

“Transport Corporation of India Limited Q1

Investor Conference Call FY 2026”

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MANAGEMENT:

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MODERATOR:

Ms. SIMRAN SHARMA – INVESTOR RELATIONS

Ms. Simran

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

Ms. Simran

Good evening, ladies and gentlemen.

I am Ms. Simran, the moderator, and I would like to extend a warm welcome to everyone joining us for the TCIL Q1 FY26 Earnings Conference Call. On behalf of the management, we have with us Mr. Vineet Agrawal, Managing Director, and Mr. Ashish Tiwari, Group CFO. All participants are in listen-only mode.

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

Mr. Ashish Tiwari

Thank you, Simran. Good evening to all of you. I hope that you would have got the presentation copy.

It is also available on our website. Before we begin with, I would like to make a disclaimer that this discussion might be forward-looking in some of our statements and therefore the actual performance may not be coincide with what is being stated. Now I will invite Mr. Mr. Vineet Agarwal for his opening comments and earnings presentation. Thank you.

Mr.Vineet Agrawal

Thank you, Ashish and good evening, everyone. Thank you for joining us for the earnings call today. It's a pleasure to be here.

I will start with a general commentary on what's been happening in the last few months in the Indian market. As you are aware that we do get sense of what is really moving and not moving in the country specifically since of a network of 1,400 odd offices. In the last quarter, we have seen that in some of the sectors like industrials have been quite weak.

Though industrials have been sitting on a large order book as we all know, but the flow has been quite limited. And we have seen that across the board, across the country where some of these companies have shown weaker movements. Now the reason for that could be manifold, could be also government spending is still starting to pick up, but private capex is still a little weak.

We also know that there has been a weak summer and that has affected consumer sales in several areas like durables or the consumer FMCG side, including industrial refrigerant gases, etc. The agriculture sector has done relatively better in this quarter because of good monsoons and also because of the good winter crops. So agri-inputs, whether it is fertilizer seeds and so on and so forth have done well, including the tractors movement has been very good.

Finished goods as in processed foods, etc. have also been robust. We started to see some inventory buildup for the festival season. There are two areas that I'd like to talk about here specifically. One is on the automotive side. In the auto sector, we've seen that inventory buildup where a large amount of sales is not happening, but perhaps it is also built up for the fact that there is the festival season coming and also maybe because of the fear that the rare earth magnet shortage, etc. could start hitting production over time.

So that buildup has been high. Otherwise, on the regular buildup, which is around textiles and other consumer products, etc. The pickup has been moderate and almost the similar levels as last year. There still remains a high degree of uncertainty when it comes to perhaps the impending tariffs, etc. So when we talk to customers, they are a bit skeptical on what's happening when it comes to their exports or imports.

There is a bit of lag that we are seeing there as well. Those are some of my broad comments. I'll talk about some specifics over the course of the presentation. This is details about our company. I think it's quite well known. Most of these data, nothing has changed specifically. We continue to increase our footprint from a warehousing perspective to about 16 odd million square feet right now. Growth drivers for the sector remain strong. There is no specific change around it.

Customer demand is robust on a broad level, on a long-term basis as well. Industry has huge potential, as we very well know. From a strategy perspective, the company is very focused on providing solutions as well as with our other USP being strong, multimodal capabilities, everything being tech-enabled, and really a very high degree of focus on high-growth sectors.

We have the complete range of services under a single window. Unlike many of our competitors, we are able to provide almost everything under a single roof. There are a few areas that we do not operate and we are able to outsource that need if and when a customer wants that.

Across industries, we are present and in some places which are more intensive when it comes to cargo weight-wise or concentration-wise, which is for example commodities, we do not have that much of a presence, but otherwise we are present in almost all major sectors. In terms of the we are able to provide niche services to customers, however we do have certain specific areas where we provide single window solutions and clearly bring in operational efficiencies wherever possible.

I wanted to share a quick case study on Quick Commerce actually, where we are doing process automation for perishable items. This is a company which was employing for perishables a whole degree of manual sorting, manual grading and really leading to a lot of manpower as well as stock shortages or even fill rates were not that great. This meant that when we started looking at the process and we provided a solution where we do automated grading and sorting and packing and we have been able to reduce manpower by 81% and essentially the productivity has gone up many fold.

This kind of Kaizen activity and sharing of best practices with the customer has helped us to acquire more businesses for this customer and for other customers as well. The challenge here has been that this is in a cold chain environment or more than not frozen but of course at a 15-20 degree temperature. We are able to maintain the fact that the perishability is also maintained as well as operating under strict hygiene conditions.

On a multimodal perspective as you know that we have been last 10 years developing our multimodal capabilities very strongly and on the rail side the movement that we did increased from 540 to about 625 movements across the group which included the movement for our joint venture as well as for the rake movements that we do for automotive car carriers.

This essentially means that in the 90 days of operation of the quarter we did 625 so almost 7 rakes a day kind of movement. The shipping fleet remains the same. You are aware of the two ships that have been ordered which will be available only next year FY27 August onwards.

In terms of container movement 38,000 containers moved last quarter versus 33,000 and number of CBUs handled were also almost the same level. We have been moving our customers more and more towards green logistics which is multimodal logistics and that helps them to save carbon emissions and also helps us to reduce our scope 3 emissions. The number of terminals that we are managing has also increased.

Yards have been increased to 67. In terms of the IT capabilities they remain strong. We are very IT focused we have driven some very cool AI based SOP workflow management processes really improving the life of our workforce by making it simpler and efficient also.

We are as I mentioned present in many of the high growth sectors from chemical pharma to automotive industrial and these are all areas where we see good growth and we have our presence even in the consumer side we are doing fulfillment for e-commerce companies as well as for quick commerce companies which has been a good growth area in the last quarter.

We have in the last quarter we have delivered 20 consecutive quarters of high growth on a year on year basis and this growth even though it has been a subdued quarter from an economic perspective we still continue to grow. The business is strong we have a surplus cash of about 280 crores debt profile is still about 150 odd crores.

I will not talk specifically about the growth drivers particularly per division but let me talk about the businesses specifically freight division as you are aware we have 25 hubs it is a business that typically mirrors GDP and we are seeing that there is with the industrials being weak this business has also been affected and for the first time in many quarters we actually recorded negative growth on the top line it is more or less flat but at a stand alone level and profitability is also weaker here.

The good thing is that we are seeing a shift the LTL increase has started again and from 36% we have inched up a little bit and this will continue to increase going forward. The weakness in the markets remains I think we will get some benefit of the festival season but I do think quarter 2 will remain subdued as well. We have not opened many branches this quarter yet our target though remains at 50 branches for this year.

Overall this business has been weak but we have to give it another quarter, 3-4 months before it starts picking up. Supply chain business has been doing reasonably well. We provide end-to-end solutions for our clients. 75-80% of the business is automotive logistics even though automotive has been slightly on the weaker side we still have seen good traction generally.

Our largest expansion has been on the warehousing side where we have been growing quite rapidly and acquired several large contracts in this space. The capital employed here has also gone up because we have added 50 new trucks as well as a lot of warehousing equipment. The business grew at about 10% and the margin also grew but the margin expansion has not happened at the same place because there has been a lot of capacity addition and some of that is going to take a few months for it to really kick in.

As you can see that the ROCE was a little bit compressed. We have ordered two more rigs that should come in the next year plus. These are rigs for the movement of automotive finished goods. We have three rigs as you already know. These two new rigs are specialised rigs where we have gone ahead for design changes and these rigs should be able to carry two levels of SUVs. Previously, the rigs had one level of SUV. They are typically double-decker rakes.

The bottom layer level has SUVs but the top layer you could not carry SUVs. We know as the market has shifted more and more towards SUVs, this rake has been redesigned and now we can carry SUVs on both levels. So there should be a competitive advantage to us when these rakes come in next year. Seaways continues to do well. I think the business is stable from all perspectives. Top line grew at about 10%.

Fuel prices have come down a little bit. One ship went for dry dock in quarter one but two are more scheduled for this year. One is going to go at the end of July and one later in the third quarter of the year. Margins expanded here as well because of the freight rates being stable and on the higher side and costs coming down. Depreciation has also come down as most of the ships have already been written off. The ROCE etc. are in the excess of 50%. These margins are again, I keep saying that they should moderate but we are fortunate that we are able to generate more juice out of the system still and I am hoping that this will continue for another quarter or two.

The JVs have done well. Concor joint venture grew at 33%. Again, robust contract growth as well as a shift of some customers towards multi-modal logistics. Profitability is a little bit on the flattish side but again, the growth has been high. Maybe some pricing pressure also. On the cold chain side, again, growth is about 18-20%. Margins have improved.

The joint venture with Mitsui for trans-system logistics has grown to about 11% and profitability remains intact. Quarter on quarter, the standalone growth was lower. The joint ventures did much better and console level we saw growth of about 9%. EBITDA growth is almost similar. The PAT growth is almost similar. We received dividends out of the joint venture so that has been positive and console EBITDA includes the TLI share of profit minus exceptional items.

EV EBITDA is similar. ROCE are elevated slightly higher excluding cash. The return on net worth is also higher. Nothing has changed from the quarter perspective. The cash equivalents as I said was 275 crores plus about 300 crores. Nothing has changed on the shareholding side.

On the ESG side, on the environment side, our focus towards the multimodal logistics is certainly helping us in terms of scope 3 emissions. Scope 1 and 2 emissions are something that we have been constantly looking at reducing. Our fleet has been moving towards alternative fuel including CNG as well as adding some LPG trucks.

We have also experimented with retrofitting EV trucks. We are going to see how that grows or rather that performs and then we can look at other areas. Again, very focused on the social and governance part as well. In terms of CAPEX plans, the 450 crore plan remains stable. We have done about 60 crores but as we have always maintained, the first quarter is usually the pickup that starts happening over the year in terms of some of the CAPEX will continue.

We are confident of getting to that 400-450 crores of CAPEX this year. Mostly this will get funded internally with some debt that we will take for trucks etc. which is cheaper to do that. In terms of the outlook remains at 10-12%. We are seeing that though the first quarter has been slightly on the weaker side but we should start seeing pickup subsequently. The other thing to note here is also that supply chain has become our largest division in this quarter and the growth that you are going to see forward will come from some of the businesses that are the newer businesses like cold chain, like rail logistics, like the supply chain business.

Hence, we are confident of the 10-12% of the bottom line.

Happy to answer your questions. Thank you.

Ms. Simran

Thank you, sir, for your valuable insights. Ladies and gentlemen, we will now begin the Q&A session. If you have any questions, please use the raise hand feature.

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

Mr. Alok

Good evening and congratulations on a decent performance. Just had a couple of questions on seaways. Seaways, again, margins have been pretty stable and similar to the previous quarter. So, how do we see these margins? Is it like the new normal or kind of a base-level margin that could kind of continue? And secondly, what would be the status on the second-hand ships which we were also scouting parallelly?

Any update on that? And once these volumes from the new ships come into the system and into the operations, then these margins can improve further? Or is it like this is the optimum level of margins which could be there?

Mr. Vineet Agarwal

Right. So, I think there's a lot of uncertainty in the marketplace generally with the Middle East crisis. Ashish, maybe you can put up that slide only. It's better rather than just leaving it here. And that meant, as I've been maintaining, that some of these ships keep moving out of the Indian waters. And I think that has had a positive rub-off effect on us. And hopefully, that should continue for the time being at least.

So, I think, you know, I would not like to call it this new normal, but I think this 35-40% range is sort of maintainable for the next quarter, at least a quarter or two. The second-hand ship is something, you know, for example, let me tell you, we did bid for one ship in the middle, but we did not get it because, again, the pricing went quite high. But the good part is that we are seeing some more action on this space.

And if we are able to find another ship, we will keep a budget of 150-ish crores for that 100-150 crores. And that would be over and above the 450 crores that we are planning. But again, this is all tentative. And, you know, we do not know how things will pan out. When these new ships come in, which is FY27, mid of FY27 is typically, it takes a few months for it to be utilized in terms of full capacity. However, they also have depreciation and there will be an interest cost.

So that will put down, that might, that will have an impact on EBIT for sure. So, let's see how that plays out. But I do not think the impact will be significantly negative with the new ships. At least for the time being, then it will pick up.

Mr. Alok

Sure. And just one last question. So the tax rate which we pay now is pretty low because of the seaways is based on the capacity the tax rate is calculated. So once a new ship comes into the system, then what could be the effective tax rate? Like, I mean, I know it could be little.

Mr. Vineet Agarwal

No, tax rate is the same. It will not change because tonnage tax applies to those ships as well.

Mr. Alok

Yeah, no. So right now we pay around, I mean, the effective tax rate would be at around 11-12%. So once the, so since the capacity has been same, the tax rate is largely been at around these.

Mr. Vineet Agarwal

Oh, sorry. The tonnage tax is very minuscule. It's like in lakhs.

Mr. Alok

Okay. Okay.

So what should be the effective tax rate? What should be the effective tax rate we should work around with for FY26-27?

Mr. Vineet Agarwal

The same tax rate.

Mr. Ashish Tiwari

Probably that would like more or less depend on like what is the income share from the shipping division.

Mr. Alok

Yeah.

Mr. Ashish Tiwari

Shipping is on a higher margin level right now. The other divisions like supply chain and they would also grow up, right? So, but it not be impacting much more, maybe 2-3% here and there would be okay to estimate.

Mr. Vineet Agarwal

Yes, I stand corrected. I think Ashish is right.

Mr. Alok

Got it. Got it. Thanks for the response and all the best.

Mr. Vineet Agarwal

Thank you. Thank you very much.

Ms. Simran

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

Mr. Sunil Kothari

Thank you. Thanks for the opportunity. Congratulations, Mr. Agarwal and Ashish. Sir, my question is little qualitative aspect I wanted to understand is the freight division of our competitor, I would say VRL. The mainly they are making a very high profitability reason maybe because of they are owning the assets and looking at the interest rate, capital cost. Once you think about owning more assets rather than utilizing the operators, your thought process will be really helpful.

Mr. Vineet Agarwal

Right. Well, yes, you know, that's that they own the assets and maybe they get some benefits out of that. So certainly I think, you know, it works for them. It could work for us. We could. We have looked at that alternative, but whether we have the whether we can manage it as well as they are, we obviously those are things that we question.

What happens when there's a slight downturn? Those trucks are going to be standing. Do they become white elephants? So there are lots of these questions that we think about when we look at some of the strategy around LTL freight transportation. So currently we are looking, we are working on an asset line strategy and we are looking to see how we can keep reducing our cost structure. But yes, it's a thought process that we definitely keep in mind.

Mr. Sunil Kothari

But there is no change in our thought process. We are sure, I mean, we are comfortable with whatever strategy we are following.

Mr. Vineet Agarwal

Well, you know, I've seen our competitors go have a lot of variability in terms of their business volumes as well as during certain downturns. And so that sometimes has put us off. And in the past, we used to own split here as well, but we moved away from it.

So we do not see this business is about 1700 crores and 40% of that in terms of LTL share means that it's a 5-600 crore business. For 5-600 crore business to create a whole fleet might not be worthwhile. So we'll have to think about when and where, how we can use this if we have to add fleet as a strategy.

Mr. Sunil Kothari

Right, sir. So second question is on the annual report the release was, we are investing, we have invested roughly 30 plus crore on some different funds, maybe venture capital related to technology. So if you can share your thought process, I'm not questioning your logic. I'm trying to understand what is your thought process by investing what we want to achieve.

Mr. Vineet Agarwal

Right. So the last 10 years, we've been doing some of these investments and what has happened that, you know, 10 years ago, the kind of startup ecosystem that was there was very small, as you know, and it started to increase subsequently. Now at that point in time, our board when we spoke to our board, we suggested that we need to see the deal flow.

We need to see what's happening in the marketplace. If you also recollect around that time and subsequently Rivigo type of companies also started coming into the marketplace and our customers were asking us, okay, what are you guys doing around it? So our learning to get our learning curve up and higher, we needed to invest because we needed to see what was happening and we were seeing that some of the new startups that came in, they were better and more responsive when it came to customer service with more technology upfront.

They created some control towers. They had other areas where they were doing much better than us and that prompted us to change and in fact create a center of excellence for logistics in our company where we are doing digital transformation projects, running AI ML projects, learning from some of these people and also incorporating using some of the services of companies where we've invested into and we work with them many places jointly also.

So the positive rub off of this has been quite high if we don't even take the returns in perspective and it has dramatically changed the perception of our customers when we show them some of these control towers and I've shown in some of my past presentations over here also the impact that the control towers etc that we've created for customers have had. We also have a national operating center where we are able to view all, everything that's happening around the country on various screens in our corporate office. So I think those are some really, really positive rub offs from this development.

Mr. Sunil Kothari

Basically, we can buy or take service and pay. That way also we can create this technology advantage.

Mr. Vineet Agarwal

Not always. It's not always true. Not when it happened in the past and some of these things that you're looking at as forward technology, not backward.

So when you're looking at forward technology, you cannot buy it and use it. You can only observe it.

Mr. Sunil Kothari

So this will be limited to some amount or?

Mr. Vineet Agarwal

It's not a very large sum anyway. So it's something that we are very prudent about. We don't go ahead and invest blindly.

Mr. Sunil Kothari

No doubt about that. Okay. Thank you.

Thank you. Thanks a lot.

Ms. Simran

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

Mr. Yash Tanna

Yeah. Good evening and thank you for the opportunity. Vineet ji, one question I think you answered on the Seaways segment on the sustainability of the margin, at least in the near term we are forcing it to be there.

Second related question to that was what if you can elaborate a little bit on the net capacity addition after the new ships, like how much of the capacity of these scrap? So what I'm trying to understand is what could be the net capacity addition in Seaways in the next two to three years?

Mr. Vineet Agarwal

So, fortunately for us, some change has happened in terms of the ship scrapping policy of the government and we have extension now till much later. So, we do not see any scrapping for the next two, three years, but we'll see net addition happening next year, which could be about 15,000-20,000 tons of net addition next year. And of course, notwithstanding whatever we are able to acquire from a second-hand ship.

Mr. Yash Tanna

Okay, got it. So, earlier, I think the plan was different. There was going to be zero net capacity addition due to scrapping and now that scrapping will not happen.

Mr. Vineet Agarwal

Correct.

Mr. Yash Tanna

Okay, got it. So, the net capacity addition can be 15,000-20,000 plus any second-hand ship that we acquire.

Mr. Vineet Agarwal

This is till FY28.

Mr. Yash Tanna

Okay. So, this new two ships plus is still FY28.

Mr. Vineet Agarwal

Yeah, I'm saying that there's no scrapping that will happen till FY28.

Mr. Yash Tanna

Okay, got it. All right. Thanks for that.

And secondly, you mentioned that the growth going forward will come from SCM and I think they're growing very strongly in SCM for the last few quarters. So, if you can help us understand what can the growth in SCM look like probably for the next two years.

Mr. Vineet Agarwal

Right. So, you know, SCS business is very interesting because you can see some of our competitors also in this space and what they are doing versus what we are doing. I think you can easily see that we are focusing a lot on profitability, as much as profitability, as much as on growth, whereas some of our competitors are just going ahead rampantly and taking business at very low margins.

So, and also in terms of the strategy, we have maintained a mid-asset strategy where we don't own any, we don't own all the assets, we own some of the assets. So, that has helped us, whereas some of our competitors are completely asset-light. The third is the diversification. We have 75-80 percent in auto, which is similar to other companies, but we have very large diversified customer base. Some of our competitors are working with maybe, you know, 50-60-70 percent of their businesses coming from one or two customers. So, there's a concentration this that they have.

Last is the fact that we are running some very large warehouses for many of our competitors, many of our customers, and those are multi-location warehouses, multi-level warehouses, where we move from square footage to cubic footage as well, and complexity is very high, and having WMS, warehouse management systems, etc., in place also. So, given the fact that we are able to provide our, and I talked a little bit about some of the IT solutions that we've been providing with control towers, etc., I think those are all the positives that we have in this business, and the fact that we've been here for decades, providing these services at a very high quality level, I think we've gained respect of many of our clients.

So, clearly, this is something that will help, and I mentioned that warehousing, we are shifting.

There's a more value addition that is coming, where they want companies, larger companies also want to work with larger companies like us. They want to work with organized players, people with best practices, and those are positive road drivers for us.

Mr. Yash Tanna

Sure, sir. Got the point. If one last question I can ask, again on the CVS side, so you mentioned that probably for one or two quarters, we'll be able to maintain these margins, but once these margins come to a steady state, maybe let's say five to ten percent lower on the EBITDA front versus the current level, which I think, and you can correct me if I'm wrong, if you think that you mentioned is a sustainable level, does this, or do you think this is a risk for you, let's say, in FY27 or 28, where you're operating profit, we'll see no growth for these two years, because that's almost 50% of EBITDA currently.

Mr. Vineet Agarwal

No, no, we're not so concerned about that, because other businesses are also growing. I think also we should keep looking at our business, you should also keep looking at our business, not from a standalone perspective, but from a console perspective, because a lot of the growth is coming from the JV partners, as well as the subsidiaries, and going forward also, we've subsidized one of our chemical businesses, which will possibly lead to a JV in the future, and when that happens, that also should see a growth, because it's a high attractive sector, growth sector. So, as a consolidated business, you should see continuous EBITDA expansion taking place, even if Seaways comes down a little bit.

Mr. Yash Tanna

Sure, sir, got the point. Thanks.

Ms. Simran

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

Mr. Krupa Shankar

Yeah, good evening, and thank you for the opportunity. Congrats on a good set of numbers, Nitya. First question is on Seaways business.

I just wanted to get a sense that now that you've revisited, there have been some growth because of Middle East issues and all. Are you revising your growth number for FY26 for the Seaways business?

Mr. Vineet Agarwal

No, I think we had maintained a flattish number for that. And as I said, you know, we have two dry docks that are coming up. So, those dry docks can have an, should have an impact actually on some of the voyages that we undertake, and hence the revenue can also come down because of that.

So, we have a, so right now we are 10-ish percent, I think going forward, we had set 0-5 percent range. So, let's see what happens after Q2. But right now, we're keeping it at the same level.

Mr. Krupa Shankar

Got it. The second question is on the Chemlog business, as you were pointing out, given that supply chain is going to be the key driver of growth for the business. Just wanted to get a sense on what sort of traction are you seeing over there?

And if I were to point out any vision you have with respect to what will be chemicals as a proportion of your total supply chain business, which has been predominantly auto-dominated?

Mr. Vineet Agarwal

So, we are looking at this 10-15 percent type of range in terms of growth, maybe on the higher teen side also, as we are able to acquire some larger contracts. We have to also see that a small increase in automotive business leads to a large increase in the business overall. So, automotive tends to, is doing reasonably okay for us.

There is new contracts that we are getting on not just new lanes from existing customers, but also new plants that are coming up of different companies. So, that is certainly on the positive side. Of course, as you also know, we are in the entire supply chain of automotive from inbound logistics to outbound logistics.

So, even if there is increase in export sector, that should also have a positive impact for us. New areas that are coming up, whether it is EVs or growth in ancillary kind of automotive sector, for example, tractors or earthen equipment, I think those, as and when, let us say infrastructure starts to pick up even more, that should have a positive rub-off effect. So, yes.

So, overall, this 15-ish percent growth is something that we are looking to definitely work on in the supply chain business.

Mr. Krupa Shankar

Got it. Lastly, on the auto rakes addition, what would be the quantum of CAPEX, which will be incurred towards addition of these two rakes? Because you have given about 128 crores as a budget, it includes trucks and rakes. Just wanted to get a sense of what would be the only cost of rakes.

Mr. Vineet Agarwal

Some of it will be partial this year in terms of advances, etc. And some of it will happen when the rakes actually come on board, which is next year. But the overall budget for this is between 35 and 40 crores.

Mr. Krupa Shankar

Understood. Thank you and all the very best. Thank you.

Ms. Simran

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

Mr. Deepak

Hello, sir. Am I audible? Yeah.

Yes. Yeah. Sir, firstly, on the sewage business, can you mention the volume growth that we did in this quarter?

And going ahead with the capacity that we have and considering the voyages that we will be taking for the full year, what kind of volume growth or revenue growth that one should anticipate for the division?

Mr. Vineet Agarwal

So, there was some positive volume, some more voyages over last year. And hence, the growth that you see is a combination of both volume and value. In the coming quarters, we should see a little bit less volume growth.

Hopefully, the value growth should continue. So we should probably look at but some of it might come down also with the dry docks that are scheduled. These are the larger ships that go for dry dock.

And when they go, the volumes come off a little bit more that are being planned. I'm sorry. So that's why I said, you know, for the full year, 0.5 to 5% kind of range in terms of revenue, which is a combination of both volume and value growth.

Mr. Deepak

Understood. And on the capacity that we have today, can increment, what kind of incremental volume growth can be done from the existing capacity in the ship in the seaways side?

Mr. Vineet Agarwal

Not much, you know, I think we are running at mostly all capacity, sometimes you can get more additional return cargo. But, but otherwise, not very easy. But just to give you an example, we move cargo from Kandla to Cochin and to Tuticorin.

Now, we are seeing some benefit of some of these solar plants that are coming up in Tamil Nadu, whether we can move some of the solar panels on to through containers on to our ship, and then actually take it from Kandla on our rakes to deliver to Rajasthan where these solar plants, solar capacity addition is happening. So these are very interesting things that are happening, whether it lead to a dramatic increase in volume, not really, it will just be a filler in many cases. So we do not expect much in terms of volume expansion with the existing capacity.

Mr. Deepak

Understood. And, sir, on the margin side, if you can...

Mr. Vineet Agarwal

Sorry to interrupt you, but you know, the example I gave you is unique, because no other company can do something like that, where we are picking up from the factory by road, taking it, the solar cells in containers to port in Tuticorin, putting it on to our ship, taking it to Kandla, putting it on to a rake, delivering it to the site in Bikaner or wherever it is, putting it on to the terminal that we are operating, putting the containers there at the terminal and delivering it to the site as and when the customer needs it.

So again, these are some unique services that we provide from an end-to-end solution perspective. Perhaps we do not articulate it as much, but this is something that is really unique to us. Sorry, go ahead.

Mr. Deepak

Sure, sir, that is quite commendable, well noted. On the margin side in Seaways, just wanted to understand from you the demand supply scenario in the routes that we operate. And what in your reading, on what basis will this supply increase?

I understand that the international freight rates are one component. So if you can explain, how does the demand supply game work here in the routes that we work?

Mr. Vineet Agarwal

Essentially, when the freight rates globally tend to go down, we see capacity coming to the Indian sector because it is a little bit more stable. But as and when the freight rates go up, the capacity moves out from here. So new addition, new capacity keeps coming back and forth.

There are lots of permutation and combination in the international marketplace when it comes to shipping. If there's a gulf crisis, sometimes those ships come back to India. So if there is a gulf crisis and somebody is able to capitalize on that, then the ships move out of India.

Bunker prices play a role. Bunker prices have been coming down, as you can see in the graph also. So that typically helps us. But then customers also know that bunker prices are lower. So they will demand for lower prices on terms of freight rates. So and then you have the end-to-end rates.

We don't necessarily do terminal-to-terminal as many of our competitors. We do end-to-end. So how much margin can we capture on picking up from the customer's doorstep to the delivery of the doorstep? So all of these factors come in from margin perspective and then hence on the demand supply perspective also.

Mr. Deepak

Is there any industry study which you can talk about on the demand supply scenario today? Because what is helping us in terms of margins and higher prices is the demand supply being favorable. So how should we look at this going ahead?

Mr. Vineet Agarwal

Well, clearly the demand supply factors are essentially because of several, I mean the growth in this sector is manifold reasons and I don't have any specific study to quote. However, if you look at the studies done by the government themselves from gatishakti perspective, etc., the investment that's coming in the shipping side, essentially the enhancement of multi-modal logistics in the country to shift from road to rail and to sea is essentially to bring down cost of logistics as well as to bring down carbon emission. So both of these factors are at play when you look at coastal shipping.

The share of 6% as a overall freight is extremely low compared to let's say 15 to 20% in China. So it is, I think, given that some of this will happen, the push is there. But it is also sometimes chicken egg.

You have to have some supply available for the market to shift there because in the past there used to be ships that were standing for cargo. Now when more ships came in, there used to be a more predictability in terms of frequency. So customers felt more confident that, look, I'm sending my cargo, it will get loaded into any ship that's in the next two days or three days.

That's the maximum my container needs to wait. Otherwise, we'll just keep moving on. Otherwise, some other ship will be available. In the past, it could have been seven days as the cargo is waiting. So the supply came in and hence demand got created. And now when there's demand exists, then supply will get created. So it's a chicken egg situation and sector is bound to grow because of all the reasons I just told you.

Mr. Deepak

So just to touch upon the other segments, in the subsidiaries, firstly, what is the growth is, you know, the growth there that we're doing is quite good, but the margins are on the lower side. So if you can touch upon what is leading to lower margins in the subsidiaries, firstly.

Mr. Vineet Agarwal

Some margins are anyways weaker on types of businesses we are in. So in the Concor type of business, the margin is anyways going to be slightly weaker because its rail logistics is bulk logistics. Some of it is commodity logistics. So there it will be lower. In other businesses, we have healthy margins, I think. So it's not so much of a concern.

I mean, in the cold chain business, it's more on the growth stage, it's more on the investment stage. And hence, you're seeing that the margin is slightly on the lower side, but the gross margins are still on the higher side.

Mr. Deepak

And in the Transystem JV, what is happening on the growth and profitability side? What should we expect in this year?

Mr. Vineet Agarwal

Growth is essentially on how Toyota is growing. That's a large customer base there and other Japanese OEMs. So we see that should be reasonable this year as well. And hence, we are quite confident that at least it should be flattish from a top line perspective and even from the bottom line perspective, not expecting too much growth, because the volume growth is coming up soon.

Toyota is going to set up a new plant. Let's see if we get that business. That's again two years from now. So, in a business as usual scenario, things look to be very similar as how it is.

Mr. Deepak

So last question. In the standalone freight business, I understand that the macro is weak and there's a lot of competition. So, what is the company doing to get out of this degrowth phase from this quarter that we had?

So, what are the initiatives that we are taking to come back to the growth phase? And similarly on margins, are there any levers on pricing that we are looking at, mix improvement, etc.? So, if you can just mention some improvement levers for the freight business.

Thanks.

Mr. Vineet Agarwal

Well, certainly the focus continues to remain on LTL business. So that's a higher margin business and that's a business that can reduce our cost structure also, because there's more throughput that will happen through the and help the fixed cost, reduce the fixed cost. So yeah, so that is the focus on LTL remains to how to keep the growth momentum there.

Clearly, there are challenges in the economy. We are aware of that. So, some of it will be unfortunately, fortunately factored into that, but we are conscious of it. And there is more salesforce being deployed. But we have to keep a balance. There's also competitive pressure that comes in.

Some of it comes from, as I mentioned, sometimes from the express type of companies. But, but yeah, the challenges are there. And I said, maybe another quarter or two before we can really see some turnaround.

Mr. Krupa Shankar

Thanks.

Mr. Vineet Agarwal

Thank you.

Ms. Simran

Thank you, sir. As there are no further questions, I now hand over the floor to Mr. Ashish.

Mr. Ashish Tiwari

There was a question in Jainam, if he is there. He raised the hand.

Ms. Simran

He already got his answer. His question was related to TLI.

Mr. Ashish Tiwari

Okay. Okay. Thank you.

So this time, not much questions. Thank you very much for joining the call. If you have any question, which has not been answered, or you could not ask the question, please write us on the email which is given on the presentation.

Wish you a very happy festival season in advance. See you in the quarter two. Thank you.

Mr. Vineet Agarwal

Thank you.