"TCI Express Limited

Q2 FY2023 Results Conference Call"

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Moderator: Ladies and gentlemen, good day and welcome to the TCI Express Limited Q2 FY23 Conference Call hosted by PhillipCapital (India) Private Limited. This conference call may contain forward-looking statements about the company which are based on the beliefs, opinions and expectations of the company as on the date of this call. These statements do not guarantee the future performance of the company and it may involve risks and uncertainties that are difficult to predict. 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 "*" and then "0" on your touchtone telephone. Please note that this conference is being recorded. I now hand the conference over to Mr. Vikram Suryavanshi from PhillipCapital. Thank you and over to you, sir.

Vikram Suryavanshi: Thank you Inba. A good evening and a very warm welcome to everyone. Thank you for being on the call of TCI Express Limited. We are happy to have the management with us here today for question-and-answer session with the investment community. The management is represented by Mr. Chander Agarwal – Managing Director; Mr. Pabitra Mohan Panda – Chief Operating Officer and Mukti Lal – Chief Financial Officer. Before we start with the question-and-answer session, we'll have opening comments from the management. I will hand over the call to Mr. Chander Agarwal for opening comments. Over to you sir.

Chander Agarwal: Thank you. Good evening everyone and welcome to Q2 FY2023 earnings call of TCI Express Limited. I would like to thank you all for joining us here today. To start with, I will give you an overview of the Industry and Business for the quarter and then will hand over the call to our CFO, Mr. Mukti to brief on our financial performance for the quarter. Our

Earnings Presentation has been uploaded on our website and stock exchange; and I hope you all had a chance to peruse it..

The first half of the FY2023 continued to see recovery in our overall macro-economic scenario guided by strong government initiatives to stimulate the economy. The recovery trend was visible in many economic indicators like Index for Industrial Production, GST collection, stock market indices and report from external rating agencies. During the quarter, we saw an overall improvement in the output for the month of July with marginal decline in August primarily due to decline in manufacturing and mining sector. The E-Way bills generation is another factor that indicate the performance of the logistics sector. Overall, the E-Way bill generation for September ended on a strong note, reaching 7.6 crore driven by ensuing festive season demand ie., a growth of 152% over pre-Covid period (October 2019-February 2020). Given this strong economic environment, the logistics sector continues to experience a recovery trend. TCI Express, being the market leader in express logistics, delivered highest quarterly revenue of Rs. 312 crores, registering a growth of 13.2% y-o-y and 6.8 % on sequential basis. The top line growth was primarily driven by SME customers, higher volume across the services. Automation of the sorting centres substantially increasing the daily capacity by reducing parcel handling time, vehicle halting time and labour involvement resulting enhancement of overall operational efficiency and strong sustainable margin. EBITDA for the quarter was Rs. 54 crores with strong margin of 17.2% as compared to 15.3% previous quarter. The EBITDA and margins growth was primarily on account of higher capacity utilization and operational efficiencies. Coming to business update, during the first half of the year, we have incurred a total capex of Rs.50 crores which has been primarily spent towards land purchase in Kolkata for setting up automated sorting centre and network expansion by adding 22 new branches to serve a growing

market. The ongoing automation and digitization will enable us to be much more efficient in delivering superior customer experiences and enhance operational efficiencies in the long run which enable us to deliver industry-leading performance. By leveraging our asset light structure with automation and digitization, we continue to enhance our competitive position as a leading provider of logistics services. Our newly launched services are going strength to strength. We expect the service offerings to contribute productively to the top line in the forthcoming quarters enabling us to deliver higher margin levels..

From a balance sheet perspective, we continue to maintain strong capital structure providing us the financial flexibility. We continue to focus on balanced capital allocation and strengthening of our network. In view of our strong performance in the first half of the year, I am pleased to announce that the Board of Directors have recommended an interim dividend of Rs. 3 per share with a pay-out of 150% on the face value. Looking ahead, the industry remains poised to grow strong as the growth of the logistics sector is fully aligned with India's economic growth potential. The recently launched 'PM Gati Shakti National Master Plan' by our Prime Minister for multimodal infrastructure connectivity to economic zones will get further boost with the launch of the National Logistics Policy. The policy will help significantly in transportation, warehousing, and inventory management. With major policy push aided by strong economic recovery, we remain confident in our ability, and our superior product offering will further help us to benefit from the growing opportunities. With our customer first focus, and innovation-driven asset light business model, we remain confident of our superior value-added service offerings and to retain our leadership position. With this, I would now like to hand over the dais to Mr. Mukti to talk about our financial performance for the last quarter.Thank you.

Mukti Lal: Thank you Chander Sir. And now, I would like to discuss the financial performance of the company. During the last quarter, our Revenue from operations stood at Rs. 309.9 crores for Q2 FY23 as compared to Rs. 290.4 crores in Q1 FY23 and Rs 273.4 crores in Q2 FY22. The Total income for the quarter was Rs. 312.2 crores as compared to Rs. 292.4 crores in Q1 FY23 and 275.8 crores in Q2 FY22 translating into a sequential growth of 6.8% and 13.2% year on year. This significant growth is attributed to multiple factors like growth in demand from SMEs, improvement driven by automated sorting centre, higher capacity utilization, increased demand from rural areas, and festive season. Overall, the Total Income for the first half of the year stood at Rs. 604.8 crores as compared to Rs. 500.4 crores last year posting a strong year on year growth of 20.8%. We witnessed a strong improvement in EBITDA and margins as well and, the EBITDA stood at Rs. 53.7 crores with margins of 17.2% (15.3% margins in previous quarter). I am happy to report that for the first half of the year our EBITDA was Rs. 98.5 crores as compared to Rs. 81.3 crores for the same period last year. The Net Profit for the company in Q2 FY23 was Rs. 37.8 crores with margins of 12.1% as compared to Rs. 31.0 crores and margins of 10.6% in Q1 FY23 and Rs. 34.0 crores and margins of 12.3% in Q2 FY22. Overall, the Net Profit for the first half was Rs. 68.8 crores with margins of 11.4% registering year on year growth of 19.0%.As far as our future focus is concerned, we will continue to invest in technology and automation to drive a more efficient operation and provide a superior customer service. We invested a capex outlay of Rs.50 crores during the first half of the year, towards the above. The ongoing automation and digitization will enable us to be much more efficient in delivering superior customer experiences and enhance operational efficiencies in the long run which enable us to deliver industry-leading performance. By leveraging our asset light structure with automation and digitization, we continue to enhance our

competitive position as a leading provider of logistics services Going by the festive demand trend, government's push in improving the overall connectivity across the country, I am highly optimistic of higher capacity utilization, better contribution from our new offerings like Pharma Cold Chain, C2C Express and Rail Express. The impact of these changes will be reflected in our financial performance in the forthcoming quarters.. Thank you very much and now I would like to open the floor for question & answer.

Moderator: Thank you very much sir. Ladies and gentlemen we will now begin the question-and-answer session. First question is from the line of Amit Dixit from ICICI Securities. Please go ahead.

Amit Dixit: I have couple of questions; the first one is on the tonnage, what was the tonnage in Q2 FY23. And the second question is on working capital, so net working capital days if we see they were higher in this quarter, possibly due to higher receivables, do you see the possibility of the reversing and if so, what could be the net working capital days by the end of FY23. These are the quick questions sir.

Mukti Lal: Well, so tonnage numbers in this quarter is 2,47,000 tonne. And in half year it is 4,77,000 tonne. And second question, you asked for the working capital days, yes, that has increased by almost nine days. And it is a very temporary because what happened in the last month of this quarter was the highest revenue we have achieved. That's why it is a temporary impact on that and other aspect of that, in sundry creditors, we have paid some vendors early due to this festival season. So one schedule we have made on some early payment to them. So that's why it's like a temporary impact in sundry creditors days and debtors' days. So it will be normalized and in Q3 it will be normalized, back to kind of like 48 to 50 days in receivable days and 35 days in creditor side. So net working capital cycle will be back to 14 to 16 days.

Amit Dixit: Sir, basically Rs. 29 crores was locked up in receivable in this half year. So you're saying that as the year goes by this also will be normalized?

Mukti Lal: Yes, this will be also normalized, it may be like, your rightly said this is increased by Rs. 29 crore, it may be increased by year end and maybe Rs. 10 crore, Rs. 15 crore max in overall basis over last year.

Moderator: Thank you. Our next question is from the line of Alok Deora from Motilal Oswal. Please go ahead.

Alok Deora: Sir, just wanted to understand on the volume trend, how it has been and how is the festive season shaping up for us, looking at the numbers it seems it has been pretty good. Just because in some sections of the logistics segments, we have been hearing of some slowdown in September so just your thoughts on that?

Chander Agarwal: I don't see there's a slowdown as such compared to other sectors, but in general the economy is doing quite well. And, in fact, most of the sector & verticals that we are in, we have not seen any sort of like a complete slowdown anything of that sort.

Alok Deora: Sure. And also just wanted a sense on how is the Gurgaon sorting center has been coming up, because I understand that first couple of quarters, after the commissioning would have been more of a testing period type, so just how's the feedback been?

Chander Agarwal: So, coming up, it is already up and it is running. We have already done the maximum, the impact has already been seen of labor reduction of trucks, that the time it takes for the trucks to, it used to take earlier, the halting period. But this has to be now extended to other locations to really get another set of benefits coming in. So, if you look at location A, B, and C, if you only do this from location A, and then you don't do it in B, so you get only half of that benefit. So it's very imperative that we do

that location B also going so that, if the vehicle is halting say 24 hours on each side. And then that means it's like almost 48 hours, and we were able to reduce it to 8 hours. So we had a substantial savings right there and then. So that sort of benefit will come as we keep going further into expanding automation into other sorting centers. This Gurgaon has been performing very well. And I invite all of you whoever can visit these plant and so you can really see what we are talking about.

Alok Deora: Sure. And just last question. So how are we looking at deploying the automation at other centers like Pune and, how are we going to replicate that to other centers, any update on that, or any strategy we are about to have?

Chander Agarwal: So, of course our goal is to cover major 10 to 11 in the next four to five years. And of course, the learning curve comes down with every sorting center that we automate. But the bureaucracy with the land and with the land acquisition and all of that, it is something that takes it's own time. So and then, of course there's construction, like our Gurgaon sorting center was slowed for two years unnecessarily, because of the pollution, norms, and construction has been halted again in Delhi NCR area. So, these sort of challenges are, it's always going to be here in India and we have to deal with that. So looking at that, the four, five year plan that we have is kind of like quite alright to achieve it.

Alok Deora: Sure. Just last question, so these margins of 16.5%- 16.6% that's how are you looking at that in the second half, would it be at similar levels or could it further improve from here?

Chander Agarwal: It will 100% further improve and there is no denial in that. There has to be always, there is no reason for it to come down. Because, like as I mentioned the economic conditions and everything, abide the inflation,

everything seems to be in order and with that, there's no reason for the margins to come down.

Moderator: Thank you. The next question is from the line of Krupashankar NJ from Spark Capital. Please go ahead.

Krupashankar NJ: Just couple of questions from my side, on the automation front, challenging you have mentioned that the turnaround time of course has improved with automation coming through new sorting centers, but with respect to margin improvements so given that our trucks are paid or vendors are paid on a per kilometer basis. So, the margin improvement, what would be the key drivers, if I were to understand?

Chander Agarwal: Sorry, can you repeat last line what you said?

Krupashankar NJ: So, what are the margins levers for example, you do highlight that the margins will expand because of automation and that is more or less translating into a shorter turnaround time. So, what are the key drivers given that we are paying our vendors on per kilometer basis so the turnaround time should not matter which will restrict to margin profile. So, can you explain a little bit more detail on that front?

Mukti Lal: Yes, well so, basically as Chander Sir mentioned we had a halting time right now in the range of 20 to 24 hour on both hands, like origin sorting center and destination sorting center, so supposing they are making a kind of like seven trip in a month from particular A location to B location. Now, we have reduced the halting time on location A, that means their trip will be increased in a particular month. So, they will be saving on their fixed costs like driver salary, insurance and truck cost, depreciation and everything they will be saving, and their inflow will be increased. So, whatever they will be saving, they are sharing with us like they have done in the time of increase in the axle load in these trucks and whatever saving they have because then they are fair with

us. So, same way we are doing for this one, this is the one aspect. Second aspect obviously we also are able to reduce the labor component on these centers so that is also a part of direct cost and it will be also reducing on that one. Apart, we are enhancing company customer satisfaction level and is a low turnaround time, so itself low turnaround time is doubling the capacity of this existing center, we can be like process of double, triple cargo in the same centers by managing the speed of machine because it's now completely automated one. So, in a sense it is giving a high efficiency to us like you will be wondering, we can adjust the speed of cargo supposing on a lien time we can reduce the speed and in high time we can increase the speed. So, accordingly cargo will be processed on that.

Chander Agarwal: In this sense, it is giving a very good kind of efficiency in this system overall, in the part of like efficiency improvement and also like reduction in cost also.

Krupashankar NJ: So Mr. Mukti, order like on Gurgaon is done, then next would be Pune, then followed by Chennai and then can you just list down what are the key sorting centers which will be coming up the next two years if at all in commissioning itself by FY24?

Mukti Lal: Yes, so basically we are trying to negotiate for now for Pune, then it will be come for Chennai, Kolkata, Mumbai, these are in line, and obviously Ahmedabad. I think by 2025 like three years down the line, we will be having a five more centres.

Krupashankar NJ: Understood sir. And with respect to the truck utilization can you just elaborate your growth step for the quarter?

Mukti Lal: The load factor in this quarter is 85%.

Krupashankar NJ: Okay. And is there a guidance with respect to or are there a revision in the guidance with respect to revenue and margin for FY23 and if at all for FY24?

Mukti Lal: So, whatever guidance we had given in inception of this year we are still on the same path, we will certainly achieve 18% to 20% revenue for the full year and same way we are also looking for FY24, and we obviously want to improve the margin level. So, margin level in this year, we are planning to have on full year basis is 17.5% and then next year again in the range of +18%.

Moderator: Thank you. Our next question is from the line of Sagar Bhatia from Prabhudas Lilladher. Please go ahead.

Sagar Bhatia: Quickly just want to understand the cold chain business and what margins are you looking at over there going forward for the next year?

Mukti Lal: Yes, so in cold chain business we are just doing the pharma cold chain business we are not doing other businesses of food or other grocery items through refrigerated truck. Other thing we are also not doing the warehousing, we just doing the trucking of refrigerated truck.. So margin level in these trucks is also in the range of 18% to 20% and we are doing for the only pharma customer. Next year onwards it will also the same, we are looking for the same margin level because again if you see if we carry perishable item we may not have that much margin but we are just carrying high value medicines, high value vaccines everything we are carrying high value, that's why margin level we are able to intact to in the range of 18% to 20%. Other aspect of that because we had a big branch network across India. So that's why again same way like if we are doing in a surface truck, we are able to fill these trucks back , supposing one truck has moved from Pune to Delhi, then we have the cargo for the Delhi to Pune. So that's where we are able to

generate the good margin level, it is also same way asset light model. We are not owning or not planning to own any truck on our balance sheet.

Moderator: Thank you. Our next question is from the line of Ravi Naredi from Naredi Investments. Please go ahead.

Ravi Naredi: Sir our market share is 7% in India, which you show in investor highlight, where we can see in next five years this 7%.

Chander Agarwal: Thank you for your encouragement. Now, I can tell you one thing that the market is so vast and 7% to 10% is what we say. Now, with the new policy coming up, this can easily go up to 15% to 18%, but the fact is that how do we determine that because government doesn't give the data for GST collection of 18% versus 5% and all that. So, if you really see the expectation of course, logically it would mean that we are getting market share, larger the portion of the economy is becoming formalized is coming into the GST ambit is when we will see our market share also increasing in the organized segment.

Ravi Naredi: Okay. But, you will not be able to quantify, right?

Chander Agarwal: See, it's very early because we have to see COVID just got over, the war just started, war is one year going on.

Ravi Naredi: Sir war impact is not on India at least.

Chander Agarwal: But we are getting affected right, by the high fuel prices and that has also led to inflation not just here but globally. So it's only and weird, if India had not done the deal with Russia, then we would be looking at absurd prices, all prices and inflation. So, there are multiple factors that we can watch out for.

Ravi Naredi: And sir in Q2 how much volume growth and how much price growth?

Mukti Lal: Yes, so, volume growth year-on-year basis was 12.5%. So, price increase hardly is 1% of that.

Ravi Naredi: Okay. And in buyback we are not offering any share in the market right?

Mukti Lal: So, we are buying a share from the market regularly.

Ravi Naredi: Yes, that I know but, promoter is not going to sell any shares, right?

Mukti Lal: Yes, promoter is not participating in this buyback.

Moderator: Thank you. We will take the next question from the line of Radha from B&K Securities. Please go ahead.

Radha: So, my first question was, so we have reported around 7% Q-on-Q top line growth, so I believe that auto, pharma and truck goods are the primary sectors that we deal with. So, what are the underlying sectors that have shown highest growth in the demand?

Mukti Lal: So, Radha you rightly said so, auto is a major contributor, auto and retail sector because this is a festival season, the pre Diwali month has gone. So, retail and lifestyle products and electronic items, they are major contributors in that and pharma is slightly kind of flat.

Radha: Alright. Sir, my next question was that in FY23 we were estimating to take around 3% price hike and Q1 maybe we were not able to take, but how much price hike have we taken in this quarter and how much can we expect more for full year?

Mukti Lal: So, we have till time we have taken almost 1.5% price hike and by year end we are targeting to have at least 2.5% to 3% price hike for the whole year. That is we are planning. So, again it is a very systematic

process, these agreements with the customers is renewing in each year, annual basis it is rollover and wherever it come for the renewal we are asking for a hike from the customer, and we keep doing that. **Radha:** Sir, with respect to price hikes during that we are in an inflationary scenario and all, so what do you see, how are the peers performing in this area, are they able to take price hikes as well as you or is there a gap?

Mukti Lal: No, so you rightly said sometimes customer is pressurizing not to increase the price due to their cost has also increased abruptly. So that's why we are also very cautious and don't want to be unnecessarily pressure the customers. So wherever it's possible, we are seeing various aspect, their business volume and which sector they are giving the volume, whether they are fulfilling our return loads and all, so after seeing various factors, then we have emphasized price hike.

Radha: And how much revenue is from value added services for first half FY23?

Mukti Lal: It is around 16% of overall revenue.

Radha: And my last question was, previously we were of the thought process that we will not increase revenue from e-commerce given that they are not that profitable. So are we still on the same stance or is there some changes seen in the sector given that some of the peers have raised concerns with respect to growth in e-commerce, so what is your perspective on e-commerce as of now?

Chander Agarwal: Our stand is the same, we will not touch it because we know that it is not profitable, and it will ruin our B2B business.

Moderator: Thank you. We will take our next question from the line of Prit Nagersheth from Wealth Finvisor. Please go ahead.

Prit Nagersheth: So, Chander one question I wanted to ask you is that, you have given quite an update on the Gurgaon sorting center, but one aspect is that have you finished all the complete implementation of it or is there something remaining on the Gurgaon side?

Chander Agarwal: It's all done, it's all complete, the study is done, everything is done. The opening is for all the investors, there's a big group coming to see it. Mukti has a details that will be coming. So you can join them.

Prit Nagersheth: Okay, would love to. But my question is that have you achieved all the key objectives that you had with that sorting center?

Mukti Lal: Yes, And that's why we have taken a long time because the first time we have launched this automation in B2B industry in India, so we make a lot of studies and then finally, we are able to stabilize everything August onwards. We have stabilized the process of vehicles moment for like branch to this centre and then this centre to destination sorting centre, their timings, everything like labor reduction or labor optimization we had done. We also put a weighing scale there so now we had a kind of weight management also we had done. So, everything whatever we have put a component to be made there and we have list out and then everything has been achieved now.

Chander Agarwal: Established our ESG goals with it, it is 100% solar light, it has got the, now we are getting that green certificate for it. So it's like one of the most important sorting centers that has come up and we will make 10 of these like that.

Prit Nagersheth: Okay, that's great. So, Mr. Chander the reason I was saying, setting this up was because basically this means that this was your first launch. So now that all your SOPs are in place, and all the learnings are in place, would you say that the next center that you're building for Pune, you

would be able to achieve what you did with Gurgaon in much lesser timeframe?

Chander Agarwal: What will be sorry?

Prit Nagersheth: Whatever you're looking to achieve in Pune, you will be able to achieve it in lesser timeframe than what you did with Gurgaon?

Chander Agarwal: No, because it's not Gurgaon it's Pune, it has its own challenges. It has its own micro and macro environment. So everything is vary our country is very dynamic. So East is different, West is different, North is different, Central is different.

Prit Nagersheth: Sure. Chander any insight on the C2C and the Rail Express, how is the traction on these two?

Chander Agarwal: No, B2C is average, there's nothing we are doing in that, there are better companies than us in B2C who are doing and Rail Express is doing very well for us.

Prit Nagersheth: I meant C2C, like how are we doing with the C2C side?

Mukti Lal: Yes. So, C2C it is again a niche segment and we are doing well and this business is increasing, like if you talk about in this quarter so it is increasing around 14% and this is growing well and it is also like giving the similar kind of margin to us.

Prit Nagersheth: Okay. And what about Rail Express, is the attraction going, have you started new routes as you're planning to?

Mukti Lal: Yes, so we have actually given the update in our earning presentations also. So that route has increased, number of customers has increased. Now various number of customers are repetitive in the nature, so they

are again and again using this service, so this is getting attraction, and it's going fantastically well.

Moderator: Thank you. We'll take our next question from the line of Ash Shah from Elara Capital. Please go ahead.

Ash Shah: So, first question was that Chander Sir you had mentioned that we have added 22 branches in this quarter. So, how many branches are we planning to add in FY23 and 24. Also, if you could provide any particular geography that we are concentrating on?

Mukti Lal: Yes, so basically in this half year we added 22 branches in North and West, majorly one in the West and then North and the remaining six months we are planning to be open in the range numbers around 50. In FY24 again we want open 100 number. So, basically we are expanding wherever we can. Before opening up any branches we do the study there whether it is a viable to open the branch and oversee another aspect like we had to see it has to be on a particular route where our existing truck is going go so additional cost should not be incurred on to carry the material from that branch to nearby sorting center and vice versa. So, these various aspects we are seeing and then opening up the branches.

Ash Shah: So, basically we are going to add 72 branches in FY23 which is lower than 100 that we were targeting. So, any reason for the deviation or something?

Mukti Lal: No, nothing is, it's a as usual thing we making the study and then opening up some time is not possible, sometime it's possible.

Ash Shah: Okay. Next on, can you just give us the contribution of retail SMEs and large accounts for this particular quarter, and what are the targets that we are planning to achieve on that front?

Mukti Lal: Basically, in this quarter particularly it is a 52% to 48% ratio, 52% is from SME and 48% from the big customer. And for the whole, this half year it is around 51% and 49%. So, always our endeavor to be maintained to 50% though, it is very easy to increase the business from the big customer because they're giving the big volumes, but we have to be balance out both thing to maintain our margin level and fulfill factor in trucks. So that's why we are taking a very balanced approach always.

Ash Shah: Okay. And last question, so after this Gurgaon center we are planning to build a Kolkata center. So, how long will that take, the land acquisition has been completed and could you give the timelines for the other sorting center also like Nagpur, Chennai and Mumbai?

Mukti Lal: Because Kolkata we just bought the land it will take the time to start the construction because Eastern sector there still has some more challenges than other parts of India for approval and everything. So, Chennai will be first come to that, and then subsequently Kolkata will become and then Mumbai, Ahmedabad and Nagpur will be operationalized.

Ash Shah: Okay. So Chennai will come in FY23 or FY24?

Mukti Lal: It will be mid of next year, FY24.

Moderator: Thank you. Our next question is from the line of Mayur Parkeria from Wealth Managers (India) Private Limited. Please go ahead.

Mayur Parkeria: Sir, again on the Gurgaon center actually, when I joined there was a question already going on. So, I may have missed a part of it, I had the question on the same side. The parameters which you must have said earlier, so some of the benchmarks and milestones. Is there any major changes in which where your expectations have not been met as per

what we had earlier anticipated in terms of either efficiency or in terms of cost structure, just as an experience?

Mukti Lal: So, not really but we are facing challenge, because this is a vice-a-versa also like we sending the truck to other destination there, they do not have any automation. So, sometimes they get delayed the things to unload and load the things. So, subsequently this truck will also then reach late. So, we are putting a parameter that what time they should reach and must be carrying like priority there on these center, so it will reach back to my this center back. So, these challenges we are just testing and putting some strict SOP to fulfill by all the other centers basically, that's the challenge we have otherwise we already met all parameters and it is running very smooth.

Mayur Parkeria: Okay. Sir, I know it may be a little directional statement, but just to we want to get a little more clarity on that, FY25 we said around Rs.+2,000 crore turnover is our target, we are at a Rs. 1,200 crore run rate on an annual basis, you said FY24, we can still target 20% but the ask rate then for FY25 would be substantially higher at 40% is that the best way to read or because from Rs. 1,200 to Rs. 2,000 is a +30% ask rate whereas for FY24 if we are at only 18%, 20% then FY25 ask rate will be much higher is it because more centers will come up or is there a directional, just a clarification that's it.

Mukti Lal: Basically this is not the correct numbers what you are saying. In this year this run rate in this quarter was Rs.310 crore and next six months we'll be getting around 675 crore kind of revenue we will get in next two quarters. If you see the trend we had the Q4 is the highest revenue quarter. So we are targeting like Rs.1,275 crore or Rs.1,300 crore revenue and that subsequently you will be that rate will get reduced like 20% in next year then it will become 1600 crore and then obviously 20%, 25% will become Rs.2,000 crore and why we are saying because

we already have, we are ready for the next growth level. Like we launched the services in last year only and they are maturing now, customer we are finding new customer we already for the different, independent team to we get businesses in this new streams or new services we have launched like Rail, C2C, and cold chain pharma and we are also like adding up the branches. Now, this automation is also obviously helps us to get the good customers experience on that. So, if you put together all things we are on right path obviously and apart from that we also will be taking the price hikes also from customer, supposing in next year inflation is not so high. So, we will be able to take slightly more price hikes from the customer. So all depends, but yes we sincerely making the effort to become a Rs. 2,000 crore company by 2025 with the EBITDA margin level of 20%.

Mayur Parkeria: So, I had just one last question for Mr. Agarwal, little a strategic question from a broader term. Sir we have increased our total services now if you look at whether it's a normal B2B Express, C2C now added, Rail added, cold chain added, Rail, so many the segments are, more and more segments are increasing. So from a management perspective, do you think that it will be from a customer standpoint is it an integrated service offering and hence there is no need to add segment or SBU level precedent kind of our senior management or do you think that at some point of time we will have to require key heads to lead each vertical because they will have an independent offering and need to be driven independently. From a structure perspective how do you foresee as the scale is also improving?

Chander Agarwal: You got that right. As the business volume and the business itself grows, there will be definitely independent head running their business.

Mayur Parkeria: Okay. And do you see that foreseeing in the next two years or will it be faster on it?

Chander Agarwal: See, we are not the kind of company that we will just add man power just for the sake of adding it. So we will see how the business grows and then you will do it.

Moderator: Thank you. Our next question is from line of Sumit Jain from ASK Investment Managers. Please go ahead.

Sumit Jain: Just wanted to know what is the margin differential between our SME business and large corporates?

Mukti Lal: So, it is actually significant difference in retail and big customers. It is almost a gap of 25% to 30% in general sense I'm saying though, because again depending on sector-to-sector, segment wise like, engineering goods is giving higher margin in comparision to retail business. So, various dynamic factors are also there but in general sense yes, it is almost 25% to 30% difference is there.

Sumit Jain: Okay. And when you said 58% is the mix, this is by volume or by value?

Mukti Lal: I said it's 52%.

Sumit Jain: 52% by value?

Mukti Lal: Yes.

Moderator: Thank you. Ladies and gentleman that was the last question. I now hand the floor back to the management for closing comments. Over to you, sir.

Chander Agarwal: Thank you all for participating in tonight's event. And we are really excited about the opportunity that awaits us in the next half of the financial year. And I look forward to speaking to everyone again, accordingly. Thank you very much, and have a pleasant evening.

Management: Thank you everyone.

Moderator: Thank you members of the management. On behalf of PhillipCapital (India) Private Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.

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