10th August, 2022

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 4th August, 2022. Same is also available on the website of the Company at http://cdn.tcil.in/website/tcil/investors-analyst-corner/concall-transcript/TCI%20Concall's%20Transcript%2004th%20Aug%202022.pdf

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

Thanking you
Yours faithfully,
For Transport Corporation of India Ltd.

TRANSPORT CORPORATION OF INDIA LTD. Corporate Office

Archana Pandey
Company Secretary & Compliance Officer

Encl: a/a

Transport Corporation of India Limited
Corporate Office : TCI House, 69, Institutional Area, Sector-32, Gurugram -122001, Haryana (India)
Ph. No.: +91 124-2381603, Fax.: +91 124-2381611 E-mail : corporate@tcil.com Web : www.tcil.com
Regd. Office:- Flat Nos. 306 & 307, 1-8-271 to 273, Third Floor, Ashoka Bhoopal Chambers, S P Road, Secunderabad - 500 003 (Telangana)
Tel: +91 40 27840104 Fax: +91 40 27840163
CIN : L70109TG1995PLC019116

“Transport Corporation of India Limited Quarter 1 Investor Conference Call FY 2023”

Aug 04, 2022

MANAGEMENT: **MR. VINEET AGARWAL – MANAGING DIRECTOR,**

MR. ASHISH TIWARI – GROUP CHIEF FINANCIAL OFFICER

Komal: Good evening ladies and gentlemen. I am Komal, the moderator for this conference call. Before we begin with, I would like to extend my warm welcome to all of you for joining us today. On behalf of the Management, we have with us, Mr. Vineet Agarwal, Managing Director, and Mr. Ashish Tiwari, Group CFO.

At this moment, all participants are in listen only mode. At the time of questions and answer session, participants can use the raise hand feature in the call and wait for their turn. Please note that this conference is being recorded. I would now request Mr. Ashish Tiwari to embark on this meeting. Thank you. And over to you, sir.

Ashish Tiwari: Thank you, Komal. And good evening to all of you. Hope you are doing fine. And thanks again for joining us today in between your busy schedule for calls and results. As usually, we are beginning with our investor presentation, and followed by the questions. Now, I will invite Mr. Aggarwal for the investor presentation. Thank you. Over to you, sir.

Vineet Agarwal: Thank you, Komal. Thank you Ashish, can you please put on the presentation, Ashish? So, good evening, and thank you for joining us today on this investor call. It's been a very interesting quarter for us. Actually Ashish, could you go back to the previous slide. This is a very nice depiction of what we are doing as an organization in terms of all kinds of modes of transport and all kinds of services across the country and across different parts of the stock region. So just to indicate a depiction of what the organization is all about. Going forward, I think a lot of this information is already known to you. So I would not repeat it. As I said, the quarter has been quite interesting over the last year. And so all these trends that we're seeing the goods drivers are all playing out as we speak, certainly post the second wave last year, we've seen a good jump in terms of both revenue growth and certain amount of profitability as well. And the trends in terms of consumer led trends as we have been seeing are accelerated. The customer trends in terms of outsourcing has increased quite a lot also, because the kind of slowdown that happened in COVID are the kinds of changes that have happened to supply chain in COVID has prompted a lot of customers to relook at their supply chains. And now we are seeing a lot of RFQs in pipeline as we speak. All the government related trends are also quite interesting in terms of new areas to, for example, the Gatishakti rail terminals that have come up, the 100 terminals with a very flexible approach. We've also seen the national logistics policy should get announced by the honorable Prime Minister this year, this month in fact, as per news reports. So overall and the push towards the invoicing, as we read that e-invoicing above 10 crores is now mandatory in the next month, I think in from first of October, so we will definitely see that many of these trends that will play out towards helping our organization as well, the formalization of the economy, the changing consumer trends and the growth and the impact of infrastructure, they're all positive for us. The organization has, as we've always talked about a strong range of products and services going forward, we can see that in this chart. Next slide Ashish. So this is really capturing broadly all the activities that we're doing in all the verticals that we are serving, and in fact, what the customers are really getting out of this from a single window solution, as well as a certain level of operational efficiency. We have various tools that help customers to go through to you know, in their journey of, of logistics, we are able to provide them as many services as possible. We have been building a strong multi modal network for the last decade, and that has essentially resulted in the work that we're doing on rail logistics. In in the last month, we have loaded more than 100 trains for just automotive movement. So the kind of trust that is there from the logistics from our side has increased tremendously. You are aware of the six ships that we have on the coastal waters and on the road side, we have a large container base, as well as handling a large amount of PUs, as well for all types of customers, and we do operate out of 55 yards and 60 terminals across the country. In this process of growth, we are constantly incubating new businesses. We've talked about cold chain, how that has become a new joint venture for us. And going forward, we also see areas like chemical and pharma, agriculture, renewables and SAARC, also growing very, very rapidly in the next two to three years. The logistics today cannot be run without an IT system and have a very strong IT backbone. And that is not only at our operational level, but we've also created at centralized monitoring systems, control towers. And simultaneously, we are also engaging in digital transformation with several projects that are underway. And maybe we'll share two words little later. I don't know if it's the next slide, but something about operations that we are doing for some of our clients related to technology. So, these slides are not there in the presentations that are uploaded, because these are proprietary and customer centric. So, this is for a dark kitchen for a customer, where we do pickups for all the SKUs that they have from home products to bakery items, and so on and they are stored at two locations and they are almost 25 Lakh units that are there. Some of them are stored at ambient temperature and some of them are stored at minus as well. And the idea is that we have to really make them into pods, like the boxes that you see at the bottom of the screen and send them to various locations, where then it is then distributed further. So, they go into the kitchens actually. So, this is a very interesting business that has picked up and we have been able to provide all the services at a very high degree of efficiency. The next one is a project that we are doing for a large chemical company, multimodal logistics where we are actually integrating the entire operations and the visibility that we have for the operations to the client is the word control tower, that control tower is visible to us as well as to the customer in whatever areas they want. When they place an order for let's say a container movement by rail, they can see the order processing once that container or that whole bunch of containers that are moving on the rail, they can track that on our site as we're getting the API's from railways. Subsequently, they can also see what orders or what containers are lying where across the system. And simultaneously since there is also a road element in it, the trucks have GPS. So when they are getting delivered to the final customer of the chemical company, they can also see where that container is. This overall management of the various applications from different sources is all integrated through a middleware and customer is able to see all of that. What we also trying to do is to link the customers ERP to our ERP so that we are able to even do digital billing in the future. This is a very progressive customer that is looking to do digital billing, and that is so versus many customers who just want physical bills, even though it is mandated to get e-invoicing. So, again, this is some of the capabilities that we have and we are doing this for many other customers as well. This has been our best quarter in terms of revenue growth over the last quarter typically Q4 for us is the highest quarter which was around 905 crores in terms of consolidated revenue with a shade higher at 908 crores. This is I think some of it is because of the fact that we have little bit of a two factors. One is that last year, the base was lower, the second is the momentum that we had from Q4 continues as well. But clearly there are some mixed trends that we see because of inflation, a few sectors are getting affected, but not to that extent. And I think we will see more of that in the next few quarters. But otherwise, we seem to be in a good place. Our net borrowing still remains at zero though, we are sensing some delays in market payment in terms of liquidity, because I guess many companies have increased their working capital as well. And also interest rates have gone up. So they're delaying payments. However, it has not affected us negatively so far. And clearly the trends that we have are very much aligned to what the strategy is and clearly the fundamentals are playing out. Now, I take the freight business here, the freight business, I won't go into details about the each of the businesses, I guess you're aware of them. So operationally, the business grew at about 30 plus percent in the quarter versus last year. And the margins are at the same, slightly lower in terms of EBITDA. But EBIT margins are the same level as last year. There is a little bit of a slowdown that we're seeing with the MSME clients. So, we feel that there could be some impact with the LTL shift. But we should be able to catch up in this quarter. The projections are that we should get to that 40% level, again, by 2022 to 2023. The freight rates are up in the many sectors. Ashish, if you can go back please. The freight rates are still higher in many sectors across the country. But we have a little bit of a lag when it comes to pass through of the costs. But we've not had any losses because of that. The ROC remains at 20 plus percent last year, as you know that we grew the ROC above 20%. And we will maintain this number going forward. The supply chain business has seen a remarkable jump in terms of volumes as well, with a 33% jump. Clearly the auto sector has started to come back as I mentioned, in the last month, we had more than 100 trains that we moved for automotive, that continues, as that's an ongoing trend for the years. So we will cross to more than 1000 rake movements for automotive segment in this year. So as a company we are truly becoming very, very multimodal, the auto rakes are really helping us to offset some of the fuel price impact that has happened. Though the EBITDA margins have again come down here but EBIT margins almost same level. This is a little bit of perhaps a seasonality issue right now. And also, in the larger contracts, the pass through might be a little longer. So we will definitely see the numbers coming back in the next two, three quarters. The trends are also very good. We have a lot of demand from customers on not just the automotive side, but even in the non-automotive side. We have won several contracts from large FMCG companies. We are also in the fray for many large contracts right now. And I think those are things that we will perhaps share more and more as through the year. The seaways business clearly has a large potential with seaways only coastal shipping being only 6% of the national movement across the country. So there is potential in this business. As I've been saying that we've not been able to acquire a ship, because of the asset prices being very high. The business would have grown much faster, but nevertheless it has grown substantially over the last year in the same quarter. The prices of container rates have not really come down too much. Because on the domestic front, yes, there has been some slow softening on the international side, but it has not come down that much yet. The cost structure is also moving up with the cost of sulfur fuel, though sulfur fuel increasing quite rapidly in the last two, three months. We have three ships that we bought for dry dock. In this financial year, one has been completed, one should get completed in the next few days, and then the third one will be heading out. So our estimate is that within the first six months of the year, all three shifts should really finish their dry dock as well. In the joint ventures have done also reasonably well. TCI Concor, grew at about 8% from last year, with profitability almost at the same level as last year. We have seen good traction in terms of customers and we are trying to work with certain types of customers that are more long term in nature rather than some contracts that typically come for short term growth. And the cold chain side business has grown by close to 30%.

Over the last year, it is of course at a lower base, but the trends are also very interesting. I showed you the example of ADAPT teaching, as well. The transition joint venture has grown quite a lot with about 85% increase. And the profitability is also back to the same levels as last year. We do expect with Toyota, which is the principal customer here is business to do exceedingly well also. In terms of the overall financial highlights, at a console level, revenues are up by about 30 plus percent. And profitability is up by about PAT is up by 66%. Again, driven largely by the CVS business, but also strong growth coming from all the other businesses as well. The ratios are all looking good. The capital ROC numbers are at 25 plus percent, RoNW numbers are 22 plus percent. The last year console PAT was a significant jump and our guidance of 10 to 15% top line and bottom line continues. Even though you might think that this the growth is quite high, the reason why we are sticking to the 10 to 15% is because from Q2 onwards, we will see that we the base will change. And also perhaps in Q4 there could be a little bit of a slowdown is our anticipation but yes, I think we will relook at the numbers again, post Q2 in terms of how things are. I think on the ESG front, the work that we're doing on multimodal logistics is quite, quite remarkable compared to many of our competitors. So we'll definitely see this as a really, really important driver for us in the next few years. In terms of CapEx plans, we have about 300 crores of CapEx that is in the pipeline. As I said earlier, also the plan to acquire ships are underway. We've not been able to get it yet. But as we are seeing the global container prices softening, we should see some improvement in in our ability to buy the ships. Otherwise some of the CapEx has started and I think the other things we should be able to definitely cover in the next three quarters barring the ship purchase and the containers associated with it. We do expect the festival trend to really help us in next the stocking it has already started. We are very proud to also announce that we were the only logistics company from India that has won the National Logistics Excellence Awards. It is the first time the government of India under DPIIT and the Ministry of Commerce had really started the logistics of awards and TCI is the only company, domestic company that has won two awards for best service provider for warehousing and for cold chain services. Again, this is in terms of the excellence that our team provides to customers throughout the year. Thank you again for joining us. We're open to questions.

Komal: Thank you, sir, for the valuable insights. Ladies and gentlemen. We will now start the questions and answer round. If you have any questions, Please use the raise hand feature in the call. I will request you to start with your name and organization name followed by your question. So the first question is from Mr. Ravi Sir, please go ahead.

Ravi Naredi: Hello. Are you listening the sir? Okay, thank you very much. How much growth and margin we are expecting for current year? Will you give net profit margin or EBITDA margin for current year also? Please, my name is Ravi Naredi. I'm from Bhilwara. I'm very long shareholder in TCI Express and TCI Company, both.

Vineet Agarwal: Mr. Ravi, as I said, our guidance is 10 to 15% on the top line and bottom line, and we are sticking by that right now.

Ravi Naredi: But these were first quarter you had given 66% growth, so 10 to 15% is too much low.

Vineet Agarwal: As I said, you know, the full year trends we have to see and Q2, Q3, Q4 last year was quite good as well, Q1 last year was, as we know, we were dealing with the second wave. So things were drived a lot slower. So we are looking at a little bit more on the conservative side, in terms of and as I said, you know, the impact of the, perhaps a global recession, perhaps the slowdown that might come because of that and maybe some inflation pressures could have an impact on Q4 of this year. So our projections are showing that a 10 to 15% at this point is reasonable. And as I said, after Q2, we will review it again.

Ravi Naredi: Thank you, and how shipping business performing with neighbor countries. Is Sri Lanka problem impact us in any way?

Vineet Agarwal: No, not at all. We do not go to Sri Lanka, we go to Myanmar sometimes and that business continues. We do make occasional trips to Myanmar.

Ravi Naredi: So their pulses, are still we will import from there.

Vineet Agarwal: That's right. Government has allowed pulses import from Myanmar until 31st of March next year. So that opportunity still exists.

Ravi Naredi: It's a last question. Now please tell, in this segment, we are planning to grow more like trucks, or container or coastal cargo ship or cold pellets?

Vineet Agarwal: I think you know, it's very difficult to tell you that we will roll in one segment. Clearly the growth in seaways comes from the moment we add more ships. So that's definitely a capacity issue. But the other two segments, growth comes from acquisition of clients. And that is an ongoing process for us. And as well as any other joint ventures and so on. So, clearly speaking, no, we don't have a specific target saying that this division is going to grow faster or more and so on. But, yes, we see growth coming in all segments.

Ravi Naredi: So when ship delivery will come?

Vineet Agarwal: We don't know yet. We are still waiting for finding the right opportunity to buy the right ship.

Ravi Naredi: Okay. Thank you very much. Nice. Talk to you. Thank you. Welcome.

Komal: Thank you sir. The next question is from Mr. Alok. Sir, please go ahead.

Alok Deora: Good evening, am I audible? Good evening, and congratulations on a decent set of numbers. So just wanted to understand. So the shipping business you mentioned about the three ships coming back in the system by start of, you know, quarter three. So what kind of revenues we are looking at from that particular business now for this financial year?

Vineet Agarwal: No they are not coming back in Q3, in the sense that one ship went and came back already. Second ship is coming back in the next few days. And the third ship, so before Q2 is over, all three ships would have finished the dry docks. So then we are ready for the full year for the next half of the year in terms of whatever opportunities are coming. So overall, we expect the business grew quite substantially in the last year and lot of it was because of value growth and some amount of volume growth. I don't expect a lot of volume growth in this coming year and a little bit of value growth. So I think a 10 to 15% top line growth and around the same in terms of bottom line is what are expecting.

Alok Deora: Sure. And also know if we look at the freight segment or, you know, the share of LTL has increased to 65%, perhaps that's the thing which is reflecting in the lower margins as well. So you mentioned about that, moving back to 60%. But what's the reason for such a huge change? And how is July been for us in that particular segment?

Vineet Agarwal: I cannot really mention what specifically happened in July, but I can definitely tell you that the trends are moving back towards the LTL Business. The MSMEs did feel a lot of crunch because of increased inflation, and input prices going up. So we saw that there was a little bit of a shift from that segment. So but I think this is going to come back in the next two, three quarters. Also, adding to that point, the festival stocking has started to happen. And that is a lot of that is based on, of course MSMEs moving cargo.

Alok Deora: Got it. Just last question. So coming back to the seaways segment, again, the margins have been, you know, pretty healthy. And in the presentation also, and in your opening remarks also, you mentioned about some return load from Myanmar. So has it continued in a big way? And how are the freight rates moving there? Because what indications were there that, you know, things are the margin will sort of come down and kind of normalize, but it has to continue to stay elevated even in the quarter?

Vineet Agarwal: Yeah, I think you know, our thought process was that it would have come back come down, really, but it did not to some extent, and I guess it's positive for us. The rates are continuing in terms of, they are still at the higher levels. We've not seen it come down yet. So I think we are still bullish for the next two quarters.

Alok Deora: Sure. I'll come back in the Q5 for more questions. Thank you, and all the best sir.

Vineet Agarwal: Thanks Alok.

Komal: Thank you, sir. I would request you to start with your name and organization name followed by your question. The next question is from Mr. Kripashankar, sir. Please go ahead.

Krupashankar: Hi, good evening, this is Krupashankar from Spark Capital. Thank you for the opportunity. First of the question on the seaways business, while you did mention that things are progressing quite good. But you know, looking at these prices, you have seen a sharp jump in June. And, you know, given that, I just want to understand is there a price hike which is already taken or is there going to be a lag in the contracts, which will be executed in the second quarter given that it's seasonally weak? So can you expect that margins can fall off the cliff on a sequential basis?

Vineet Agarwal: Oh, I don't think it will fall off the cliff. But it can soften a bit because of higher input prices, but volume growth can be affected a little bit because of the. That will get impacted. But I don't expect to really fall off the cliff. We're not seeing that yet.

Krupashankar : So continuing with that, then, you know, perhaps you're seeing that other crude derivatives have softened. So here in also you will see that, you know, correction should happen. And eventually given that, you know, you're expecting more growth in the seaways business driven by realization growth. My question was more revolving around, is price only a function of the sulfur prices or is there anything else which is driving it given the volumes are also softened?

Vineet Agarwal: Yeah, you're right, the price is not driven only by the cost of fuel. It's driven by demand and supply. And we've seen that global demand and supply for container vessels, as well as containers has oscillating and in fact, now softening in many parts of the world. So and even the large shipping lines have also indicated that prices will start softening rapidly in the next two, three months or so. So that demand like gap in India still means to a large extent from a domestic logistic perspective. So, that value is not too much. On the international side that is the Myanmar sector, we've not seen prices come down, prices have come down, but not to that extent. So, with a little bit increase, we will be able to be quite comfortable in terms of margins. As I said it might soften a bit but it will not fall off a cliff.

Vineet Agarwal : Okay, I think he dropped out, maybe we'll take the next person.

Komal: Thank you. So, the next question is from Ms. Pooja Nagarsheth. Ma'am, please go ahead.

Prit Nagarsheth: Hi, actually, this is Prit Nagarsheth. That's my display name which continues to show Pooja. Anyway my name Prit Nagarsheth I'm from. So the question Vineet, I wanted to ask is that, what percentage of the business do we have from Myanmar of the total ship businesses that we have.

Vineet Agarwal: It's not very large, it's very small. As I said, you know, it keeps fluctuating from quarter to quarter. So it's, it doesn't have a large impact. It's more the domestic market is quite robust. And that is what helps us in in terms of keeping up the growth both in profits and…

Prit Nagarsheth: Which means that post 31st of March if it is not continued by the government and if this business drops off, it will not have a material impact.

Vineet Agarwal: Not really, it is not, material is anything, you know, beyond 10-20%, it's not going to have that kind of impact, not at all.

Prit Nagarsheth: Okay. The other question I had is that if you were to identify a ship, how much lead time would it take for you to get one operational?

Vineet Agarwal: Well, you know, the ships are typically secondhand ships, so they're already operating on the global waters when we buy them. So really speaking, sometimes, it depends on the ship, maybe we have to do some kind of repair work etc. Before we fully operationalize it, but entirely depends on sometimes just you bring it in as you start running it literally. And you have to also get containers along with it. Clearly, containers are not easily available to buy, but they're available to rent. So we would typically do that. So let's say if it's 1000 TEU vessel, we would typically have 3000 containers along with it. So 1000 at origin port 1000 on the ship and 1000 at the destination port. And that's how we will operationalize it. So it doesn't take very long to get it operational. But what is important is that if it's 1000 TEU ship, are we able to get 1000 TEUs right away, as we can see in the marketplace currently, yes, there is a large demand and if we get a ship, we should be able to get a full load quite fast.

Prit Nagarsheth: The other thing is, on the freight side, you mentioned that there'll be an e-invoice requirement post 10 crores of turnover. So how do you see that helping the freight division?

Vineet Agarwal: Well, you know, it's for all businesses. So not necessarily affecting freight only but even seaways because there are lots of smaller customers also use maybe one container or whatever, it helps every business because of formalization. It means that a lot of customers have to deliberately invoice as well as deliberately use the E-Way Bill system etc. And which means that they will not use the other transporters, the non-organized guys, etc. So that helps us quite a lot. Since we have a national network. We are a company with a legacy of 64 years so everyone trusts us when we're doing work with them. So, so the formalization of the economy is a direct benefit to organizations like us.

Prit Nagarsheth: And lastly, are you seeing any decrease in the competitive intensity from all the startup plans?

Vineet Agarwal: No competitor intensity never decreases. I think you know, even if there are no direct competitors, you always have some imagined competitors, because otherwise, you will never be, you will get too complacent. So I think, really speaking, we've not seen less intensity in any form. There are companies that come very aggressively because they have a lot of money and then they slow down a bit. Somebody else comes or somebody is coming with an IPO also. So they want to take more revenue. So they will do revenue buyouts. So yeah, so there are all kinds of competitors that are there.

Prit Nagarsheth: All right. Thank you. I wish you all the best.

Komal: Thank you. So the next question is from Mr. Aman. Sir, please go ahead.

Aman Vij: Good evening. This is Aman, which from Astute Investment Management. I have two questions, first on the supply chain division. So what we understand is that supply chain can be broadly divided into two parts warehousing and say the other distribution business and warehousing is a very good margin business, maybe double digit. So if you can explain the reason for this low margin in the division, and over a period of time, also, do we expect only this 5-6% margin business or can this number improve drastically? This is the first part of supply chain.

Vineet Agarwal: Yeah, so, I don't expect it to improve dramatically. We've always maintained that the EBITDA margins for this business is between 10 to 12%. It's a little lower in this quarter, because there's been a high volume growth that has happened. And also, as I said, we moving a lot of cargo by rail as well. So there is absolutely a bit of margin squeeze that has happened. But I think we will catch up in the next few quarters because of the economies of scale also. Typically, when you are growing the supply chain business, you also get a lot of bench strength, in terms of having people available, the moment you suddenly have a new contract, you want to ensure that it is we are ready for those contracts. And that would mean that you might create some bench strength, you might create some extra capacity, and so on. So that's why it is a little lower. But I'm confident that we will come back. If you see so many of our competitors, they are even worse off. I mean, our 10% EBITDA is unheard of even with large, other competitors, where they don't even have even with a completely asset like model. They don't even have that kind of an EBIT levels. So yeah, so I think we are confident that these numbers will come back.

Aman Vij: Sure. Next question is on the fleet division. So we saw 30% kind of growth this year. So it can broadly talk about what was the volume growth in this part.

Vineet Agarwal: So we don't split it on terms of volume and value, specifically, because there is LTL, which you know, is not necessarily going by only by weight, they also go by volumetric movement of power. So I don't have a specific number in terms of sharing what is been the volume versus the value growth, but certainly value growth is much higher than volume growth for us. In the case, because we are always doing some kind of value add or the other. The business as I also mentioned last year, we were in the middle of the second wave. So that subdued the business specifically in the MSME space, we saw a little bit subdue, our freight business also acquired some large contracts in the first quarter of the year. And that has started to play out also as well.

Aman Vij: Sure sir. If value one is obviously more LTL share and be providing better service but does higher value growth does also signify that majority of it was just the price increase because of higher rates of the petrol or diesel.

Vineet Agarwal: Some of it is clearly because of that, that you have higher practicing because of fuel price increases. But some of it is also because you're able to give a certain service which other competitors are not able to. So yes, it's a combination.

Aman Vij: Sure. So the final question on this train racks which you are talking about scaling to almost 1000 for the full year. If you can talk about what was the number last year and is there opportunity to keep scaling this business even further.

Vineet Agarwal: I mean, if you see the slider and multimodal, Ashish, you can just put that up please. In the last year, we did full rake movements of recollect but close to 1100 or something. So in terms of that, we are definitely quite ahead in terms of the movement. So, yeah, this is a number that we'll be able to see and track for the most quarter as well.

Aman Vij: And you think this kind of growth continues?

Vineet Agarwal: Yes, we do. Thank you.

Aman Vij: Thank you sir, this is it from my side.

Komal: Thank you sir. So, the next question is from Mr. Yash. Sir, please go ahead.

Yash Tanna: Good evening. Vineet sir. This is Yash Tanna from ithought Financial. I hope you're audible. Firstly, congratulations on a good set of numbers. I think you partially answered this question. But I had a question on the seaways division. So seaways will be having these trips to Myanmar till next year. And even though, the shipping rates are quite high. So this year, would be a very high base for us for the next couple of years. So how are we thinking about the seaways segment growth, from a three to five year perspective, I know we are adding a ship, but then this forms a very high base, this year forms very high base. So how do we see it going forward?

Vineet Agarwal: Yes, you're right, that there is a higher base that we're coming off in this financial year. But what we see in terms of growth opportunities is clearly when we add more capacity, you will see more growth coming with, you know, 1000 TEU ship or larger ship that comes in, it certainly adds to volume as well as value for us. So the intent is to add that as soon as we can. And the visibility is more towards Q3 Q4 of this year, for that addition to happen. So yeah, so I think that's one way to look at it. And of course, the other thing is that the softening of global prices might not have that much of an impact in India, because still the demand is quite high. So I think the coastal shipping business continues to remain strong. And that's where we should see reasonable value growth.

Yash Tanna: So we would expect the shipping rates to remain not go back to pre-Covid level something, even for the next two, three years?

Vineet Agarwal: Well, two, three years. I cannot say yet, because fuel is an interesting and important component as well. And of course capacity. So I think it'll be a combination of how those trends are and how fast capacity comes into the market. So I think definitely in this year, I think we should be able to maintain the margins.

Yash Tanna: And probably next year onwards, we'll have the new ship addition, so growth will continue at similar levels.

Vineet Agarwal: That’s right.

Yash Tanna: Thank you so much. And best of luck.

Vineet Agarwal: Thank you.

Komal: Thank you, sir. The next question is from Mr. Sunil Kothari, sir, please go ahead.

Sunil Kothari: Thanks for the opportunity. Congratulations Mr. Agarwal for such a really commendable job. Sir, I have two questions. One is, very interestingly, you mentioned the sentence that you just don't think about existing competition, but including imaginary competition, which is really something very different I heard from some CEO like you. So, what I understand it the way you created barriers or modes, it looks very difficult, not impossible, but very difficult for somebody to penetrate and disrupt your size or find your capabilities in your this business. So what is the factor or which are the area where you feel you should be keeping watch on which other barriers you are creating, which becomes very difficult for somebody else to easily penetrate and come and perform profitably, some thought process from longer term point of view?

Vineet Agarwal: Yes, I think you know, there are and thank you for the question. Our thought process always been that keep a watch on competition wherever, whatever they're doing. And there are businesses that when they see the kind of growth that we have, they also want to get into areas like this. So, there are several ways that new entrants start coming in, one is clearly PE funded money. And there, they have, they play with that money. So they are buying revenues, and they are entering the system and disrupting things. And we see that on a constant basis that is happening. Some might have a disruptive technology initially, but maybe not that is going to last, it is quite some many we've seen are quite easily replicable also. Then there are companies that are looking to go for IPO as a sector and there they start buying revenue also. And, again, we've seen this in our history, in the last 10 years, many new companies that have come in, they've just initially just bought revenue, so that they are able to show that they have a good growth framework, but it doesn't remain. And there are companies that we think will get into some businesses, you know, there are, I don't want to name names, but there are large business houses that are thinking about doing logistics services and logistics businesses and so on. And they keep exploring ideas and options around it. And that's what I mentioned about companies that are competitors that could be imaginary, where they could enter it. So we have to be again constantly aware and vigilant about what's happening in the market. So yes, we have a system where we are able to get a lot of information because we have this base of large customers, as well as large customer as well as branch offices where we channel all this information and we are able to think through that. We are not perfect but there's a lot of learning that is always we're trying to build.

Sunil Kothari: Really great sir. Second question is, your macro view on your so many customers and sectors you have, what's your feel about the economy, macro trends of your sector value, the general view?

Vineet Agarwal: So, our thought process is that from a macro perspective, India has a lot of potential for the next decade or two decades, the consumption power is increasing quite rapidly. The government is spending very heavily on infrastructure. The ease of doing business is also improving. All of these factors means that formalization of the economy will increase also quite rapidly, which means that organized companies like us and trustworthy companies like us should do well. Simultaneously, on a short term basis, we are seeing sectors like textiles, automobiles and certain consumer driven sectors also now picking up steam because of the festival season coming up and also because of a good monsoon. So I think this year looks interesting and good, but there are certainly headwinds from inflation perspective as well as from a global recession. So perhaps in the next year, could be a little softer. But India trend seems to be quite attractive still.

Sunil Kothari: Thank you, sir. Wish you Good luck. Thanks a lot.

Komal: Thank you sir. The next question is from Mr. Omkar. Sir, please go ahead.

Srinivas: This is Srinivas from Mirabilis. Firstly, thanks for presenting those case studies. Those definitely help us understand your business a bit better. Just reading through your Annual Report wanted to kind of get more color on a couple of things. One is, it looks like the overseas subsidiaries like the Bangladesh, Nepal, etc. There'll be slightly better activity last year, but wanted to understand how do you see basically, is there any bigger opportunity there because their scale is still very small. So, is there any bigger opportunity there over the next two, three years to build businesses based on either cross border or even local, kind of a logistics opportunities? That's the first question.

Vineet Agarwal: Absolutely. I think you know, the reason why we established companies in places like Nepal and Bangladesh, because exactly for that reason to see cross border opportunities which are end to end and seamless. So for example, one of the case studies that we have not presented and we perhaps might next time is that for an automotive company that was usually using roads services to get to Bangladesh, we are now providing them for the component movement through containers via rail. And that has saved them at least 30 to 45 days in terms of transit time, in terms of the delays, which will happen. So they are moving to a little bit of adjusting time not exactly, but you know, instead of having a large stock of components, they are now able to move with a lesser stock of components and essentially more predictable behavior in terms of their production that can happen in Bangladesh. So, and we provide a complete end-to-end, the containers are ours, the source from our CVS division, the client is automotive client of supply chain, the rail business is TCI-Concor is being used for the movement of the rakes and TCI Bangladesh is doing a final delivery. So here you can see the synergy from all the businesses that we have really coming into play. And these are the kinds of opportunities we see accelerating in the next few years. There are headwinds, of course, countries like Sri Lanka, of course, is facing a large, huge challenges. And we are sensing some of that in Bangladesh and Nepal as well. So it could be a little bit of a short term thing, but long term, we definitely see high growth potential.

Srinivas: And, like maybe some color there on what could be the potential because, right now, like if I add Bangladesh and Nepal, both put together also like less than 20 crore turnover. So but broadly, when you as a management team, think about the larger opportunity there have you envision over a longer period of time.

Vineet Agarwal: But you have to see that the turnover of those companies is not reflective of the business that we are doing. Because that business, let's say, there's a container train that's moving from Ahmedabad to Dhaka, 80% of their journey is in India. So lot of their revenues also being booked in the Indian companies, and then some part of that gets booked into the Bangladesh side and so on, you know, there's a depending upon the client, that's how things happen. So what you're seeing is just a tip of the iceberg in terms of the business that we are doing.

Srinivas: The other one was just wanted to clarify, number of these IT enabled offices, like last year number was 1400 and the year before was 900. And so just wanted to understand if you opened a lot of offices, or is it like you have digitized many of the offices and secondly, I guess this metric is more relevant to your freight business, in terms of having that wide network of pick up and drop off points of cargos. So any color on how much this network itself?

Vineet Agarwal: Yeah, I think there was some correction in those numbers. I think that's more a little bit reflective of that. But sorry, but also, this is the differences. This is including, this is for the group, which includes Express offices as well. But the number yes, does move up, up and down a little bit as I been talking that there are few places that we are opening new offices and there are places that maybe the you know, the industrial development is not happening in this zone. So we're shutting down the office, for example, Jewar is a new airport that's coming up near Noida, so we've opened an office there, because in anticipation of business that will happen there as well as business already happening there. So like this is this plus minus of offices is a continual effect.

Srinivas: And finally, just the point you made about this e-invoicing for less than 10 Crore kind of shipment. So do you see this as a large opportunity, just like which happened with GST when you started the e-invoicing? Is there a large market out there which can get formalized if say, this e-invoicing and the compliance of it also becomes a bit more stringent, just some assessment of what the opportunity is there?

Vineet Agarwal: I think the opportunity is more from a process improvement. Because when we think about e-invoicing, we mean that you get a digital invoice and you process that right away. Currently what happens is that not only are we sending digital invoices to our customers, but they're also insisting on physical invoices along with physical PODs. Now that's a whole different process issue because you have to, now the truck has gone from Ahmedabad to Guwahati and then he wants a physical POD so that POD has to travel all the way to Ahmedabad and get billed with the bill, we have to attach the POD and then submit it to a customer. And these are all tactics to delay payment. They want to just increase the credit cycle, the moment we start doing e-invoicing, with digital PODs, etc. And several customers have started that, we will see that the process will improve. And when the process improves, our credit flows will improve which means that there could be customers willing to look at the ERP integration also with us as I talked about that chemical company, so it just makes things much more faster and smoother. And the moment you start linking ERPs, then it's very difficult for competitors to come in, because you need to have that kind of IT capability to link to get the API's and consequently work with them. So, I think the linkages are quite deep the moment you do e-invoicing.

Srinivas: And does that also have any implication on the debtor days that you have had historically, can that really change the picture?

Vineet Agarwal: Yes, I mean, but I don't think it'll be dramatic. But yes, it's a progressive thing, it will definitely have some positive impact.

Srinivas: Okay. Great. Thank you, I wish you and Ashish all the best.

Vineet Agarwal: Thank you.

Komal: Thank you sir. The next question is for Mr. Vikas Khatri. Sir, I would request you to start with your organization name followed by your question. Sir, please go ahead.

Vikas Khatri: Good evening. So myself Vikas from Aviral Consulting. Vineet sir, I have two questions. One is around two case studies, which you have shown, one was of the dark kitchen, this is definitely a revenue stream. Second was your control tower. Control tower, you are using it as a value add for the customer or can we see it as a revenue stream as a supply chain control tower going forward for the customers that can become a revenue stream?

Vineet Agarwal: No, it is both for the client, it is not only a tool for monitoring and having greater visibility and transparency, but also revenue stream because ultimately what will happen is customer will, once you see the comfort in operating they will start diverting the business to us and also we can also see that okay, these are the areas where there is a higher demand, and we can suggest to the customer, this is the optimal way of moving their cargo. So, yes, it will become a revenue stream as well.

Vikas Khatri: Means the revenue enhancer, not as a product from the TCI portfolio, supply chain control tower.

Vineet Agarwal: Yes.

Vikas Khatri: Okay. And second question is regarding freight. So what's the QOQ growth and how is the share of LTL moving within the freight. Last time you said, I think around 35%, is it improving or same or decline?

Vineet Agarwal: You're talking about sequentially, usually the best quarter for us. And that's why perhaps I don't have the exact number here, but it might be slightly lower than the Q4 number. And of course, there has been a little bit of a shift from LTL to FTL in this quarter, because of as I said, MSME business has been a little slower because of their own issues. But as I said, it will start picking up and by the end of 2022-2023, we're looking to hit 40%.

Vikas Khatri: Okay sir, so marginal dip industry in the share of the LTL or significantly dip. Thank you.

Komal: Thank you, sir. The last question of this call is from Mr. Krupashankar , sir. Please go ahead.

Krupashankar : Yeah, I'm audible. Yeah. All right. Thank you. So just one question from my side that so Vineet, in the annual report, you currently have mentioned that there is a customer's now moving from just in time to just in case, thereby increasing inventory, leading to higher usage of warehousing space, I mean, but you know, traditionally, what you've seen is that the consolidation of warehousing was supposed to bring down the overall inventory levels. So my question is, where are these key sectors, which are seeing a trend of increasing inventory, and adopting just in case strategy on hold?

Vineet Agarwal: Yeah, I think all customers are also talking about that. You see, FMCG customers have higher inventory stock, in many places, because they really don't want to lose sales, or even, you know, some consumer durables, they don't even have the SKUs available, because, for example, you know, one of our consumer durable companies where we operate warehouses, they don't have the larger TVs available. I mean, amazingly it's the larger TVs that are getting sold more and more than the smaller TVs. So, clearly there is a challenge in terms of even availability, forget about having more stock in some cases. So, yes, broadly speaking, I think customers are looking flexible right now on inventory. And I think also the cost of inventory is quite low at this point in time. So they are wanting to stock a little bit more.

Krupashankar : So, this is more of a near term inventory shortage and replenishment, that and perhaps may not be perceived as a long term strategies.

Vineet Agarwal: See, what has happened is, is a classic case what we learn in supply chains, in courses, etc, is the bullwhip effect. The bullwhip effect, which means that the moment you know there was a certain demand, by the time you service the demand, it's gone. And you have suddenly a lot of inventory or the reverse happens, there is no demand and you pushed a lot of inventory. And it has just increased a lot. So lots of things around the bullwhip effect has actually happened globally. And we see this kind of real discrepancies in stocks globally, either when excess or there's been a shortage. So I think this, with COVID, this is continuing and now with perhaps the US getting into a recession, we might again have some other disruptions as well. But I would think that it will be at least a year, if not a little longer before things come to a reasonable level of optimization.

Krupashankar : Thank you for your response, and all the best.

Vineet Agarwal: Thanks. Thanks Krupashankar .

Komal: Thank you sir. Now I hand over the floor to Mr. Ashish Tiwari for closing comments.

Ashish Tiwari: Thank you again to everyone for joining the call. See you in the next call for quarter two. Thank you.

Vineet Agarwal: Thank you, everyone. Thanks