, secondhand ships as well, We have the linkages available, we have the branch network. So we are able to provide end-to-end solutions, first mile, last mile. We provide multi-modal, be it road, rail, sea, combined, seamlessly. We operate at all the major ports and, so, you know, we have the customer linkages, So all of these things are very unique to us and that helps us to ensure that we are going to keep growing, a country like China has 20 plus percent of its movement happening through coastal trade, We had 6%. So and we have a very, very large 7000 kilometer coastline.

So certainly, there is a lot of opportunity. I don't think anyone is going to say that this is not going to be an opportunity. So so yes, we'll continue to invest in it.

Mr. Manoj Jethwa: Thank you, thank you very much and all the best for your future endeavors.

Mr. Vineet Agarwal: Thank you.

Mr. Ashish Tiwari: Thank you.

Ms. Simran: Thank you Sir, the next question is from Mr. Anshul Agarwal. Sir, please go ahead.

Mr. Anshul Agarwal: Hi, good evening. Thank you for the opportunity. My first question is on the freight division. So Vineet ji, are lines blurring between express companies, FTL, LTL players? Are we we are hearing comments from players across these categories pointing towards the end as the service industry slowing down. But our capacities in these categories that fungible, so that express companies can enter the cargo profile or the routes on which LTL or FTL players operate.

Mr. Vineet Agarwal: So on the FTL side, I do not think it's the express. Companies can come in easily simply because FTL market is very unique, It does not move from a hub to hub, It moves from customer to customer directly, and it's usually a full truckload, so you don't get any benefit when it comes to consolidation or deconsolidation as well as capacity utilization there, It's a it's a full capacity that gets used, It also requires deliveries to very remote places sometimes it has a, a different elements of movement. It requires, a pan-India presence as well, but also requires an understanding of the local, sourcing market as well as procurement market.

On the LTL side, yes, there are express companies because they have capacity, they can go to smaller customers or customers, they can tell their salespeople to go to customers of ours and tell them, you know, they will crash the prices just to fill their fill the belly, and maybe at some point even drop those customers if they are finding higher value customers. So sometimes this has happened in the past and customers have not liked that and hence they stick to companies like us.

But you know everyone wants to control some cost initially and so some of that movement will happen, It does happen, It has happened, It is happening. However, I do not think this is it is, Let's see how long it will be sustainable, Customers, there are lots of customers that we have who want to give both FTL and LTL to one, one, service provider like ours, So, so we are hopeful. We we are we have strategized that, yes, this is one strategy to play out with, but otherwise, you know, keep ensuring that we are on the street and trying to get the business.

Mr. Anshul Agarwal: Sure, Thanks, just a follow up on that. But then what is ailing the FTL market, in your view, Sir? Or is is like a six or mid-single digit, growth number for the FTL market a new normal?

Mr. Vineet Agarwal: The mid-60s is not, just a FTL for us, It's a combination of both those numbers. We don't give you specific numbers of growth for FTL separately and LTL separately, but but it is a combination. If, So it is also what we decide to grow, how much we want to grow in the FTL market. If we see that the market is very tight and there is, margins are going to remain tight, then we will not grow that much also, because we see that, you know, when we some things like that happen, our receivables go up, as you have seen, and margins come down, So we will avoid growth there also in the, in the freight business, in the event that we are seeing that there is tightness, and that's conscious, So but yes, we have to hit the cycle and then we have to control a little bit more and then, you know, improve it. Unfortunately, that's how this business is.

Mr. Anshul Agarwal: Got it, very helpful, thanks. Just one last question from my side. What will be our strategy to win in the e-commerce business? Will we need to be aggressive, sacrifice margins a bit, versus the usual margins that we probably get in our supply chain division in the auto segment? Or do you, do you do you foresee, you know, we we want to win more business here or grow quicker here at the cost of margins.

Mr. Vineet Agarwal: Again, we same thing simple, we don't want to grow quicker just because we can grow quicker with cost of margins. We this is not our strategy at all.Our strategy is to deliver the right value so that we are able to continue to get to get the margins. Initially, it might be a little challenging to get that, but we know how to extract margins because we worked in the e-commerce space. The fulfillment models are exactly the same how it is for any of the large e-commerce retailers, in terms of methodology, process, flow, etc. is almost exactly the same.

So really speaking, the margins do not get compressed at all too much. We are not on purpose adding too many customers and too fast in terms of sites, because we want to see how they evolve as well, they will change their business model also. So we don't want to be sitting on the wrong side of the fence when they change models. So we are taking a wait and watch approach, but we are also growing simultaneously.

Mr. Anshul Agarwal: Perfect, perfect. Many thanks. That is it from my side, Thank you.

Mr. Vineet Agarwal: Thank you.

Mr. Ashish Tiwari: Thank you.

Ms. Simran: Thank you, Sir, So the next question is from Mr. Manoj Jethwa, Sir please go ahead.

Mr. Manoj Jethwa: So, thank you for the follow up questions. Sir, as far as the present challenging situations are there in the economic level in certain sectors like auto, FMCG and all that. That's what we have discussed during the call. But we do have some green shoots also, or the growth drivers also like you have given the case studies of the Japanese company. So, do you see some synergies for, for foreseeable synergies for such companies where we have got revenue visibility and we have got a very good margin also?

Mr. Vineet Agarwal: No, these are not necessarily green shoots, I think there are lots of green shoots. Again, you know, business growth is there, at 10, 12% top line growth that you have seen, is not, not because of some green shoots only, but because constructively we have got a lot of business as well. Whether it is increasing market share from some customers or increasing market share in some areas or getting new kinds of businesses. But more than that, it is solution building that is important because this is not just one type of solution that we've done for one customer, but these are multiple types of.

We just showcase you one type of solution that there is, but we have many, many solutions on a daily basis because otherwise we will not be able to maintain the margin structure that you see, in our net net business and, ultimately the driver for us is solutions is not going to be only pure play, commoditized transportation, We don't want to do that, We have done doing that less and less as we speak and hence, you see the margin profile remain so. So yes, there are lots of segments that have growth and growth opportunities, which we will continue to tap, We talked about chemicals, we've talked about cold chain, we've talked about defense in the past. So like this there will be continuously looked at new areas.

Mr. Manoj Jethwa: Thank you, Thank you very much. That's all for me, Thank you

Mr. Vineet Agarwal: Thank you

Ms. Simran: Thank you, Sir, So we have someone joining us from Phillip Capital, I request to please go ahead with your question.

Mr. Vikram: Oh, yeah. Hi, Sir. Just as a bookkeeping question, hope I'm audible.

Mr. Ashish Tiwari: Yes, yes, yeah. Vikram, please go ahead.

Mr. Vikram: Okay, Sir. So, this 32 branch addition, is it for this quarter or first half Because I think we had 15 additions in first quarter.

Mr. Ashish Tiwari: This is for the first half, So 13 plus 17

Mr. Vikram: okay, understood. Okay.

Mr. Vineet Agarwal: 32 in total 15-16 I don't remember the exact the first half and the

Mr. Ashish Tiwari: 15 was was the first half when now 17 in the second half, So second quarter right.

Mr. Vikram: Understood and basically there has been some increase in Inter-segment revenue.
Is it, now we are using, for our supply chain business also or what is that? Like, are we like a cross, uses of our services?

Mr. Ashish Tiwari: So these are all like services industry between supply chain and, the, the, the freight division as well and a bit of, spot is there because of increase in some of the volumes.

Mr. Vikram: Okay and what was the rake movement and container for the first half?

Mr. Ashish Tiwari: Rake...

Mr. Vineet Agarwal: Is there if you go to the, just go to that slide of, multi-modal. No, no. Further down. Down, down. Yeah, so rakes is all, almost the same numbers as last year in the first half, and the TEUs moved is slightly higher for 5%.

Mr. Vikram: I've got it, Sir and was it, Will it be able to because I think earlier you used to share the profit number for our joint ventures also. But that is I think the number we could not see.

Mr. Vineet Agarwal: Yeah, we are we, we can't share that numbers. I think maybe Ashish can speak to you one on one.

Mr. Vikram: Understood, thank you very much.

Mr. Vineet Agarwal: Thank you.

Ms. Simran: Thank you, Sir, we have Mr. Alok Deora back with us, Sir Please go ahead.

Mr. Alok Deora: Oh yes, Sir. Thanks for the follow up for for taking the follow up question, Sir just wanted to note this case. There would be two things kind of happening. One would be the freight rates would come down, as you mentioned and also your dry dock could be at the end of the year, so this 160-crore run rate of revenue, could that continue in in 3Q and 4Q?

Mr. Vineet Agarwal: Yes, it should continue if I will. It's clearly dependent also that the freight rates will remain stable at that level.

Mr. Alok Deora: Right But you would have increased capacity also, I mean, just want to know

Mr. Vineet Agarwal: No, no, no capacity was only in Q1. you mean from last year, Q4?

Mr. Alok Deora: right

Mr. Vineet Agarwal: Yeah, Okay. Well, I don't remember, Ashish, what ships were under dry dock in Q4 last year?

Mr. Ashish Tiwari: There was I think one ship was in middle of the dry dock.

Mr. Vineet Agarwal: Yeah, Okay.

Mr. Alok Deora: Right and, just from a two-year perspective of what we gather is that the freight division is not going anywhere big time in terms of growth or margins, right. So could this this business become like a pretty small portion for us going ahead, like as you mentioned, or supply chain could be the biggest segment in two years' time and even see us as a ship comes in, becomes big, So how are we looking at this freight division in totality?

Mr. Vineet Agarwal: No, we do expect the freight business also to pick up again. We are building customized solutions around that and more and more it's becoming it will become an LTL business, which is higher margin. I mean, the ROCEs is in the business is still quite decent here. We're looking at right now we're at about 17%, I think, if I don't remember correctly but we've done 20-25% also ROCEs in this. So so it is, Yes. I think if you just put full slide Ashish 27% in 22, 23 are 21% last year, so, yeah. So it is in excess of 20% type of ROCE business and we will continue to We don't have to put in much in terms of, assets, It's only working capital, and find the right, LTL mix. I think the business should grow.

Mr. Ashish Tiwari: The the concept of capital employed is just a working capital, So that also dependent on the interest cycles and so on and so forth. And so let's say if we see the easing of monetary rates, probably that would ROCEs would further improve apart from the profit aspect of it.

Mr. Alok Deora: Sure, just the last question. So, you know competitors like we are logistics have taken a price increase at the end of first quarter in the freight business, they are majorly on the LTL side. So, I just wanted to understand, are we also looking at any price increase or the demand is just not there for any price hike?

Mr. Vineet Agarwal: Ashish, any thoughts on this? I mean…

Mr. Ashish Tiwari: No, I think, so basically, VRL might have chosen to have an announcement, around the, the price hike and so on and so forth but in, in our contracts and most of the time we, we do have a cost escalations, whether in terms of wages or for, for supply chain, side or maybe, the, the fuel price. So that is always there, cost escalations and then they can be increased on a 1 to 1 basis. So, it cannot be an announcement that we would, like, increase throughout all the contracts, probably we may not have that kind of outlook.

Mr. Alok Deora: Got it, that's all from my side, thank you Sir.

Ms. Simran: Thank you, Sir. The next question is from Mr. Ronald Siyoni, Sir, please go ahead. Mr. Ronald, are you there?

Mr. Ronald Siyoni: Hello, am I audible?

Mr. Vineet Agarwal: Yes, please go ahead.

Mr. Ronald Siyoni: Yeah, yeah. Good afternoon, Sir, and congratulations Sir and very good numbers.

Mr. Ashish Tiwari: Thank you very much.

Mr. Ronald Siyoni: Sir On, I wanted to understand, you know, your JVs have been, you know, you know, you know, outperforming overall industry growth rates. If we see Concor like, extreme growth has not been, doing well still, high double-digit growth in Concor then and also doing very well. Transystem system doing phenomenally well. So, you know, this business is how they can, you know, a very strong growth compared to the industry, no growth rates in which they are.

Mr. Vineet Agarwal: They are all respectively in their growth area phases like Concor Business competes with the, you know, Concor rail business again, there are some competitors in that space also. We grow we try to grow with the right profitability, more importantly, cold chain business. We are amongst the top ten companies now and hopefully the next, two years we should be in the top three customer companies in the cold chain and automotive logistics, It is the number one company in India. The transystem logistics. So yes, in our in each of those spaces they are competing to be the best.

Mr. Ronald Siyoni: Okay and lastly Sir is there any chance that we could increase our stake or is, you know, you would have to limit the stake in this, JVs.

Mr. Vineet Agarwal: No, these are all strategic stakes that we have and how we worked on them. So, there's no question of increasing.

Mr. Ronald Siyoni: Okay, Thank you very much, Sir.

Mr. Vineet Agarwal: Thank you.

Mr. Ashish Tiwari: Thank you.

Ms. Simran: Thank you, Sir. There are no further questions. Now I hand over the floor to Mr. Ashish Tiwari for closing comments.

Mr. Ashish Tiwari: Thank you, Simran, for moderating the call and sincere thanks to all of you who joined the call out of the busy season, I think we have answered all your questions and if you have any further questions, you can write me back. We will see you in quarter three call again and on behalf of TCIL Parivar, we wish you a very happy Diwali and take care and thank you.

Mr. Vineet Agarwal: Yes, well, I would also like to wish everyone, a best wishes for the festival season. Thank you, thank. You.