November 10, 2023

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Dear Sir/Madam,

**Sub: Transcript of earnings call with analysts/ investors**

Pursuant to Regulations 30 read with Para A of Part A of Schedule III and other applicable provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, we attach herewith the transcript of TVS Supply Chain Solutions Limited ("Company") analyst call held on November 8, 2023, to discuss the financial results for the quarter and half year ended September 30, 2023.

The transcript is also uploaded in the Company's website https://www.tvsscs.com/investor-relations/

Kindly take the above information on record.

Thanking You,

Yours faithfully,

For **TVS SUPPLY CHAIN SOLUTIONS LIMITED**

PADOOR DORASWAMI KRISHNA PRASAD

Digitally signed by PADOOR DORASWAMI KRISHNA PRASAD
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**P D Krishna Prasad**

**Company Secretary**

*Enclosure: As above*

# TVS Supply Chain Solutions Limited
# Q2 FY24 Earnings Conference Call

November 08, 2023

**MANAGEMENT:** **MR. RAVI VISWANATHAN – MANAGING DIRECTOR, TVS SUPPLY CHAIN SOLUTIONS LIMITED**
**MR. RAVI PRAKASH – GLOBAL CFO, TVS SUPPLY CHAIN SOLUTIONS LIMITED**
**MR. NARAYANAN - HEAD, INVESTOR RELATIONS, TVS SUPPLY CHAIN SOLUTIONS LIMITED**

**Moderator:** Ladies and gentlemen, good morning and welcome to the TVS Supply Chain Solutions Limited Q2 FY24 Earnings Conference Call.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Narayanan – Head, Investor Relations at TVS Supply Chain Solutions Limited. Thank you and over to you, sir.

**Narayanan:** Thank you. Good morning and welcome to the TVS Supply Chain Solutions Earnings Call for Q2 and H1 FY24.

We have with us today, Mr. Ravi Viswanathan - Managing Director and Mr. Ravi Prakash - Global CFO. Our financial results and investor presentation have been posted on the company's website and on the stock exchanges. We will commence the call with opening remarks from our management team, followed by an open forum for Q&A.

Before we begin, I would like to point out that some of the statements made during today's call may be forward-looking in nature and must be reviewed in conjunction with the risks the company faces. A disclaimer to this effect has been included in the earnings presentation that has been shared.

I now hand it over to Mr. Ravi Viswanathan - Managing Director to make the opening remarks.

**Ravi Viswanathan:** Thank you, Narayanan, and good morning to all of you.

I would like to welcome you once again to our Earnings Call to discuss both our Q2 and H1 FY24 performance. I will share with you the highlights of our performance and my colleague; Ravi Prakash will then take you through the detailed analysis of our numbers and we look forward to interacting with you as part of the Q&A.

I thought for the benefit of those who are joining us for the first time, I will provide a brief background of TVS Supply Chain Solutions. We are an end-to-end supply chain solution provider with capabilities across the value chain. Our business is diversified across multiple sectors and highlighted by long-term customer relationships with our top customers. We operate our business in two segments, what we call Integrated Supply Chain Solutions or ISCS segment and Network Solutions or the NS segment. Just wanted to add that technology is a very key element of the value we bring to our customers and we deploy an asset light business across both our segments. We are an Indian multinational with a set of capabilities comparable with the largest players in our sector. Our focus has been on profitable growth and we are leveraging our capabilities and expertise with the vision of being amongst the top 50 logistics companies globally.

With that short introduction, let me progress towards the highlights for Quarter 2 and H1 FY24. Please note that we have carried out certain restatements in our financials. Prior period financials we had disclosed earlier have undergone a change on account of this restatement and Ravi Prakash will provide greater details on this.

Coming to the performance, we have had a strong quarter overall as a company, with significant positives across both our operating segments. The Integrated Supply Chain Solution segment or the ISCS segment delivered double-digit growth consistent with its performance in the earlier quarter. Q2 revenues grew 13.5% year-on-year and on a half yearly basis, the segment grew 16.8% over the same period last year. This growth has been broad based and across our geographies. There were a couple of one-off factors in Quarter two, the United Auto Workers strike, which has now been resolved, and a seasonal plant shutdown in one of our key customers. Outside of these, the underlying growth trend is robust and with encouraging demand drivers. Margin expansion has been a key highlight of our performance this quarter. ISCS margin has expanded 240 bps year-on-year in Quarter 2 with adjusted EBITDA margins of 10.2% for the quarter. On a half yearly basis, the ISCS segment margins were higher by 220 bps compared to H1 of last year.

In the Network Solutions segment, we bucked the declining trend as Quarter 2 revenues grew 2.4% sequentially. This was driven by the growth in our integrated final mile business and sequential volume improvements in the global forwarding of the GFS business. GFS was impacted however by a further decline in the freight rates, which is in line with global trends. On a year-on-year basis, our Network Solutions segment revenues are 36.4% lower; as we had mentioned last quarter. The year-on-year comparison will start getting normalized a bit in H2 given the movement in freight rates last year. We saw margin expansion in the Network Solutions segment as well with Quarter 2 margins expanding 30 bps sequentially from 4.6% to 4.9% in Q2 FY24. In the integrated final mile business, revenue growth, implementation of pricing revisions and operational efficiency initiatives drove margin improvement. In GFS, we are focusing on procurement efficiency and cost containment to soften the impact of fall in rates. In this context, it is important to call out the discontinuation and the sale of Circle Express by the IFM business. This sale is expected to drive larger focus on the core business and margin expansion in the forthcoming quarters and Ravi Prakash will provide more details on this.

On a consolidated basis, revenue for the quarter was 1.1% lower sequentially and 15.6% lower year-on-year. Adjusted EBITDA margins for Q2 were 7.8%, which represents 100 bps improvement year-on-year. On a half yearly basis, our revenues were lower by 14.1% year-on-year, however, our margins expanded by 150 bps year-on-year which drove a 4.7% growth in adjusted EBITDA. So with this background, I will hand it over to Ravi Prakash, our Global CFO, who will take you through a detailed analysis of the numbers and I can come back to talk to you more about what we are seeing in the pipeline and some of the key wins. Ravi Prakash…

**Ravi Prakash:** Thank you, Ravi. Good morning, everyone and thank you for joining our earnings call. Let me take you through the highlights of the financial performance for Q2 and H1 FY24. I will start with an update on the utilization of our IPO proceeds. As we had indicated in the prospectus, we have utilized the proceeds through the IPO to repay our borrowings in India and overseas. This is in line with the objects of the issue that we had stated in the offer document. We have repaid a net amount of Rs. 768 crores since the IPO , of which Rs. 524 crores was from IPO proceeds and Rs. 244 crores was either from internal accruals or capital that was raised prior to the IPO. As a result, our net debt as of 30th September stands at just around Rs. 60 crores in line with what or in fact slightly marginally lower than what we had indicated in our earlier calls. These numbers are available in page 5 of the earnings presentation. The debt reduction has delivered about Rs. 6 crores of improvement in the interest costs in Q2 and is expected to further deliver another Rs. 13 to Rs. 14 crores in Q3, again consistent with what we had indicated in the past discussions.

During the quarter, we made two strategic interventions in our business. First, we sold a partial stake in our associate company TVS Industrial & Logistics Parks. We sold 4.5% of our stake and recognized the profit of Rs. 35.3 crores and that is stated as an exceptional item in our financial statements. Post this transaction, we continue to own 25.2% of TVS ILP. The second strategic intervention we made was the sale of Circle Express in the UK, which Mr. Ravi Viswanathan has already mentioned earlier. We recognized a loss of Rs. 38.5 crore on the sale of Circle Express, which included any assets or impairment of goodwill. This loss is also an exceptional charge to the P&L, so just to kind of combine both, the exceptional line item of Rs. 3.2 crore in the financials reflects the net impact of both these and the notes of the accounts have the details of both the transactions.

With this, I would like to mention that as a result of the sale of the Circle Express business, we are required to restate our financials as per the requirements of the accounting standards. The Circle transaction was completed on 29th September and the financials of Circle Express for periods prior to this date are classified as Discontinued Operations and shown separately as a net in the financial statements. We have hence restated the financials of FY23 and Q1 to remove Circle from Continuing Operations. With this restatement, prior period comparisons on Continuing Operations will be like to like with Circle Express financials not included in both periods. Page 9 in the investor presentation explains the summary numbers on this for your reference.

Now, moving to the performance of the continuing business, Mr. Ravi Viswanathan already spoke about the margin expansion in both our business. I would like to give a little more detail and particularly focus on the operational efficiencies that the business has been delivering. We have called this out on page 14 of the presentation where you will see that on year-over-year basis, our Q2 revenue was lower by 15.6% versus last year, mainly due to the decline in the freight rates. However, we were able to reduce our total operational expenses excluding finance cost by about 15.9% year-on-year. The only exception is the interest cost, which has gone up due to the run up in interest rates over the last 12 months. The trend is similar when we view quarter-on-quarter comparisons as well. This has been made possible by some smart procurement and operational efficiencies and that is the key driver for the expansion in EBITDA margins that you see.

Going forward to the analysis of the key line items, our ISCS segment showed continued growth momentum, revenues of Rs. 1,269 crores for the quarter compared to Rs. 1,119 in Q2 last year that is growth of 13.5% year-on-year. For H1, it was Rs. 2,588 crore compared to Rs. 2,216 crores, a growth of 16.8% over the previous year. The strength in the business is that it is growing across all our geographies, India, UK and North America. The network segment revenues grew sequentially, driven by growth in the integrated final mile business while the GFS business saw volume improvement, but continued to face the impact of a freight rate slowdown. Network segment revenues were Rs. 993 crore compared to Rs. 970 crore last quarter, up 2.4% sequentially. Network segment revenue for H1 was Rs. 1,963 crores compared to Rs. 3,083 in H1 last year. As we go forward into Q3 and Q4, these comparatives should look better because freight rate had started declining from Q3 of last year.

Bringing this together, consolidated revenue from operations was steady for the quarter with revenue coming in at about Rs. 2,262.9 crores compared to Rs. 2,288.9 crores in the previous quarter and Rs. 2,680.8 crores in Q2 FY23. Business development continues to deliver as per expectations. Revenue from new business development in the quarter was Rs. 180 crores in Q2. For the first half, BD has contributed a total of Rs. 450 crores of revenue approximately 10% of our H1 revenue and that has been called out in our earnings presentation. This is consistent with what we had always indicated. Therefore, revenue from operations for H1 was Rs. 4,551.8 crores compared to Rs. 5,299 crores last year.

A quick look at the other lines, other income for the quarter largely comprising of forex gains and interest income was 8.3 compared to 18.2 in Q1 and Rs. 21 crores in Q2 last year. Total income for the quarter therefore was Rs. 2,271.2 crores, which declined 1.6% sequentially and 15.9% year-on-year and for H1 was Rs. 4,578.3 down 14.2 year-on-year, again driven primarily due to the freight rate decline.

A quick explanation of the few major expense line items, the way they have evolved freight clearing, forwarding and handling expenses for the quarter was Rs. 570.4 crores. It was down 48.6% year-on-year and even a similar number for H1. This is where we have delivered significant procurement efficiencies to compensate for the decline in revenue in the network segment business. Employee benefit expense for the quarter was Rs. 572.8 crores versus Rs. 494.2 crores in the prior year. The ramp up in customer engagements in ISCS segment is the key reason for increase in manpower deployment. So, most of the employee cost increase is actually absorbed within the gross margins of the ISCS segment.

On page 25 of the investor presentation, we have provided the segmental results for the ISCS segment and NS segments. Consolidated adjusted EBITDA for Q2 was Rs. 175.7 crores compared to Rs. 186.3 in the previous quarter and Rs. 182.5 in Q2 of last year. And H1 adjusted EBITDA was Rs. 362.1 crore compared to Rs. 345.8 crores in previous year. We have also provided a comparison of the network segment results reported last quarter just to make the point clear about the restatement impact of Circle, but again here I would like to point out that despite the 15.9% decline in revenue, we are able to actually grow EBITDA in H1 and that goes back to the point I made at the beginning, which is the focus on operational efficiencies.

I had already indicated that we have utilized the proceeds from the IPO to reduce our borrowings; as we had mentioned in the last earnings call, our interest costs will reduce, this can be seen in Q2. Finance cost for Q2 was Rs. 57.1 crores, which was lower by Rs. 6.2 crores quarter-on-quarter. The full benefit of the reductions will start flowing through starting Q3. Our profit before taxes and exceptional items was Rs. 4.5 crores better compared to the loss of Rs. 10.7 crores last quarter. Post the exceptional items, PBT was -7.8 compared to -33.8 in the last quarter and tax expense for the quarter was 14.2 and profit after tax was -21.9. This concludes a quick summary of the financials. I will now hand it back to Mr. Ravi Viswanathan.

**Ravi Viswanathan:** Thank you, Ravi Prakash. So to summarize our performance and outlook, our customer relationships are strong as we continue to grow our businesses with our large customers. Our business development continues to deliver consistently and as Ravi Prakash said, roughly about 10% of the revenue comes from new BD. In Quarter 2, we had multiple new contract wins in both the segments. What I would like to call out was one of our key wins was an expansion in engagement with the German automaker. We have been working with them for many years now and providing a freight management solution to them. We will now support their aftermarket parts warehouse and distribution in Southeast Asia from out of Singapore. It is a major win and it highlights our focus on our large customers and ability for us to cross sell both the capabilities and expand in multiple geographies that we are present.

Some of the other important wins included an engagement for material handling, storage and distribution for an Indian IT major who was involved in the rollout of a large telecom network; freight management solution for a large global wind turbine company and 3PL Solution for a consumer goods company in UK and Europe. During the quarter, we expanded the scale of engagement with Centrica and we had mentioned Centrica last quarter and that has gone on stream and we have deployed manpower in our two operational sites and also began our tech development for Centrica in this quarter.

Our focus is really to see how we can leverage our global accounts through a global account management program where we can cross leverage our geographical presence and the width of capabilities. We are seeing early success like the one example I mentioned earlier. And in fact, we expect our largest customer to grow into a USD 100 million global account over the next 12 to 18 months. We remain cautiously optimistic in the global forwarding business, which as you know is facing severe headwinds and we hope to see reduced headwinds in the medium term, but overall, the demand for outsourced supply chain solutions is robust and growing. We have a solid pipeline of new opportunities across our sectors and geographies. Currently, our pipeline presents a potential revenue opportunity, which is in excess of Rs. 3,000 crores. With that, let me conclude and open the floor for questions.

**Moderator:** Thank you very much. We will now begin the question-and-answer session. Our first question is from the line of Kumar Rakesh from BNP Paribas. Please go ahead.

**Kumar Rakesh:** My first question was on the margin outlook, especially on the Network Solution side, so you did talk about the procurement and operational efficiencies which have started showing results in margin expansion in this quarter as well despite the pricing pressure, how much of that is still that you think that you can drive in expand margin and can we go back to the margin that we used to see the last year?

**Ravi Prakash:** Kumar, thank you very much. This is Ravi Prakash. If you look at the network segment, sequentially the margin has expanded 4.9% from 4.6% earlier, about 30 bps we were able to do it. We had always indicated that the margin will be a function of two things. In the IFM business, in the second half, we always said that we are going to see a turnaround and we have seen early signs of that in Q2 and therefore that should be a positive to margins in H2. On the forwarding side, what we have seen is that the business has been able to very smartly manage the cost down as the prices have come down and we are quite comfortable that they would be able to hold this trend for Q3 and Q4 as well. Therefore, our expectation is that as we exit Q4 of FY24, we should be getting closer and closer to the margins that we have been used to historically.

**Kumar Rakesh:** My second question was around your debt reduction plan, so you did talk about that in this quarter also, you reduced some of your debt and there is still some left on your balance sheet, so what is the plan for the rest of the debt in the coming quarters and what would be the outlook around that?

**Ravi Prakash:** So again, Rakesh, the objective of the company is to reduce the long-term debt as much as possible. In Q3, you will see a further reduction about probably between Rs. 220 to Rs. 300 crores and by the end of March 31, 2024, we should probably be left with only working capital debt on the balance sheet and if there is anything left that will be a very minimum long-term debt.

**Kumar Rakesh:** Ok, great. And that should reflect in your finance cost also coming down?

**Ravi Prakash:** Absolutely, as I indicated that in Q3, you should see about Rs. 13 to Rs. 14 crores benefit from actions that have already been taken and maybe a small marginal improvement in Q4, but Q3 should see the bulk of the benefit.

**Moderator:** Thank you. Our next question is from the line of Sumit Kishore from Axis Capital. Please go ahead.

**Sumit Kishore:** Good morning gentlemen, my complements on the strong margin expansion in ISCS. My first question is, any reason why we are seeing softer growth in H1 in India ISCS versus rest of the world and also in quarter-on-quarter basis, there appears to be a slip in India ISCS and rest of the world ISCS revenues in Q2, this is versus Q1 of FY24, so your explanations on these two trends first?

**Ravi Prakash:** Sumit, let me just talk about the quarter-on-quarter ISCS. A significant portion of the difference is actually explained by seasonal factors, Sumit. We have large customers in the US where this quarter is when they normally take their seasonal plant shutdown and that is what happened. Last year they did not do it because they were just coming out of COVID. That explains the bulk of the difference and you will see that in Q3-Q4 that will get corrected. Second is there was, I wouldn't say material, but there was an impact of the UAW strike because for about two weeks, we did have our operations disruption in one of our large customers. These two actually explained what has happened quarter-on-quarter. I think with respect to India, again, I would say it is more a simple timing of deal flow. You can see that if you go back quarter-on-quarter, consistently we have seen India revenue grow up and I would expect that to continue and I don't see any other major what you call factor actually holding us back. In fact the deal pipeline is quite strong, both India as well as rest of the world.

**Sumit Kishore:** And the same factor would explain largely the H1 relatively softer growth in India ISCS versus rest of the world?

**Ravi Prakash:** That is pretty much what it is. See the other reason I can tell you is, if you compare the comparators, in the rest of the world, we have had a couple of contracts which are a significant step up in terms of growth, for example, Centrica started working in middle of May and given the size and scale of the contract that gives a big flip versus the base of last year. Same thing with another large customer in the US, the scale of the awards actually drove a significant uptick in revenue. So that is why you see that and that will continue for the other remaining two quarters as well and that is why the rest of the world is growing. It is just that the scale of the contracts that we won are very large.

**Ravi Viswanathan:** And Achal just to add, if you look at the growth, both of them were double-digit growth, both in India and rest of the world. Yes, rest of the world grew faster and precisely for the reason that Ravi Prakash said, which is really the size and scale of the deals. And what we are seeing is a very interesting trend that in the Western markets, the deal sizes are getting much bigger, so the opportunity for us to a) participate simply because we are now getting more and more engaged in these large deals and the couple of wins especially in the US and in the UK that Centrica that we mentioned have really brought us into that segment of large deal opportunity that we otherwise were not going to be that frequently bidding. So I think the opportunity window is very significant. We expect rest of the world business to really be pretty buoyant as we look through the glass right now.

**Sumit Kishore:** Nothing to complain on 17% growth in ISCS, but I think for the full year, we were sort of aiming for about 22% growth and there in India was 20% plus and from your explanation, it seems that we should be seeing a stronger H2?

**Ravi Prakash:** Yes, in fact what I would probably expect is Q4, if I look at the deal timeline Sumit, I would expect Q4 to be probably the strongest quarter. Two reasons, one is we know certain deals are actually picking up in that quarter and we also know that seasonally India typically has their best quarter in Q4.

**Sumit Kishore:** And in GFS finally, could you break up sort of the price decline and the volume growth that we have seen in Q2 and all your expectations here on?

**Ravi Prakash:** So Sumit, broadly the way GFS has played out is versus the peak prices are down about 50%. I wouldn't go more too much on quarter-on-quarter because that kind of fluctuates a little bit here, but broadly that is what has happened. We had indicated last time that we think that we had pretty much come to probably the bottom of the cycle. I am cautiously optimistic that going forward, we are probably going to operate at the price levels that we have seen in Q2 of this year. What is encouraging is quarter-on-quarter, volume has grown in GFS, I think it has grown quarter-on-quarter about 2% or 3% in ocean freight. We have given that in the analyst presentation. We have actually pulled that out.

**Ravi Viswanathan:** And just want to add there that when we benchmark ourselves with the global large peers, I would say that we compare pretty well. So one of the things that we are keeping a very close eye on is both from a lane perspective and from an overall global trend where the GFS businesses, because there are significant headwinds and I am sure that all of you follow the global freight market and I would say that we are pretty much in line with what we are seeing amongst our global peers, maybe even a slightly better in terms of where we are compared to where we were last year from a comparative perspective with our global peers.

**Ravi Prakash:** Sumit, just to kind of close out, the segment itself saw sequential growth in volume, IFM plus GFS about 4.6% and the price is declined.

**Moderator:** Thank you. Our next question is from the line of Achal Lohade from JM Financial. Go ahead, sir.

**Achal Lohade:** Sir, the first question I had was with respect to TVS ILP, you diluted about 5%, any further reduction likely or expectations over the next few quarters or few years?

**Ravi Viswanathan:** Achal, nothing envisaged as we speak right now, so nothing that we have planned.

**Achal Lohade:** Sir, second question I had was with respect to Circle Express, given it was a pain-point, now what kind of margin impact assuming it remains the same, positive impact it could have on the margins and how do you see in network solution margins evolving? You have already indicated that we will probably look at touching historical margins, but if you could give a number that would be helpful?

**Ravi Prakash:** Achal, if I take Q1 of this year, the reported Network Solutions margin was 3.7% and when we restated it for Circle Express that came to 4.6, that was actuals for Q1, right and versus that 4.6, we moved to 4.9 in Q2 primarily on the back of IFM margins. So the Circle Express sale has helped in two things Achal, one is you can see the scale of the margin drag that it had on the network segment business that is indicated by the Q1 numbers. It is broadly around that number. The second thing is, I think a huge amount of management bandwidth has been released because this business wasn't really in the core elements of the service offering that IFM had, so that should also help and we are on track with our plans. We had indicated that from H2 you should start seeing a turnaround in the IFM business and we kind of stay with that guidance. We should start seeing improvement sequentially every quarter in the network segment business.

**Achal Lohade:** And over next, let us say, couple of years, how do you see margins evolving, will we get into high single digit or will be probably mid-single digit in around?

**Ravi Prakash:** No, in fact, if I take two years out, right, our indication was always that the network segment would probably deliver, the supply chain segment, we said the target would probably be double digit and we have hit it probably 18 months earlier than what we had always expected and we said that the network segment would always be about, maybe 100 to 150 below the supply chain segment and it would be our expectation to still target those kind of margins. I am talking medium term here, Achal.

**Achal Lohade:** Are there any more such possibilities of the pain-points getting removed like Circle Express? Are there any more opportunities available to us?

**Ravi Prakash:** Look honestly right of the bat, I cannot think of any other, how should I say entities or businesses that we may look at but let me put it this way. We are very conscious about the portfolio of a business and we would like every part of the portfolio to contribute and whether it is a contract or whether it is a business or a series of contracts, we are being very how should I say, rigorous with our evaluation of the profitability and taking actions. And if I go back to how we are able to bring down operating cost almost in line with revenue, Rs. 400 crores of revenue has come down, operating cost has come down by Rs. 400 crores and actually employee cost has gone up. So all that has come in variable expenses that has been made possible because we have been very, how should I say, focused on making sure that each individual engagement actually delivers to what it is supposed to.

**Achal Lohade:** Sir, just one clarification with respect to the supply chain business, in terms of the growth, clearly the deal pipeline is strong, but is it fair to say we could look at mid-teens to high teens kind of a growth to continue over medium term for the ISCS business?

**Ravi Viswanathan:** Look, I think both the quality and the value of our pipeline is probably at its best as we speak. So I think that is something which we will continually evolve and we will share those trends to you on a quarterly basis. There is no reason for us to think that this trend will not continue. So when I look at it and these are like I've explained Achal, the integrated supply chain solutions, it takes longer selling cycle time, but they are also longer deals, so there is stickiness to these contracts. So there is a good reason for us to believe that in the medium term, a double-digit growth is very much possible.

**Achal Lohade:** One clarification on the US customer, where does it stand as that issue being resolved or it is ongoing and what kind of impact could we see for third quarter?

**Ravi Viswanathan:** So let me just say that you probably read about the fact that the issue has been resolved and all of the factories are back to normal operations from 1st of November. What impact, Ravi Prakash, maybe you can throw some light.

**Ravi Prakash:** Achal, we will have to see how the numbers come out because in Q3 probably, there is about 4 weeks when we didn't have operations in this place, a little bit early to call out the exact number impact. Let us see how the numbers play out because we will have to see how the rest of the portfolio also does on supply chain.

**Moderator:** Thank you. Ladies and gentlemen, as there are no further questions, I would now like to hand the conference over to the management for closing comments.

**Ravi Viswanathan:** Thank you so much for joining the call. The company remains focused on profitable growth and let me conclude this call with that positive note. Thank you.

**Moderator:** Thank you. On behalf of TVS Supply Chain Solutions Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.