

Date: 21.05.2025

To,
The Secretary,
National Stock Exchange of India Ltd. Exchange
Plaza, 5th Floor Plot No- 'C' Block, G Block Bandra-
Kurla Complex,
Bandra (E), Mumbai-400051

SYMBOL: TARACHAND

Sub: Intimation under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 –Transcript of the Investor Meet held on 19th May, 2025, Monday at 04:00 PM(IST)

Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), we are hereby sharing the transcript to the Stock Exchange of the Investors Meet held on 19th May, 2025, Monday.

The same shall also be made available on the website of the Company (www.tarachandindia.in) as per the prescribed timelines under the Listing Regulations.

This above is for your information and records.

Thanking you,

Yours faithfully,
For Tarachand Infra Logistic Solutions Limited
(Formerly Tara Chand Logistic Solutions Limited)

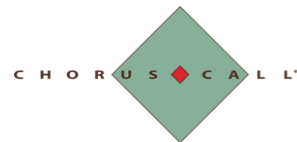
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Company Secretary & Compliance Officer
M. No.: A34314
Encl: As above



“Tara Chand Infra Logistic Solutions Limited
Q4 FY '25 Earnings Conference Call”
May 19, 2025



**MANAGEMENT: MR. HIMANSHU AGGARWAL – WHOLE-TIME
DIRECTOR AND CHIEF FINANCIAL OFFICER,
TARA CHAND INFRALOGISTIC SOLUTIONS LIMITED**

MODERATOR: MR. ANKIT – STELLAR INVESTOR RELATIONS

Moderator:

Ladies and gentlemen, good day, and welcome to the Q4 and FY '25 Earnings Conference Call for Tara Chand Infralogistic Solutions Limited. 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 star then zero on your touchtone phone.

I now hand the conference over to Mr. Ankit from Stellar Investor Relations. Thank you, and over to you, sir.

Ankit:

Thank you, Navya. Good evening, everyone, and thank you for joining us today. We welcome you all to Tara Chand Infralogistic Solutions Limited Q4 and FY '25 earnings conference call. To discuss this quarter's business performance, we have with us the senior management team represented by Mr. Himanshu Aggarwal, Whole-Time Director and Chief Financial Officer.

Before we proceed with this call, I would like to mention that some of the statements made in today's call may be forward-looking in nature and may involve risks and uncertainties. The company also undertakes no obligation to update any forward-looking statements to reflect developments that occur after the statement is made. Documents relating to the company's financial performance, including investor presentation have been uploaded on the stock exchange and company's website.

I now invite Mr. Himanshu Aggarwal to share his initial remarks on the company's performance and then we will open the floor for question and answers. Thank you, and over to you, sir.

Himanshu Aggarwal:

Thank you for the introduction, Ankit. Good afternoon, ladies and gentlemen. I Himanshu Aggarwal, the Whole-Time Director and CFO of Tara Chand Infralogistic Solutions Limited welcome you, and thank you to be a part of the earnings call for quarter and year ended 31st March 2025. I hope that you all have had the opportunity to look at the presentation that was posted on the exchange as well as the company website.

This has been a milestone year in every sense, a year that saw us cross new benchmarks, reaffirm our operational strength and script the highest ever revenue and profitability in our company's history. The first milestone event of the year was on 16th of April 2024, when the company migrated to the NSE main board. On the financial front, our revenue surged to INR254 crores in FY '25, marking a robust 45% year-on-year growth with an equally strong EBITDA of INR84.1 crores and PAT of INR24.86 crores, both reflecting a 45 % and 54% year-on-year growth, respectively.

Importantly, we achieved this while maintaining a healthy EBITDA margin of 33.1% and PAT margin of 9.8%. Q4 FY '25 alone was a standout quarter with INR82.11 crores in revenue, a 75% year-on-year growth alongside a PAT of INR7.86 crores, which is up 25 %. We also delivered a cash PAT of INR68.52 crores for the full year, the strongest ever, enabling us to invest in future growth. These robust results have led to a remarkable cash flow scenario, leading to an almost 100x increase in cash and cash equivalents at the end of FY '25, which stood at INR19.80 crores against just INR0.2 crores in the last FY.

FY '25 was a landmark year as we crossed the prestigious INR250 crores revenue milestone for the first time and also executed our highest ever annual capex of INR145 crores aimed at strengthening our equipment rental capabilities and expanding the specialized services. Our company operates across the length and breadth of India through its 3 key segments or verticals: Segment A, Equipment Rentals and Infrastructure Works, which contributes 56% of overall revenue; segment B, Warehousing, Handling and Transportation, which contributes 39% to the revenue; and segment C, Steel Processing and Distribution, which contributes about 5% to the mix.

For the FY '25, the Equipment Rental vertical clocked a total revenue of INR137.67 crores, an 82% year-on-year increase, and this included a revenue of INR31 crores from specialized service contracts. The overall EBITDA for this segment for the FY '25 stood at 47 %, while the stand-alone EBITDA for the equipment rentals only stood at 55% for FY '25.

Among the major sectors served by us in the Equipment Rental segment, the rural and urban infra sector contributed 40% of the revenue, while cement was at 26%, followed by metals and minerals at 25%. In this FY, we have also ventured into the renewable energy sector, which contributed 5% to the segment's revenue mix.

The Warehousing and Transportation segment B registered an 18% year-on-year growth with a revenue of INR97.36 crores. The EBITDA for this segment stood at 16%, which was impacted primarily due to a one-off issue leading to stagnation of activity at our yard at the Visakhapatnam Steel plant in Q1 FY '25. The Steel Processing and Distribution segment saw an 8% decline in annual revenue at INR12.79 crores and registered an EBITDA of 4% for the FY '25.

In the Equipment Rental segment, the average gross monthly yield was at 3% for the financial year, rising from 2.85% in the same period last year. The capacity utilization for FY '25 was 87% compared with 84% last year. The company completed a capex of INR145 crores in FY '25, adding a total of 41 machines in the equipment rental segment and 20 prime movers with trailers for the Warehousing segment. As of 31st of March 2025, the company's fleet size stood at 368 machines, aggregating a gross block of INR419.8 crores.

As on 1st of May 2025, our order book stood at INR136.8 crores which is executable in the current FY itself. And out of this, 53% is from the Warehousing segment and 47% of it is from the Equipment Rental segment. The company has made conscious efforts towards operational and financial discipline over the last year. This has led to the receivable days dropping to just 75 days from 98 in the previous year.

The debt-to-equity ratio has been maintained at 0.92, while the cash flow from operations has risen to INR56.2 crores for the FY '25. As already highlighted in the investor presentation, going forward, we are targeting a 25% to 30% annual growth while maintaining strong margins. For FY '26, we have outlined a capex of INR100 crores for the equipment rental segment, out of which we have already executed about INR24 crores till date.

The company is aggressively focusing on expanding its footprint in the renewable energy sector going forward and completing the acquisition of a 7.5 acre land parcel in Nagpur MIDC that will focus on specialized service contracts with operations expected to begin in FY '27.

With that, I would like to now hand it back to Ankit and open the floor for Q&A. Thank you.

Moderator: Thank you very much. The first question is from the line of Rohan Mehta from Ficom Family Office. Please go ahead.

Rohan Mehta: So a couple of questions. Firstly, the other expenses, that has risen by about 47% quarter-on-quarter compared to a 27% increase in revenue. So I wanted to understand what drove this jump? And were there any one-offs involved? Firstly, that's the question.

Secondly, you have guided for about 25% to 30% revenue growth for FY '26. What share are you targeting from renewables this year? And also, has the execution for wind energy clients, has that improved versus the delays that were seen last quarter?

Himanshu Aggarwal: Okay. So to answer that, Rohan, thank you for the questions. First of all, for the other expenses, as you -- as mentioned earlier also in the opening remarks, we've had specialized service contracts executed in this financial year, of which INR31 crores total of the segment A revenue is from the specialized service contracts. Out of that, in Q4 itself, roughly about INR21 crores is the execution amount in Q4.

And these are lower EBITDA compared to the equipment rental where the EBITDA is about 19% to 20%. So the majority of the expenses that have increased in the last quarter are from these specialized service contracts where material as well as fuel and other expenses have added to the cost. So the percentage variation that you are seeing is based on that. So that is one -- your first question.

On the second question that you asked in the growth that we are looking for, the renewable energy last year of the Equipment Rental segment, it was about 5% of the overall revenue for that segment. This year, as we're looking to expand in that sector, so we would be looking to go anywhere between 15% to 20% specific to that sector.

And to answer the third one, we are seeing some change at the ground level compared to last year as there was some slowness in the growth of -- or in the taking off of projects, which seems to have changed, and we are still monitoring the situation and taking steps going forward accordingly.

Rohan Mehta: Just a follow-up on the second point. So what would be your medium-term target for the renewables contribution, let's say, 2 to 3 years?

Himanshu Aggarwal: As I said, we are still monitoring. Hard to give a specific number on what would be the target there, but we would like to grow in that sector. As I said, from 5%, we are targeting 15% to 20% this year. And as we continue to grow, we will keep expanding on that sector, but no specific number per se.

- Rohan Mehta:** Sure, sure. Lastly, with the addition of large tonnage cranes, should we expect an improvement in EBITDA margins for the equipment rental segment beyond the guided 53% to 55% range?
- Himanshu Aggarwal:** Like for the last financial year, for solely the equipment rental, we achieved 55%. And if we look at Q4, it was 62%, which definitely was an impact of the larger tonnage cranes added over the last financial year and in Q4. Going forward, I think anywhere in that range, about 60% to 62% is the benchmark also in the -- standard in the industry, which we would like to maintain, which we target to maintain going forward specific to stand-alone equipment rental.
- Rohan Mehta:** 60 % to 62% right?
- Himanshu Aggarwal:** Yes.
- Rohan Mehta:** Got it. Got it. And lastly...
- Himanshu Aggarwal:** Sorry, just to add to that, Rohan, Q4 traditionally is the best quarter. So on an overall basis, yes, what we have achieved as 55% 55 -- anywhere between 55% to, say, 58% is, I think, the ideal range given the equipment mix because we've got a mix of cranes, piling rigs, aerial working platforms. So looking at all the mix, that is the range that we would be able to maintain -- we are targeting to maintain going forward.
- Rohan Mehta:** Sure, sure, sure. And lastly, how does the demand for Equipment Rental segment currently looks like? Are you seeing any signs of slowdown in infrastructure activity? And also what key risks should investors be mindful of heading into FY '26 as per your initial assessment?
- Himanshu Aggarwal:** So as per our assessment, we are still seeing enough traction for us to keep growing and investing in equipments, and that is why we've given an outlay of about INR100 crores capex in this financial year as well in the new financial year, of which we have already done about INR24 crores. So it is based totally on the demand, which is out there. And we are seeing that the demand is still robust, and there is nothing for us to be cautious about specifically in any -- in the overall scheme of things.
- Sector-wise, there seem to be changes based on sector demands and sector requirements. But that overall -- on an overall basis, the equipment rental demand is pretty robust. There's no specific challenge being seen there.
- Moderator:** We take the next question from the line of Pranav from Prudent Equity.
- Pranav:** So my question was you said that the other expenses jumped because of specialized service contracts, right?
- Himanshu Aggarwal:** Yes. That's correct.
- Pranav:** Is that like a one-off item? Or would that continue like going forward?
- Himanshu Aggarwal:** So with that, we are trying to build service capabilities of the company beyond just equipment rentals. And because it was the first year doing so, the expenses, we believe, have been on the higher side than we would want them to be. And going forward, as we do execute new service

contracts, you would see expenses coming up as well. And the comparison -- because over the last financial year only, we started doing it. In FY '24, we didn't have any specialized service contracts executed.

So if we do a comparison year-on-year, the numbers seem to be drastically increasing on the expense side. And similarly, quarter-to-quarter, like Q4 was heavy on the specialized service contracts. So the comparison with Q3 is reflecting a higher number. But this is not a one-off thing. We will definitely have specialized service contracts going forward, and the expenses will be accounted for accordingly.

Pranav: Okay. So my next question was like the company has maintained like a rental yield of around 3%, right? So is that level sustainable going forward?

Himanshu Aggarwal: We are looking to sustain that level because as I've mentioned in the opening remarks as well, that despite an aggressive growth target, we are looking at ensuring that our EBITDA margins and profitability margins are retained. So to do so, we have to ensure that our yields also for the equipment rental are maintained in the range of 2.9% to 3%.

Pranav: Okay. And like I had one more question. Like in the earlier call, you had guided that you can achieve like 34%, 35% margins in FY '26. And -- but however, there were margin pressures this quarter. So is that guidance still achievable? Or should we expect a change?

Himanshu Aggarwal: We have maintained the 33%, if you would look at it from the last financial year despite growing -- we had targeted growth at 30% year-on-year, but we ended up growing 45% on the revenue side. So that additional 15% aggressive -- more aggressive growth was -- has led to a slight margin erosion because, as I talked about, specialized service contracts contributing INR21 crores in the last quarter to the overall revenue.

So that is not at the same level of EBITDA compared to our equipment rental division, which gave us an EBITDA -- so stand-alone from rentals only at 62%. So that is the reason a mix of all the segments that we operate in, we stood at 33 %.

And going forward, with the kind of aggression we are keeping on the growth side, we are looking at sustaining 33%, and we could possibly go up a notch to 34-odd percent if we are able to get specialized service contracts also with a higher EBITDA margins.

Pranav: Okay. One last question I had was, considering we'll do INR100 crores capex this year, what is the full year depreciation we can expect?

Himanshu Aggarwal: That is hard to assess right now because the depreciation will depend on when the equipment is actually purchased and then booked because as I said, we've done about INR24-odd crores in the current quarter already. And if we end up doing more of it on the -- in the first half of the year itself, then it will lead to probably a higher depreciation compared to if we do more of it in the second half. So those numbers will become more clear going forward when we have more clarity probably by Q2 of this financial year.

Moderator: Next question is from the line of Souresh Pal from KRST Capital Limited.

Souresh Pal: Sir, I want to know what is our order book as of now? Your voice is not audible -- can speak louder?

Himanshu Aggarwal: Yes. As I stated in the opening remarks as well, the order book is at INR136.8 crores as of May 2025 and all of which is executable in the current FY.

Souresh Pal: Sir, if I see your investor presentation, last year, May 2024 also order book was around INR150 crores. So how does this thing work? Because our revenue growth will be trail by -- will be preceded by order book increase, right? So can you please explain that thing?

Himanshu Aggarwal: Right. So we are operating across 3 segments. And of these 2 segments, the Warehousing segment, which is segment B and the Equipment Rental segment, which is segment A, we tend to have the order books -- certain order book visibility in advance. And as I stated earlier, in the INR136-odd crores order book right now, 53% is from warehousing, where we've got long-term contracts, which are usually 5 to 7 years. So the 53% of INR136 crores refers to the amount for the current FY.

And these are current orders in hand, which keep on increasing also over the year as we get new orders and we bid for new tenders. As for equipment rentals, usually, the orders are in the range of 6 months. So the visibility is on the -- on that aspect is such where currently, the cranes or equipment which are under contract since the previous financial year are going to -- we only have taken the visibility up to, let's say, whatever we have on hand is up to June or for some contracts up to September.

But then new tenders and new contracts come into place, which keeps on adding to our order book and further, it keeps increasing. As you would have seen the trend in the last year as well, we started out at about INR138 crores, INR139-odd crores and then we eventually ended up being at INR254 crores in the overall revenue.

Souresh Pal: Yes, right. So if I remember, in the quarter 3 presentation also order book executable in FY '25 was mentioned around some INR66 crores, but you ended up doing revenue of INR81 crores. So can you explain that?

Himanshu Aggarwal: Yes. So the order book, when we talk about the order book, it depends on the order book at the time of us going to the investor call, whereas the orders keep trickling in subsequently as well. And sometimes we get -- like we got a new order for a specialized service contract in the month of November, which was executed -- part of it was executed in December itself.

So those are the things which lead to a sudden change in the revenue compared to the actual order book in hand. So those are all -- it is hard to give you a clear understanding on whether if today INR136 crores it is and how it will change over the span of next 4 quarters. But it all depends on the orders that keep trickling in and the execution of those orders as well, the time line for executions.

Moderator: Next question is from the line of Ishit Desai from FODs Family Office.

- Ishit Desai:** Congratulations on a very good set of numbers. Sir, my first question is regarding the breakup of revenue, which you mentioned between pure equipment rental and services. So on just on a broad calculation basis, the rental -- pure rental revenue comes out to be about INR25 crores for the quarter, which is probably a Q-on-Q decline in terms of revenue for pure rental -- equipment rental side. So can you please help us understand what led to that decline?
- Himanshu Aggarwal:** So compared to the last -- you're comparing between Q3 and Q4, right? So in Q3 as well, if you would notice, we had about INR11 crores of specialized service contract in the overall revenue for that segment. And in this, we have, as I've mentioned, INR21 crores for the Equipment Rental segment. So on that basis, of the INR82 crores that we have done, the total revenue -- just a second, I am just...
- Ishit Desai:** Q3 rental number was INR28 crores and then services was about INR11 crores, INR28 crores, INR29 crores. And this Q4, you have rental number of INR25 crores and services number of INR21 crores, right?
- Himanshu Aggarwal:** For Q4, I have -- yes. So there's not a major change there. It is similar to what we have in the previous quarter. One prime reason for a slight decrease that you noticed in the equipment rental -- specific to equipment rental is because up until Q3, we had certain contracts -- 2 big contracts where we had equipment that was cross-hired from the market from other associates because we did not have our own equipment at that time, which were under operation, and those were also a part of the overall revenue.
- But because they were at smaller -- much lower margins compared to our own equipment where the EBITDA margin was much higher. So those contracts got completed and the revenue, although has gone down slightly. But if you would see the stand-alone EBITDA margin has gone up because of the fact that it has been predominantly our own equipment that was operating in that period.
- Ishit Desai:** Understood, sir. And sir, in terms of given that a lot of capex had kind of come in, in December '24, right, a lot of the entire amount in last financial year, has those numbers kind of getting reflected fully in Q4? Or I mean, once they start getting utilized at client side, whatever lead time we have, will start getting reflected in FY '26 onwards in terms of purely from a rental revenue perspective?
- Himanshu Aggarwal:** Right. So yes, definitely, see, if you would see the -- a lot of the investment in Q3 that happened, happened towards the end of Q3, which took time for revenue to come into play probably from Feb of 2025. And definitely, in FY '26, we are looking to have a full visibility of the entire INR145 crores capex that was done last year itself. So that will definitely add to the revenue numbers compared to what they were in last quarter.
- Ishit Desai:** Understood. And in terms of our capex guidance, right, when we announced it in FY '24 for 2 years -- I mean, last year, when we kind of projected that we'll do about INR60 crores for 2 years, we ended up doing twice that amount in -- so INR100-odd crores in 2 years, but we ended up doing more than that in a single year. So if there are opportunities of similar nature coming

in this financial year as well, are we looking to be a little more aggressive on capex? I mean, are we open to do that or...

Himanshu Aggarwal:

Sure. To answer that, the last year, we had put out an outlay of INR160-odd crores, of which we wanted to do INR100 crores last year and INR60 crores in FY '26, which we ended up doing INR145 crores last year itself. As we got opportunities, we saw the possibility of preponing certain capex, and we took that call. And this year, we are doing INR100 crores, of which about INR15 crores is anyways the carryforward from last year -- rather INR20 crores from last year because the INR160 crores that we had planned last year was predominantly for the equipment rental itself.

So if I look at it this way, INR20 crores from last year and another INR80 crores we have kept for this year. So INR100 crores overall. But there are -- if opportunities do come up where we see an opportunity to go more aggressive on the capex side, and we have the necessary avenues already lined up with our banking partners, we'll definitely go take that decision when the time comes.

Ishit Desai:

Sure, sir. And what kind of debt-to-equity mix are we looking at, say, if we look at INR100 crores sort of capex for this financial year, what amount can be funded through accruals? And what would be the outside debt we look at?

Himanshu Aggarwal:

So yes, as we are maintaining a debt to capex of -- sorry, debt to equity of about 0.9 in the last year as well as this -- in the FY '24 as well as FY '25. Going forward, we are looking to also maintain in those lines as well. Reason being we are paying off debt -- now aggressively, simultaneously, what new acquisitions we are doing, it is partly from internal accruals plus we've got suppliers credit, which is -- terms are there where we are able to take the debt on books at a later time. And that is the strategy that we've been following, and we'll do that going forward as well.

Ishit Desai:

Sure, sir. And lastly, sir, you mentioned that this year, you see good visibility in renewable energy as a sector, including wind, right? I mean if we look at the industry, one of the large peers of our -- has probably not given a very strong commentary on the equipment rental as a business and outlook, and we are relatively sounding positive.

They are -- their gross block probably 6, 7x higher than us. So is it fair to assume that we are gaining some market share from some of the competition in this segment? And given that the opportunity size is large, this over the period of 1 or 2, 3 years could be a relatively larger business for us?

Himanshu Aggarwal:

See, I'm not aware of the commentary of any other company on this. But going by what we understand our proposition and the opportunities out there, yes, we are definitely gaining some traction on the market share of competition as well as there are new opportunities opening up because of the -- what we understand, especially with wind also the sector has opened up differently with the kind of opportunities.

And because of policy changes as well that have happened that have opened up new opportunities. And that is where our focus remains. And our focus or our target, as I answered

on earlier question is for this year, at least, we look to go at 15% to 20% of overall equipment rental business from the wind sector, wind and renewable energy combined.

Ishit Desai:

Understood, sir. And last question from my side, sir, as I look at some of the client profile on the presentation, some of the very large groups featured here like Aditya Birla, L&T, Reliance, Tata and all of this, including Adani and some of them have very large projects across different streams coming up. So where are we with some of these large guys, I mean, in terms of share of their overall requirement?

Are we kind of just entering these groups with our equipment or are we at a reasonable penetration level with a decent share with some of them? Just want to understand how -- I mean, what kind of opportunity size are we looking at with some of these large guys?

Himanshu Aggarwal:

Okay. So to answer that, the client base that we currently have, we have been fortunate that we've been associated with most of them for more than a decade now. If I talk about Reliance Industries, it's been more than 10 years, Larsen & Toubro more than 20 years. Adani Group also about 5-odd years where Adani started growing aggressively.

We have gone aggressive with them. Aditya Birla Group, specifically, if I talk about the cement sector, we've been associated with them largely across all their cement projects coming up in the country or being executed currently. So the penetration level is pretty good with a majority of our large clients.

And the way we work with we concentrate on projects where we bring in more machinery to single projects of these clients rather than distributing across various projects for the same client as well, which gives us more kind of working flexibility with the client and gives us more of a choice from the client as well as being the first choice to work on a single project.

So that way we bring down our operational costs and are able to give better service to the client as well. So the concentration level on an overall basis, it is hard to give you a number on that because the size is so huge across their different projects, that number is hard to even calculate.

And it might be much smaller compared to the overall project sizes that they have. But specific project to project, we maintain large concentration as a business strategy, which I won't be able to give out the details here. But we are well penetrated, if that is what you wanted to understand.

Ishit Desai:

Yes. I mean just an add on to that, I mean, are we seeing more outsourcing trend from some of these large guys? I mean, they are feeling that they can be lighter on their books and then better to outsource it to an aggregator on such kind of requirements?

Himanshu Aggarwal:

Absolutely, absolutely. That's the way they are going ahead because of the kind of requirement that they have, the kind of the size of projects that they are executing. They do not -- they are not interested in creating their own set of equipment where they would have to then set up another vertical altogether to manage those equipments on their own. So although they have tried in the past and in the recent past, but they've had their challenges. So they've always been more confident on or more -- they are working towards outsourcing more and more.

- Ishit Desai:** Sure. Thanks a lot for answering my questions.
- Moderator:** Thank you. We take the next question from the line of Rohan Mehta from Ficom Family Office. Please go ahead.
- Rohan Mehta:** Thank you for the opportunity again. So a couple of clarifications I had. In your previous years, the company was more cautious on the renewable space. So I wanted to understand why are you changing gears and growing here more aggressively? Any particular two to three reasons for the same? Also which policies have changed? Any specific factors as well, if any? Also coming to how much of the 15% to 20% share of renewables you mentioned earlier is focused on wind alone?
- Himanshu Aggarwal:** Okay. So to answer that, Rohan, thank you for the questions. The stance that we have maintained in the past has been more from a financial prudence front where we were trying to understand because in the past, the sector has been -- predominantly the wind sector has been unstable on the financial side because there was a sudden decline in the sector in the periods just before COVID as well.
- So -- but what we have seen changing is maybe because of policy changes at the government level or with the private players coming up with setting up their own wind farms now, there has been a change in the approach of how it has been executed. So that has given us more confidence. It is giving us more confidence.
- And I did add that we are -- although we are looking at aggressively going at 15% to 20% of the equipment rental revenue mix, but we are still monitoring the situation and taking it accordingly. So that is where we are being cautious to the point where we do not go all in even right now, even 15% to 20% is going to be on a step-by-step process.
- And on the policy change, as you asked, I'm not well versed with the overall policy changes that have happened, but what our team has come to understand is that with the private players setting up wind farms and certain changes happening in the way the whole process works, there is more clarity, visibility and stability in the sector now than what it was before. And finally, with regards to wind, we -- the majority of the renewable energy component that we would have will be from wind.
- Rohan Mehta:** All right. Also, what is your gross block as on date? I believe as of March 2025, this is INR419 crores, but what is it as on date?
- Himanshu Aggarwal:** So we've added INR24-odd crores in this financial year in the 1.5 months that has gone by. So you can just add to that accordingly. I do not have the exact number of the gross block, but if you just do an add-on to that, would be about INR445-odd crores, yes.
- Rohan Mehta:** Yes. And in terms of your average age of your fleet, what is it currently? And how has this changed over the -- how is this expected to change over the next few years?
- Himanshu Aggarwal:** So with the addition of a large number of new machines over the last financial year, the average age is still within 6 years. And we would continue to maintain it within that 5 to 7 years range.

That is the ideal area that we play with because we do have a churn of equipment every 8 to 10 years depending on the age and the type of equipment. So that is what we -- going forward, we are going to maintain the age range between 5 to 7 years.

Rohan Mehta: Okay. And I wanted a clarification on your gross and net rental yield. So I believe your gross yield for the current quarter was 3 %. What was the net yield?

Himanshu Aggarwal: So the net yield roughly is -- you can consider about cost of operation and other expenses that come into play about 1% overall. So the net yield -- less than about 1%. So the net yield would be around 2.4% actually. I do not have the numbers right in front of me, but I'm just trying to recall from the top of my head, it should be about 2.4%.

Rohan Mehta: Okay. I had similar questions on net yield for the previous quarter and for the full year. Can I take this offline if that would work with you?

Himanshu Aggarwal: I wouldn't have those numbers with me right now. So if you can drop in an e-mail, we can get back to you with those numbers.

Rohan Mehta: Sure.

Himanshu Aggarwal: For the net yield, yes.

Rohan Mehta: Sure. And lastly, why was warehousing and transportation margin lower versus FY '24? And how do you see it going ahead?

Himanshu Aggarwal: Okay. So to answer that, one, we had a major standoff in the Vishakhapatnam port in Q1 of FY '25, which led to stagnation of activity at the Vishakhapatnam steel plant, which is -- which mother stockyard we are handling. And it brought down the revenue for that quarter drastically, specifically for the warehousing segment, while the costs remain the same.

So that has played a part in the entire financial year. And even in Q2 because of monsoons and other challenges, the segment could not pick up as such. So the two quarters that we faced majority of challenges for that segment led to an overall decline of margin in that segment. Plus with the warehousing going down a little bit, we were more aggressive on the transportation side, which is less -- a much lower margin compared to our warehousing division, which has traditionally had a higher EBITDA margin as well.

Going forward in this financial year, we do not see such challenges coming up. This is the first time ever in the history of our operations with the Rashtriya Ispat Nigam Limited that we saw such an activity happening. Going forward, things are looking better because now everything is absolutely been working fine at the Vishakhapatnam steel plant as well as all the other stockyards that we are operating. And we would be able to go back to that margin range of 20% for the Warehousing and Transportation segment as well in this financial year.

Rohan Mehta: Right. I just wanted to ask a follow-up on that. What exactly was the standoff regarding? And also in terms of the new opportunities with SAIL and RINL, how do you see this going forward because currently, we only cover a very small part of their operations?

Himanshu Aggarwal:

Right. So regarding the standup, there was a standup between the government of Andhra Pradesh and the labor unions at the Visakhapatnam port. And because the steel plant is also working directly with the port for export and other activity, so because material was not being moved, so the plant operations came to a halt for a certain time. And that was also the time when the general elections were happening.

So it took a lot of time for the issue to be resolved between the government and the labor unions, which impacted the entire operation for a longer-than-expected time period. So -- and that was the first question. Second question you asked is where do we see ourselves going with both SAIL and RINL.

With regards to revenue improvement, as the steel production is increasing year-on-year, the movement of steel products is increasing. We are seeing higher material -higher quantum of material coming into the stockyards that we are operating with them. And there are new opportunities where we are bidding for new tenders for their new stock yards that are coming up in this financial year itself.

So we do see that we will have newer opportunities once we are able to close those tenders with them and take forward the segment as well with the targeted growth that we have for the full financial year. The revenue from this segment like it grew 18% last year, we would like to maintain and bring it up to about 25%-odd in this financial year.

Rohan Mehta:

Sure. Thank you so much for patiently answering my questions.

Moderator:

Thank you. Next question is from the line of Prem Luniya from Astute Investment Management. Please go ahead.

Prem Luniya:

So I had a few questions. I'm pretty new to the industry. So what I wanted to understand was that we have been doing a lot of capex in our equipment handling industry sector. And largely now we have also been focusing on the renewable space, which we were not. So can you just quantify like the new investment last year and this year, what we plan with capex? How much of it was catering to specific requirements of wind energy per se or renewables?

Himanshu Aggarwal:

So in my previous calls, we have clarified this and I'll clarify again. We do not make investments based on specific sectors. So the kind of cranes that we purchase or the equipment we purchase, they are usable across sectors to ensure that we are not sector-specific or sector dependent in that sense. So the deployment of the equipment is based on what kind of contracts we are getting, what pricing we are getting, the duration of the contracts.

So we pick and choose between whether we want to give it to renewable or to other sectors, which is on a case-to-case basis. But the investment when it is done, although we do it based on a work order already in hand, but we do not buy equipment thinking that it will be used only in this sector.

So we maintain the purchases with our OEMs in such a way that the equipment is coming in fully loaded as it is called in the sector, like in the case of a car, when you buy the top model, it

has everything. Similarly, in the cranes, we buy the top model of cranes which is the fully loaded model of cranes so that they can be deployed across sectors.

Prem Luniya:

Right, sir. But what I understand this large hub height or large tonnage cranes are usually more preferable to be used in newer types of windmills where the hub height is in requirement?

Himanshu Aggarwal:

That is correct. But that is only one specific activity of the windmill installation. So there is an entire scope of storage yard handling, which requires smaller cranes. And then even in the support system because there is one large crane of 800 or 900 tons capacity, which is required for the larger hub installation, as you rightly pointed out.

But there are a lot of smaller crane requirements ranging from 50 tons up to 300 tons capacity, which are required across the board in a windmill plant as well for various other activities. So based on that, like we've done the larger tonnage additions last year as well as earlier this year. And we have done a lot of smaller capacity as well, which we've highlighted in the presentation as well.

So we've done it across the board to ensure that we've got a set -all set of machinery so we can give machinery like in the last year, the 5% renewable energy that we have revenue contribution from renewable energy. That was primarily from the smaller machines ranging from 110 up to 250 tons capacity.

And this year, we see that, that will go higher because we are now going to be introducing the larger tonnage machines also into that sector. So that is why we are focusing on that 15% to 20% in this financial year.

Prem Luniya:

Also, do you think that the realization, the yields of 3%, which we generate on the cranes and when the larger hub size cranes come into our portfolio and where wind mill -- wind energy can give us higher yields. Do you think, if at all, we have the situation that we have to use it in some other industry other than wind, the yields will remain the same?

Himanshu Aggarwal:

Yields are, yes, kind of similar across the sectors, but primarily with -- it all comes down to the period of contract also because if there is a shorter period of contract, we get a better upfront rental price. And for that specific period, let's say, 3-month period, the yield can shoot up. But if I have more idling of the machine because of a shorter contract, then eventually that yield is going to neutralize over a period of 6 months, let's say.

So traditionally, what we've seen is across sectors, because pricing is pretty much similar, and it is just if we are using different configurations, the prices also change. So the yield overall will - on an average basis will remain in this range that we are currently operating at.

Prem Luniya:

Sure, sir. And also, could you throw some more light on the specialized service contracts which we are doing? Can you please explain the nature of these contracts and what are the sectors involved?

Himanshu Aggarwal:

Yes. So in this, I cannot give out more specific details because of them being business sensitive. But they are in the sectors we are already operating like in the last financial year, we've worked

with L&T in an urban infra contract where we did specialized services for -- it was casting development activity, but not necessarily an EPC.

So the way to put it is these are smaller contracts, much smaller contracts of a much bigger EPC contract that the contractor or the agency is executing or the primary client is executing. So we take up smaller contracts, which have at least that we want to maintain the margins in 20% to 25% range.

Although last year, the EBITDA margins were about 19% of the service contracts we did. But going forward, we are trying to ensure that we pick up those contracts in a way where we are able to maintain 20% to 25% range.

Prem Luniya: Sure, sir. And the last question, what is the average interest rate which we get the loans at right now?

Himanshu Aggarwal: Our average cost of finance is about 8.7%.

Prem Luniya: Sure. And just as a question, I'm trying to understand, is there a difference between a gross yield or a net yield? And what is the difference, if you can share?

Himanshu Aggarwal: The gross yield is including all the operating and other costs involved and the net yield would be minus of the operating expenses and other expenses.

Prem Luniya: So 3% would be the gross yield, right?

Himanshu Aggarwal: Yes, that's correct.

Prem Luniya: Thank you.

Moderator: Thank you. Next question is from the line of Sandesh Kumar an Individual Investor. Please go ahead.

Sandesh Kumar: Thanks for the opportunity Congrats for the highest ever yearly revenue. Now I'm following this company since 2 years. Till today, you are working with us, you guided for 30% revenue, but you achieved 45% revenue. That's great. My question is like over the last 2 years, we have seen EBITDA margin of around 33%.

Now we have again guided for another 30% increase in revenue. And last year, we achieved PAT margin of around 9% to 10%. Can we expect the same EBITDA margin and PAT margin by keeping in addition of 30% revenue?

Himanshu Aggarwal: That is the target. Thank you for the question. So that is our target, as I've stated in my opening remarks, and as you would see in our presentation, the Chairman's message as well, that we are focusing on 25% to 30% growth while ensuring that we maintain these margins at least. So despite the aggressive growth, we are ensuring that we only pick up contracts and work with certain clients where we are able to maintain these margins rather than having a margin compression while going for aggressive growth.

- Sandesh Kumar:** Is this 30% growth expected is from the existing segment? Are we adding any new verticals like how we earlier added like EPC segment? Is it a new vertical?
- Himanshu Aggarwal:** So the growth -- overall growth of 25% to 30% is going to be from the existing segments of what we are already doing. Within these segments, we are like, as I talked about in the Equipment Rental segment, we are exploring opportunities to expand on the renewable energy side. And we have started doing specialized service contracts, which contributed about INR31 crores to the overall revenue last year. And similarly, this year as well, we would see certain level of contribution from there as well within the Equipment Rental segment itself.
- Sandesh Kumar:** Yes. Okay. Like now we have around INR112 crores on debt, like INR70 crores long term and INR40 crores short term. And we are planning for INR100 crores capex. Like could you please tell us like how we are planning this capex, whether internal accruals, debt or equity and also how we are planning to reduce the debt?
- Himanshu Aggarwal:** Right. So on the debt side, as I answered an earlier question, so the funding is done in a way where a part of the purchase is done from internal accruals, which is the upfront margin of about 25%-odd and the balance is funded by debt, but this also -- we've got suppliers credits, which enable us to have the debt on books at a later period of time. And while that comes into play, we are also paying off current debt. So we are able to maintain -- our target is to maintain the current debt to equity of 0.9 that we currently have.
- Sandesh Kumar:** Currently, we have around INR60 crores in receivables. How much of this overdue beyond 6 months?
- Himanshu Aggarwal:** How much of this is beyond 6 months?
- Sandesh Kumar:** Yes, yes. Overdue beyond 6 months.
- Himanshu Aggarwal:** I do not have the exact numbers, it will be much -- it will be very low unless there is any arbitration or specific that we know of about around INR5-odd crores that would be there, which is disputed or delayed due to certain contractual requirements. Otherwise, as you see the receivable days have gone down drastically. It is because that we have been more meticulous in ensuring that our outstanding dues have been recovered on a timely basis.
- Sandesh Kumar:** Probably like around INR5 crores may be more than 6 months, right?
- Himanshu Aggarwal:** Yes, could be, although I do not have the figure, but just giving a ballpark figure there.
- Sandesh Kumar:** Yes, sure, Himanshu, if I come to balance sheet in noncurrent liability item number column 13, there is an increase of -- earlier, it was in last financial year, it was INR101 crores. Now it is INR208 crores, could you please explain what is this? Other financial liability from INR58 crores to INR120 crores?.
- Himanshu Aggarwal:** This primarily pertains to the suppliers' credit, which goes under other financial liabilities and it will come on to the books as and when it becomes due post the credit period in a sequential

manner because it pertains to different times the equipment have been bought and then they will be coming on to the books based on the kind of credit period we have with them.

Sandesh Kumar: Himanshu, like currently, your order book of around INR137 crores like how much of this from special EPC in this point?

Himanshu Aggarwal: I'm sorry, sir, I did not understand the question.

Sandesh Kumar: Yes, currently, your order book is around INR137 crores. In that INR137 crores, how much is under special EPC?

Himanshu Aggarwal: We are not doing EPC to clarify, we are doing specialized service contracts, which are not necessarily EPC because EPC is a different game altogether. So in the INR136-odd crores, we would have -- at present, we have about INR6 crores, which is from specialized services in the order book.

Sandesh Kumar: Okay. Thanks so much. Thanks for the opportunity.

Moderator: Thank you. We take the next question from the line of Sarthak Sharma, an Individual Investor. Please go ahead.

Sarthak Sharma: So I want to know, previously, you had mentioned that the Steel Processing and Distribution segment of the company would slow down or rather stop doing it altogether. But this quarter, you started doing it again, and you've mentioned that there will be more orders. Why -- can you give a guidance for the margins for this segment for FY '26?

Himanshu Aggarwal: Yes. Thank you for the question. See, if you look at it, Q3, we did not have any activity in that segment. In Q4, this segment, primarily, we are operating only with the current client base, and it is only client-specific from a customer stickability perspective. In Q1 of last financial year, which is Q1 FY '25, we had a major order which we executed in that quarter itself, which led to a large spike in the revenue from this segment.

And in Q4, we've got a slight revenue from here as well. The EBITDA margin is at about 4%. So we are not very aggressive on this segment for that very reason that it is a low-margin segment, but is there more as a horizontal integration to our Warehousing and Transportation segment. And we continue to do only activity when it is a specific requirement from our current client base who are the end users of the steel that we are delivering.

Sarthak Sharma: Okay. And regarding the land that you've taken for specialized process, what is your strategy behind this? And what all capex can we expect to be done in that specific land?

Himanshu Aggarwal: Okay. The strategy, it is too soon for us to give that out. Once we have clarity and we are out with our details on what projects we are going to be executed, we will definitely be giving those details. But with regards to capex, the purchase of the land is about INR10 odd crores total cost that we are shelling out. And apart from that, the capex to be done on the land with regards to what project we are setting up with aligning it to our specialized services contracts, that will become more clear towards Q2, and we'll definitely have those details also shared.

- Sarthak Sharma:** Okay. And since you've already mentioned that because we've done specialized services, that is why there's a lot of other expenses for this quarter. Do we expect the other expenses to come down throughout the year or do we expect it to remain at a similar level?
- Himanshu Aggarwal:** So depending on the proportion -- it will proportionately be in the range of how much of the specialized service contracts we execute going forward. So if the proportion of specialized service contracts keep rising drastically, then only you would see a major increase in other expenses on a percentage basis. And if we are not expanding heavily on the specialized services contracts, then the other expenses would be on the lower side.
- Sarthak Sharma:** Okay. Thank you.
- Moderator:** Thank you. As there are no further questions from participants, I now hand the conference over to Mr. Himanshu Aggarwal for closing comments.
- Himanshu Aggarwal:** Thank you for the -- thank you, everyone for today's call, and it was always a pleasure. It has always been a pleasure to talk to you and listen to the various questions that you have. And I hope I have been able to answer your questions to the best of my ability and given you clarity on how the company wishes to go forward and how we performed over the last financial year.
- We are very thankful for all the support that we get from all our investor -- the investor group and the people who are associated with us. And we look forward to connecting with you again in the next -- when we declare the next quarter results and have a great time till then. Thank you.
- Moderator:** On behalf of Tara Chand Infralogistic Solutions Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.