“TCI Express Limited Q4 FY '25 Earnings Conference Call”

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MODERATOR: **MR. MOHIT LOHIA – ICICI SECURITIES LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to the TCI Express Q4 FY '25 Earnings Call hosted by ICICI Securities Limited.

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

I now hand the conference over to Mohit Lohia. Thank you, and over to you, sir.

Mohit Lohia: Hi. Good evening, everyone. Thank you for joining us today for the concluding FY '25 Earnings Call of TCI Express Limited.

First of all, I would like to thank Management for providing us the opportunity to host the call. From the management side, we have Mr. Chander Agarwal – Managing Director; Mr. Mukti Lal – Chief Financial Officer: Mr. Pabitra Mohan Panda – Senior Chief Sales & Marketing Officer.

So, without further delay, I would now hand over the call to Mr. Agarwal for opening remarks. Thank you, and over to you, sir.

Chander Agarwal: Thank you. Good evening and welcome everyone to Q4 and Financial '25 Earnings Conference Call of TCI Express Limited. I would like to thank all of you for joining us here today. I hope you and your families are staying safe and healthy.

We have already circulated our Earnings Presentation on our Website and Stock Exchanges. And I hope you all had a chance to review it.

To start with, I will give you an overview of the Business Trend and Performance, and then we will hand over the call to our CFO – Mr. Mukti, to brief on our Financial Performance for the quarter and Financial Year '25.

Financial year '25 marked continuous progress for TCI Express, underscoring the company's strategic focus on expanding its multimodal service portfolio with Surface business continuing to remain the key contributor in the business performance. Operational efficiency improved through technology and customer reach was further strengthened.

The Surface segment was supported by the addition of 10 new branches, while the Rail and Domestic Air segments expanded their service coverage with 25 new branches each during the year. In total, TCI Express opened about 60 branches. The logistics industry's evolving landscape and supportive government initiatives provided a favorable environment for sustained growth.

TCI Express expanded its dedicated network for Rail and Air services, reflecting a clear commitment to multimodal growth. The Rail Express segment has introduced temperature-sensitive shipments, enhancing capabilities to serve specialized sectors with cost-efficient and environmentally sustainable solutions.

In the Domestic Air Express division, over 1,000 new pincodes were added, improving airport-to-doorstep delivery coverage, while the International Air Express service demonstrated strong growth, further strengthening the Company's global connectivity.

During the year, all key verticals contributed to the overall business performance. The Surface, Rail, and Air segments each played a significant role in supporting the Company's operations. Continued investments in automation have supported improvements in operational efficiency and network flexibility, positioning TCI Express to address emerging opportunities within the logistics sector.

Operational cost pressures persisted, primarily driven by increased toll fees and labor expenses, alongside regulatory compliance costs. Nonetheless, the Company's asset-light business model, combined with agile network management, enabled stable freight rates and consistent service levels. Demand across core sectors, including automotive and manufacturing, showed marginal volume growth, reflecting cautious optimism in the economic environment.

The Company also intensified workforce development efforts, particularly in strengthening Key Account Management capabilities, to foster long-term client partnerships and capture emerging market opportunities. Additionally, TCI Express has been recognized as a Great Place to Work for five consecutive years, reflecting its commitment to creating a supportive and engaging work environment.

As part of our corporate social responsibility efforts, the TCI Express Foundation, in collaboration with the TCI Foundation, organized a Free Artificial Limbs Camp at the Prayagraj Maha Kumbh, supporting over 1,200 differently-abled individuals. The Company also marked World Health Day and International Women's Day, underscoring its ongoing commitment to health, inclusivity, and employee well-being.

In view of the Company's consistent operational and financial performance, the Board has recommended a final dividend of Rs. 2 per share. This brings the total dividend for Financial '25 to Rs. 8 per share, representing an impressive payout of 400% on the face value Rs. 2 per share, reaffirming its commitment to delivering value to shareholders.

Looking ahead, the Company is well-positioned to capitalize on industry growth supported by government initiatives such as increased capital expenditure and the planned development of 12 industrial parks, which are expected to enhance multimodal logistics infrastructure and reduce supply chain costs.

Additionally, the Union Budget '25–'26's targeted tax relief measures are anticipated to boost disposable incomes and consumer spending, stimulating industrial production and demand for logistics services.

TCI Express remains focused on strengthening multimodal capabilities, expanding customer access and leveraging technology to drive operational excellence and differentiated service

offerings. These strategic priorities will enable the company to sustain growth and create long-term value in Financial '26 and beyond.

With this, I would like to now hand over the call to Mr. Mukti to talk about our financial performance for this quarter. Last quarter, I am sorry.

Mukti Lal: Thank you, sir. And good evening, everyone. Now I would like to discuss the financial performance of the company. Our Managing Director has already highlighted the development during the quarter. And I would like to delve into the financial aspects.

During the quarter, our revenue from operations stood at Rs. 307 crore as compared to Rs. 296 crore in Q3 FY '25 and Rs. 317 crore in the same quarter of last year by registering a growth of like 4% on quarter-on-quarter basis and de-growth by like around 3% on a year-on-year basis. And total income quarter was Rs. 313 crore as compared to Rs. 299 crore in Q3 and Rs. 319 crore in Q4 of '24. EBITDA for the quarter stood at Rs. 34 crore with a margin of 10.80%. Our profit after tax for the quarter stood at Rs. 21 crore with a margin of 6.6%.

Overall on FY 2025, our revenue from operation is Rs. 1,208 crore as compared to Rs. 1,254 crore same period last year. EBITDA for the period was Rs. 143 crore with the margin of 11.7%, and profit after tax is Rs. 91 crore with the margin of 7.5%.

We ended the fiscal year with generating a cash flow from operation of Rs. 118 crore and continue to generate solid cash flows to build our strategic growth plan. In FY 2025, the company invested Rs. 37 crore in capital expenditure, primarily focused on expanding our branch network, upgrading sorting centers, and ramping up our IT infrastructure to enhance automation and operational efficiencies. These investments are aligned with our long-term vision to strengthen our multi-modal service offerings and maintain a competitive edge in the logistic industry.

Now I would also like to about some highlights on our multi-modal offerings like we achieved some points on Air International. We grew on that business in almost 50% year-on-year basis, though it is a very small business in overall pie, first. The second milestone we also like touched and we transported almost 100 ton from the Delhi hub, which is also kind of like from Delhi gateway, we transported almost 25% of overall international business. And that also like customer rate is also increase in this part around 30%. So, this is the highlight for Air International.

Air Domestic, we also enhance our network. And on that process we added 1,000 new pin codes and mapped for the faster deliveries and pickups for this business. And we also like putting dedicated vehicles for the pickup and delivery. So, that's why this is also like investment we putting into for air domestic. And same way we also putting separate vehicle and creating separate branch network for Rail Express as well.

So, in Rail Express also, like, done very well, and the growth in this business is around 25%. And we also like increasing new repetitive customer in Rail Express and that is like we are getting very good traction from the customer in this portfolio.

So, our commitment remains suited in balance growth and revenue quality with additional automation, unlocking greater efficiency and flexibility across our network. We remain confident in our ability to capitalize on opportunities and solidify our leadership position with industry leading services.

Thank you very much. And now I would like to open the floor for question-and-answer. Over to you, please.

Moderator: Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask questions can press * and 1 on their telephone. If you wish to remove access from question queue you can press * and 2. Participants are requested to use handset while asking a question. Ladies & Gentlemen we will wait for a moment, while the question queue assembled. Thank you so much. The first question is from the line of Rohit from Samatva Investments. Please go ahead.

Rohit: Good evening, sir. Thank you for the opportunity. Sir, my first question is on your automated sorting centers. So, in the presentation you have mentioned that the sorting centers reduce the sorting time by 40%. It also improves your throughput time.

But if I have to look at the overall picture, it is yet to contribute in terms of margins. So, just wanted, why is the margins not coming through? And on both these automated centers, if you could provide some monetary metrics for us to understand the growth that has happened over the past year, maybe in terms of ROIs, in terms of throughput, in terms of capacity utilization? Something in monetary terms also. So, that's my first question.

Chander Agarwal: So, I think the important thing to understand is that one sorting centre or two sorting centers, the incremental saving can only be seen when we create our total mesh network of 10 sorting centers. Then the real savings is visible on a bigger scale. But if you look at it only from one area standpoint of view, it has definitely benefited. You know, the cost of labor has come down. The throughput has become faster. So, in all angles, in that one particular location, the benefits can be seen.

Now, even if you look at our sorting center in Pune, that area used to be always and still is a big problem for labor. And that has been actually, we have mitigated that risk by putting the automated machines. So, of course, if you put 10 of these, you will see a much bigger impact than you know what and a bigger tangible saving versus what you can see with only one or two centers.

Rohit: So, sir, what will be the timeline for us to get the entire chain? So, you speak about 10, so maybe 8 more are required. So, what sort of capital outlay is required and what are your timelines in terms of getting the full network in place?

Mukti Lal: Yes, so basically, we are looking for 2 more centers in, I think, FY '27 because construction has been started at Ahmedabad and Kolkata. And 2 centers I think we will be ready by FY '27. And then subsequently we are looking for Chennai, Bangalore, Hyderabad, these kind of centers. So, I think by 2030, we will be able to put all 10 in place with the fully automation.

Second part, you know, even in these 2 centers we are able to reduce my overall direct cost. In overall terms it is around 30 basis point. Though margin is not improving, these are different tasks. I will be explaining that also subsequently. But on that front, we are really getting the advantage for the, as we mentioned, our throughput and then decrease in labor and increase efficiency there and ultimately saving in a direct cost.

Rohit: Sir, you spoke about margins not coming through. So, what is the reason for that?

Mukti Lal: No, so this is like as (Blank Audio) second, because operating cost has increased, that is also having different reasons as we earlier also mentioned in different calls. So, one is increase in air costs. Second, an increase in toll tax and labor costs. And then third we also as mentioned created a wide network for our multimodal services, which is rail and air services. Because as you know, we have only one line of business, that is also sometimes a challenge.

So, that's why we also want to grow our multimodal businesses simultaneously so we can have whenever, supposing we have some challenges on the surface, then these businesses can be supported. Supposing we have multimodal businesses, some problems, then we can have the support from the surface. Like you have seen in industry-wise, people also like taking support on different products.

So, that's why we also, like we are also in that process where we are developing these different other products which is similar in nature for the express industry and suitable for that industry. So, wherever we are working this is all like niche segment, specifically for our two services, one is rail and the other one is C2C segment.

Rohit: So, my second question is, recently a lot of the e-commerce players, originally where they used to do a lot of in-sourcing, have now started shifting towards outsourcing. So, do you see any advantage? Have you seen any new business from the e-commerce segment, because historically we haven't been focusing a lot on the e-commerce market? So, has there been any change in strategy for us to focus more on e-commerce, maybe even quick commerce fulfillment centers?

Chander Agarwal: So, all these businesses are very unprofitable. And yes, so, I would like to stay away from them. And they can give you the top line but forget the bottom line. Even quick commerce and all that. So, they are burning PE money, so it doesn't matter. And in real sense, they have not ever made a single cent, a single rupee.

Rohit: So, going forward, we will stay away from...

Chander Agarwal: Yes, yes, absolutely. And I don't see it turning profitable in any way. Even if you have like 200-million-ton volume or whatever, it's not going to turn profitable because they have themselves killed the market by lowering the prices. I remember that it used to be Rs. 45, Rs. 50 for e-commerce delivery. Now it's like Rs. 4, Rs. 5, where it's not practical to do it anymore by anyone.

Rohit: Just one more question I had was, so historically we have been focused, our key focus area has been the SME segment, right? So, I get it last one, two years SME has been underperforming. Manufacturing consumption has been a bit low. So, what are our triggers? So, I just want to know what are our trigger points basically that you are tracking for our industry, the SME part to come back? Because I remember in one of your old calls, you had said we are focusing more on, so, historically, you said you wanted to focus on the relations and get ready to take some lower pricing. So, I was wondering how are you tracking the SME and are you seeing any progress on that part?

Chander Agarwal: Actually, that's a very good question because unfortunately the SME was the hardest hit last year. And that really affected our business. You know, I was reading the data that the inflation had touched almost 9%. And I think the interest rates were about 8%.

So, the most affected group of people were the SMEs. And since our business also comes 50% from those guys, we saw, we were quite surprised that this happened. And this was actually a side effect of the fact that it was also election year. People are like, you know, we forget. Election year, and before that, in September of 2023, all the cash was withdrawn. The Rs. 2,000 notes were withdrawn. And then came the elections. And so basically, liquidity dried up in the market.

And then there was high interest rates, and then high inflation, and then SMEs got very badly affected. It's very easy to lower the price, but it's 10 times harder to bring it back up to that level that we want. So, India is a very sensitive market for pricing. Once you lower the price, it will be very hard to raise the price unless you are giving some sort of a discount in your billing or you are doing some sort of a different kind of accounting or something that is benefiting the customer. Otherwise, increasing prices is one of the hardest things to do here in logistics especially.

Rohit: So, what are our top two or three segments? Is it auto? Is it manufacturing? If you just give me a broad split, at least the top three, how much does it contribute, and which are those segments?

Mukti Lal: Yes, so consistently these five top vertical is giving almost 55% revenue to us, and these are auto, pharma, engineering, lifestyle products and electronics. These are the top five segments is giving revenue to that. And all that also like replicating the SME customers also the same segment, we are getting the business from them. So, the most affected one is the lifestyle products companies and slightly is auto. So, these companies are really be affecting this SME business.

Also of that, we also noticed Eastern part of India is also not like doing well where we like facing double challenge, like movement from the other part of India is there in Eastern part of India. But there is an empty vehicle is coming. So, one is less business. Second is also like increasing my weight loss or like you can say like utilization of truck is reduced. So, this is like two ways for that purpose.

Rohit: Sir, so have we lost market share in the SME segment? Would that be the case?

Mukti Lal: No, so if you see overall basis, if you study all industry, This SME business is now reduced for everyone. Tonnage has not increased for the part load and LTL for everything. Different segment has been increased in a different manner. If you see third-party logistic increase because Q-commerce has suddenly increased for that purpose. FTL has increased for the different purposes. So, that's why if you see overall basis, tonnage has decreased overall in part load and this LTL basically. Whether it's a high value, whether it's a slightly low value, both has been reduced in this FY '25. So, there is no matter to see like loose markets there. That is not the matter.

Rohit: So, are you seeing any recovery? Do you expect any recovery by the festive season? Are you seeing any signs of recovery?

Chander Agarwal: So, that is there. So we also taken a strategy to be improve on first business and obviously in Eastern part of India. So, we can be again serve two purpose, obviously reduction of cost and business improvement.

Second, we highly focused on creating a team and hiring new people or like experienced people for our rail segment and air segment so that we can grab this high value, sorry, means high yield customer from that segment. So, we are working on two three strategies and that has already like plays very well in this year onwards, current year onwards.

Rohit: Yes, thank you so much for answering all the questions indeed.

Moderator: Thank you very much. The next question is from the line of Dhruvin Kadakia from SKP Securities. Please go ahead.

Dhruvin Kadakia: Hello, sir. I just wanted to understand for this year and for this quarter, how has been our volume growth and what has been our breakups in terms of our different segments, the Surface segment, Air International segment, etc. If you can just help me with those numbers?

Mukti Lal: Yes, so, tonnage is almost 255,000 tons for this quarter and whole year is around 9.95 tons. And like this other businesses other than Surface businesses, all put together is around 17% to 17.5% for the whole year. Major chunk is coming from air domestic and international put together. Second is like C2C, and then followed by rail, and e-commerce and then cold chain pharma. So, this way it is like we splitting that.

Moderator: The next question is from the line of Sonam Gupta from TCI Express. Please go ahead. Sonam, ma'am, please go ahead.

Mukti Lal: You can take the next question, please.

Moderator: Sure, sir. The next question is from the line of Ravi Kumar Naredi from Naredi Investment Private Limited. Please go ahead.

Ravi Kumar Naredi: Sir I wanted to know when can we think about in this line that we would see the turnaround in 6 months to 1 year because we have gone down so much over the last couple of years. That is my question.

Chander Agarwal: Six months. After 6 months.

Ravi Kumar Naredi: After 6 months. Okay, because you are such an experienced promoter you know better that when we would see the turnaround happening. Though you are doing all the expansion time-to-time, you are making all your shopping center automated so you must be doing all these thinking then as and when the opportunity arises we would be benefitting from this.

Chander Agarwal: There are lots of opportunities in express trucking. If you see that big companies want to enter in express because there are lots of opportunities but the thing is that they cannot make their own network, they cannot hire their own people that is why they have a sort of barricade. But nevertheless, we are no less. We will go ahead. we are like that we follow the market. The kind of market it is so that's why we go zigzag. And which company, what I understand is showing straight up the arrow, so that is questionable also sometimes. So, we are like an open book. Everything is transparent. We know what is, you know, we are the lifeline of the market. We will tell you exactly what is going on in a small village in Kerala to all the way to Ladakh. So, that way we are feeling and sensing. So, I think we have had our challenges as a country, economically, and I think now we are coming out of it.

Ravi Kumar Naredi: Right. Because in such a difficult time you have not reduced your cash flow and you are giving dividend continuously and working on expansion that is a very good thing. I wish you all the best, sir. Thank you.

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

Krupashankar NJ: Good evening and thank you for the opportunity. I was briefly not part of the call. So, if at all you had mentioned, what was the tonnage for the quarter and for the full financial year?

Mukti Lal: So, for quarter, it is 2,55,000 tons. And for the whole year, it's 9,95,000.

Krupashankar NJ: I will try my best to ask the question. If it is challenging, I will fall back into the queue. While you have seen good growth in the rail business. Second is while we understand that the inflationary pressures have always been there, why not take a price hike which can help us support our growth at this point? Till what point are you waiting for that price hike to come through, sir?

Mukti Lal: Yes, Krupashankar, so, basically, as people talking about price hikes, because we did that exercise since last 4-5 years and I think we are not struggling for the price hikes. We are struggling and we like lacking in tonnage. Pricing is not an issue for us. Even profitability is not an issue for us because in spite of that reduction, we are I think having the highest profitability levels.

So, I am saying, so pricing is not an issue for us because we have not taken it because volumes are already less. So, we don't want to lose further volumes, supposing few customers are not ready to give that. Because we also, in the industry, we have seen that people have taken price hike and the customer has gone away. So, one quarter they maybe have the profit, but in the second quarter they might not be having that same profit level.

So, we are the consistent company. We will take obviously price hikes, but in a right time. I think in this year, we strategically thought and planned to take the price hike almost 3% for the whole year.

Krupashankar NJ: But sir, the inflationary pressure has been much higher than 3%. Would it be suffice to cover your incremental costs? If the underlying market itself is weaker, does it make sense to continue on this path because tonnage will be weaker only?

Mukti Lal: Yes, so, very good question you asked. So basically, what we have seen in last year, there is a cost pressure on front of toll tax and labor cost and air cost. So, we strategically utilized that time to analyze all the things, how we can rationalize the cost. So, this is a good thing in this year. First, task we have taken like now in this year we have not given any hike on account of toll increase or labor increases.

Second part what we did, we started even rationalization of the cost. Because as you, everybody is aware, tonnage would not be like much in this year as well, what like everybody is anticipating. So, that's why we also like rationalizing our cost. So, certainly our cost will be reduced from this current level.

Third thing, we are also negotiating for the like air cost and all. So, that will be also benefiting in this year. So, various things or initiatives we have taken to control this first. And then second part is to reduce that. Third thing, we will be like enhance the prices from the customers, obviously.

So, we certainly improve this margin level from the, I think it's bottom out, like reduction of this, compress this margin bottomed out. And might be like from the first quarter, otherwise in second quarter onwards we will be start to improve our margin level, and for the whole year certainly we will improve at least 150 basis point to 200 basis point in this whole year for sure.

Krupashankar NJ: One more question from my side is on the CAPEX side. While the tonnage growth is a little bit weaker, can we slow down on the CAPEX part we have been? Because you know the capacity

is where you have expanded. It's still not picked up to a large degree. So, can the macro factors push your CAPEX to a certain degree?

Mukti Lal: So, you know, CAPEX is completely for the long-term vision, where we are building up the sorting center for the next 20-25 years. So, profit is less or high does not matter. Because this is also depending upon the particular buying the land parcel also, because after a long pursuance, we find the land. So, whenever we found the land, we buying that. So, it is little bit you know, sometime is maybe happen immediately or may not be happen, like you take 1-1.5 year also. So, that depends upon, so it is really not impacted our CAPEX plan at all. It will go with as strategically what we thought.

Krupashankar NJ: Last question from my side. Anything on branch expansion for FY '26 and '27? Any target in mind?

Mukti Lal: Same way, so we want to increase 80 branches for the FY '26. Same way 100 branches for the '27. Out of that 50, half branch would be for the surface and half branch put together for the rail and air business because we are creating a separate team, separate network for this business. So, that's slightly also like cost pressure because this cost coming under as a recurring expenditure. So, this way we will expand in FY '26 and '27.

Moderator: The next question is from the line of Kevin Shah from Emkay Global. Please go ahead.

Kevin Shah: So, can you just provide guidance for FY '26 given that you are not planning for a price hike, so mainly on the volume front?

Mukti Lal: Can you come again? Sorry, I just missed what you said.

Kevin Shah: Yes, I am asking for guidance for FY '26.

Mukti Lal: Yes, so '26, what we have seen and what we discussed internally and strategically, I think we will be achieving a tonnage growth is around in the range of 7% to 8% and overall revenue growth in the 10% to 12% for this year.

Kevin Shah: And can you provide a mix of your SME and institutional business?

Mukti Lal: This time in FY '25 we completed with like 52% from the institutional and 48% from the SMEs. That ratio also like we will again try to bring back to like 50-50, which we have since last two decades we are maintaining the same ratio. So, we will try to back to that normal one.

Kevin Shah: That will be all.

Moderator: The next question is from the line of Kriya Sharma from J&K Securities. Please go ahead.

Kriya Sharma: Thank you so much for giving me the opportunity. Hello, Chander sir, Mukti sir. We have been an investor of this company for the last 4 years and we have followed the developments in the

company and the industry in general. Sir, I regularly go through the financials of the company and of our investors also.

I want to know why have we not been able to grow over the past 12 quarters while one of your competitors, Delivery Limited, has outgrown you by a distance. Sir, I see that our tonnage has been absolutely flat during the last 12 quarters and at the same time, our realization has dropped sequentially from Rs. 13 to 12 quarters back to Rs. 12 in Q4 FY '25. At the same time, Delivery CTL tonnage has grown 92% during the same period I think with a growth in CTL realization simultaneously. So, can you please share the reasons behind this?

Mukti Lal: So, first of all, we don't want to comment on the competition here. We can give an answer on a one-to-one basis.

Second part, our realization has not dropped what you just mentioned. Our realization is intact, even grown on FY '23. Not grown in FY '24 and '25. But it has not declined.

Moderator: The next question is from the line of Manish Goyal from Thinqwise Wealth Managers. Please go ahead.

Manish Goyal: Hi, thank you so much. I have two questions. On the new businesses, are we probably incurring losses and what is the impact on the EBITDA margin from the new businesses? And second, when you guided for 100 and 150 basis improvement in margins, is it from the level from what we have seen in Quarter 4 or is it on the entire FY '25 basis you are expecting improvement in margins?

Mukti Lal: Yes, thank you very much. So, basically new businesses, we are not incurring any losses rather I am saying because there is also like gross profit is in the similar way like in the range of 32% to 35%. What we are also earning in Surface is in the range of 30% to 32%. We are creating a separate network. So, it is an initial investment we are making, because supposing one vehicle is going and it is half empty or 75% empty for a particular route. So, it has to be there. We have to bear that cost for the time being. So, we are strengthening this segment for the rail and air. Second part, what you asked for that, for the whole year, we are targeting to improve this margin for the whole FY '25 , not for the like...

Manish Goyal: So, what base we have of FY '25, on that entire year, you expect 100 to 150 basis points improvemt.

Mukti Lal: Yes.

Manish Goyal: So, that will be driven by both taking price hike of 3% and controlling cost. Basically, we are not passing on more cost increase.

Mukti Lal: Yes, so cost as we stopped to be like increase, this is now we started rationalization of cost as mentioned. Second, we started to ask for the price hike. Third, we are making more focus on these high yield businesses like rail and air. Fourth, we also focused on businesses in like Eastern

part of India where my emptiness of truck will be reduced subsequently, and that will help to improve my utilization of trucks. So, ultimately, it will contribute to improve margins.

Manish Goyal: And this year, what is the CAPEX plan? Because the presentation mentioned that we have a plan of Rs. 500 crores, out of which we have spent roughly Rs. 200 crores in 3 years. So, now the balance Rs. 300 crores, how do you intend to, when do you intend to spend, and if you can broadly say how much would be going towards capacity creation and how much would go towards creating sorting centers?

Mukti Lal: So, majorly for capacity creation in terms of like branch network, we don't need much CAPEX. Obviously, one branch hardly having CAPEX of Rs. 1 lakh or Rs. 2 lakhs per branch. But the major portion obviously going into in sorting center creation. So that in this year we planning for the Rs. 80 crores to Rs. 100 crores. Similar way of the next year also. Earlier we taken a target to finish this Rs. 500 crore by '27. I think now we need to extend it one more year.

So, we will revise it I think after Quarter 2 by seeing this year's CAPEX, how it is shaping because it's slightly like deferring or due to that land purchase. So, we are looking for land purchases in various places. Supposing that strike that deal, then we will be definitely in this year maybe have around Rs. 100 crore plus kind of CAPEX in this year and next year again is Rs. 100 crore.

Moderator: The next question is from the line of Kunal Bhatia from Dalal and Broacha Stock Broking Limited. Please go ahead.

Kunal Bhatia: Sir, you mentioned in this year the issues regarding three specific things. One was the toll tax, air cost and labor cost which went up. Could you elaborate a bit more on how much was our operational efficiency impacted because of these three elements and if you could give us some sense on the quantum of the same?

Mukti Lal: So, basically, this is a very good question. So, if you see like cost has increased by 250 basis point. Of that, 100 basis point is increasing due to labor cost increase and toll cost increase in overall year basis. I am saying. 100 basis point increase because due to low tonnage transportation, my utilization of truck has been dropped from 83.5 to 82.5 for the whole year for this FY '25. And 50 basis point due to other reasons of increase of the air cost and air network cost. So, these are the contributing factor we have for the FY '25.

Kunal Bhatia: And sir, coming next year, you have given guidance of 7% to 8% volume and 10% to 12% of overall revenue. So, what are the key factors you are baking in to achieve this growth? Because, sir, there has been a lag in terms of the kind of growth achievement we have been having. So, if you could give us a bit more insight into this kind of guidance?

Mukti Lal: Well, basically, in FY '25, we also seen various uncertain kind of business where we plan for some X business and that happened like X minus anything. And good month has also not played very well for all the whole industry players as you see in everywhere. So, same way we are

confident, and we plan and discuss with the customer. And as I said we are more focusing on the Eastern part of businesses. We are also adding a new sales team to focus more to get the new business. Obviously, we will get like combination of business from the existing customer as well as new customers. So, we are focusing more into in new businesses also. And as mentioned, it is also for this new high yield business also, like rail and air international or air businesses and C2C business.

Kunal Bhatia: And sir, in the current year, in terms of the business from the SMEs, did we lose out in terms of market share to any other player from our existing customer or have we sort of lost any market share there? Could you give some sense on that?

Mukti Lal: So, SME business for every industry player is reduced actually because they are in a problem and they are weaker slightly. But I think now it is bottomed out and that will start to improve. So, what we noticed from everywhere and from the customer side, SME business itself is reduced actually. So, it is no matter of like losing markets here and all. It is overall basis is reduced for everyone.

Kunal Bhatia: Sir, meaning my question was more towards, are they trying to sort of down trade to any other players in the industry, obviously taking into account that even their business is impacted, or they too have some cost issues? So, have you observed that kind of trend happening in industry?

Mukti Lal: For you talking about SME customer?

Kunal Bhatia: SME and otherwise. So, have people sort of downgraded to other logistic players?

Mukti Lal: Not really, because in Express industry this is a good thing, as I have mentioned. We are not struggling for the rate, price and all, because it is hardly anything for the customers, in terms of their product value. It is hardly 1%-1.5% for their product value. So, they are really not excited to be reduced the prices in Express market.

Moderator: The next question is from the line of Amit Kumar from Determine Investments. Please go ahead.

Amit Kumar: Sir, with respect to the tonnage guide that you have given, 7%-8%, what are you actually seeing? April and May, both are, May is almost over. So, in the first two months, are you seeing any sort of green shoots of recovery in terms of that tonnage?

Mukti Lal: Yes, seen but not much. It is in a single low-digit growth we have seen in these two months. You rightly said May also like completing soon. Yes.

Amit Kumar: So, when we are looking at high single-digit growth on an overall basis, then obviously the second half of the year will probably contribute more to that. Any sort of drivers or any sort of conversations with clients which makes you believe why that is going to be the case?

Mukti Lal: So, again, it is really very early to predict that. But obviously, we have taken that and we make a planning for the same and taken discussion with the customer throughout across India. So, by

that, getting their feedback, we have taken the target. And obviously we started to grow. So, obviously, there is an add with the festival season and we are not seeing any kind of disruption last year election was there and all. So, this year hopefully we not seeing anything, and it will be fair year, and the tonnage must be increase in this year. And obviously price hikes also would be there. So, with that, revenue growth would be in double digit for sure.

Amit Kumar: I appreciate the element on price. I just wanted to get some change on volume. This is okay.

Moderator: The next question is from the line of Pravesh from Fourlion Capital. Please go ahead.

Pravesh: Thank you for taking my question. Could you just briefly elaborate like what percentage of the growth that you are assuming is from the new 80 branches plus 60 branches this year that you have added versus from the existing ones for the 7%-8% volume guide for next year?

Mukti Lal: Yes, so because as major branches added for these two products, Rail and Air Express, so that is also growing very well in these two months. And subsequently also like we increase the more utilization of these branches by putting more person for these two products. And Surface business as usual, like we added only 10 branches in last year, whole year. So, it is not a significant amount we are generating from these branches.

As usually whatever branch we adding for these Surface customer is for the sundry businesses. So, that's why it is not much significant on that. And obviously like next year, we are planning to add 80 branches. So, that also like over the period of the full year. And again, I said 50% for these two products and 50 for the Surface. So maybe like, you rightly said, it maybe helped to grow, taken the 2%-3% total tonnage improvement in the overall year.

Pravesh: Sir, the other segment mix, we have been mentioning on the calls at 17%-17.5% for quite some time. So, is there any particular portion in the other segment that's declining given that Rail and Air Express has been growing well for us?

Mukti Lal: Yes, basically, we were earlier having this e-commerce around 4%. Now it is reduced to 2%, because our focus is not on that e-commerce. Earlier we were also doing B2C deliveries for this small customer, now it is not lucrative. And also e-commerce has also expanded in Tier-2, Tier-3 cities. So, our that portion has compressed from 4, I think 2 or 3 years back, it was around 4%. Now it reduced to 2.25% only. So, that's the percent. So, whatever the increase in this share, it is compressed by this e-com business.

Pravesh: My second question is on the update on the ESOP policy. Could you please explain the rationale and also what is the new vesting schedule?

Mukti Lal: No, so, ESOP, we have not done anything. We just changed some time limit. Like earlier, we give an option to be vested within two months, which we, I think, increased to four months. And time period, like, supposing we give an option in this year, we allowing this has to be exercisable in the next three years, which we are slightly flexible, like, we extended period, I think, from

three to five years. So, these kind of like regulatory kind of things to giving more flexibility to our employees. So, that's the only thing.

Pravesh: Thank you, sir. And congratulations on the introduction on the Board. All the best.

Moderator: The next question is from the line of Rohit from Samatva Investments. Please go ahead.

Rohit: I just had a couple of follow-ups. So, first on the Rail and the Air segment, have we added any new personnel at the top management level?

Mukti Lal: No, so as you aware, we already created at top level Mr. Ashok Pandey is the COO of this multi-modal business, and we adding further also and like head of air, head of rail business. So, we are adding that. That we already did last year. This year we are creating people on the field, more people on the field specifically in sales side for that we are hiring from the institution and all and we putting that team. So, you know, the upper top is already there, but now we are putting more people on the field.

Rohit: And my last question will be to set up a new automated plant, what will be the total CAPEX for one plant?

Mukti Lal: Yes, it is around in the range of Rs. 20 to Rs. 25 crore alone for this sorting center, sorter only means automation cost. And land and construction cost is different depending upon the location.

Moderator: Thank you very much. As there are no further questions from the participants, I now hand the conference over to Mr. Agarwal for closing comments.

Chander Agarwal: Thank you everyone for joining us today. We have tried to address all your questions. If you have further inquiries, please connect with our Investor Relations team, and we will be happy to address the same. We look forward to meeting you in the next quarter. Please stay safe and healthy. Thank you.

Mukti Lal: Thank you very much to everyone.

Moderator: Thank you very much. On behalf of ICICI Securities Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.

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