Date: 31st January,2025

To,

The Secretary,

National Stock Exchange of India Ltd.

Exchange Plaza, 5th Floor Plot No- 'C' Block,

G Block Bandra-Kurla Complex,

Bandra (E), Mumbai-400051

SYMBOL: TARACHAND

Dear Sir/Madam,

Sub: Intimation under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 –Transcript of the Investor Meet held on 28th January, 2025, Tuesday at 04:00 PM(IST)

Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), we are hereby sharing the transcript to the Stock Exchange of the Investors Meet held on 28th January, 2025, Tuesday.

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

You are requested to take the above information on record.

Thanking you,

Yours faithfully,

For Tara Chand InfraLogistic Solutions Limited

NISHU KANSAL Digitally signed by NISHU KANSAL Date: 2025.01.31 16:17:34 +05'30'

Nishu Kansal
Company Secretary & Compliance Officer
M.No.: A33372

Encl.: As above

"Tara Chand Infralogistic Solutions Limited Q3 & 9M FY25 Earnings Conference Call"

January 28, 2025

MANAGEMENT: MR. HIMANSHU AGGARWAL – WHOLE-TIME DIRECTOR AND CFO, TARA CHAND INFRALOGISTIC SOLUTIONS LIMITED

Moderator: Ladies and gentlemen, good day and welcome to the Tara Chand Infralogistic Solutions Limited Q3 and 9M FY25 Earnings Conference Call.

As a reminder, all participant lines will remain 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 the operator by pressing *, then 0 on your touchtone telephone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Vinita from Stellar Investor Relations. Thank you and over to you, ma'am.

Vinita: Thank you. Good afternoon, everyone, and thank you for joining us today. We welcome you all to Tara Chand Infralogistic Solutions Limited Q3 & 9 Months FY25 Earnings Conference Call.

We have with us today the Senior Management Team of Tara Chand Infralogistic Solutions, Mr. Himanshu Aggarwal – Whole-Time Director and CFO.

We shall be sharing the key “Operating and Financial Highlights” for the 3rd Quarter and 9 months ended December 31st, 2024.

Before we begin, I would like to state that this call may contain some of the forward-looking statements which are completely based upon our beliefs, opinions, and expectations as of today. These statements are not a guarantee of our future performance and involve unforeseen risks and uncertainties. The Company also undertakes no obligation to update any forward-looking statements to reflect developments that occur after the statement is made.

Documents relating to the Company's Financial Performance, including the Investor Presentation, have been uploaded on the Stock Exchanges and the Company's website. I now invite Mr. Himanshu Aggarwal to share his initial remarks on the Company’s performance and then we will open the floor for Q&A.

Thank you and over to you, Himanshu.

Himanshu Aggarwal: Thank you for the introduction, Vinita. Good afternoon, ladies and gentlemen.

I, Himanshu Aggarwal - the Whole-Time Director and CFO of Tara Chand Infralogistic Solutions Limited welcome you and thank you to be a part of the Earnings Call for Quarter and 9 months ended 31st December 2024.

I hope that you all have had the opportunity to look at the Presentation that was posted on the NSE and Company website yesterday. The Financial Year 2025 has been a year of milestones for the Company with the first one being achieved on April 16, 2024, when the Company migrated to the NSE Main Board.

I understand that some of you might be new to our Company. So, to start with, I would like to give you a brief about what our Company does. Our Company operates across the length and breadth of India through its three key segments of verticals, Segment-A which is called equipment rentals and infrastructure works. It currently contributes about 55% of the overall revenue. Segment-B, which is warehousing, handling and transportation, it contributes about 40% of the overall revenue. And Segment-C is steel processing and distribution, which contributes about 5% of the revenue mix.

In the equipment rental segment, our Company serves India's infrastructure development and industrial capacity expansion needs through a vast fleet of cranes, piling rigs, aerial working platforms also known as man lifts and trailers. The largest crane in the Company's fleet is of 800 tons lifting capacity while there are 106 cranes in total with lifting capacities ranging from 50 metric tons up to 800 metric tons. Additionally, there are hydraulic piling rigs which are used for ground improvement and foundation works in the civil construction domain. And we have got aerial working platforms that are used for working at heights above 30 meters. In the Financial Year 2024, we have introduced the tallest aerial working platform in India at that time with a working height of 68 meters and the same remains deployed for a critical steel plant expansion project on a long-term basis.

The Company has been active in the construction of large metros, the metro rail network that spans across the country. We have been a very active participant and played a very important role in the ongoing construction of the first ever bullet train of the country, which is also known as the Mumbai Ahmedabad High Speed Rail project. Apart from that, in our industrial capacity expansions, we are actively working with the cement, steel, oil and gas, in refineries as well as the power sector industries. The Company, in this financial year, also entered the renewable energy sector and we are working in both the solar and wind energy domains. In the urban infra or rural infra development, we are also actively working with NHAI and other such agencies for development of large network of highways and such infra across the country encompassing states like Jammu and Kashmir in the North, Gujarat in the West and then East, we have got Assam and West Bengal as well.

In our Segment-B, we are providing warehousing and logistics solutions specifically for the steel sector. The warehousing activity is primarily executed for PSU companies like Steel Authority of India Limited and Rashtriya Ispat Nigam Limited, where the stockyards are either owned by the client or owned by us. The Company has vast experience of more than 4 decades for steel handling projects where we are involved in handling of more than 10 million tons of steel per annum.

The third segment, steel processing and distribution, is a relatively small segment with lower margins. Here, the Company processes steel for its end user clients from third party sources, and this segment is there more so from a customer stickability perspective only. We have a very diverse team of domain experts, operators, engineers and technicians who are spread across 21 states in the country. Our total team strength is upwards of 700 people and at present the Company is working across 74 sites in the country.

On the Financial Results for Q3 and 9 months' ended December 2024, I will just share a few highlights. Again, this has been a milestone period for the Company in which we have recorded a highest ever quarterly and half yearly revenues and also the highest ever Q3 and half yearly profits. In Q3 FY25, we achieved our highest ever quarterly revenue of Rs. 64.2 crores, making a 45% year-on-year increase with an EBITDA of Rs. 20.8 crores and an EBITDA margin of 32.4%. Our profit after tax of Rs. 5.2 crore was 56% year-on-year growth culminating in an EPS of point Rs. 0.7 per share which is again 65% year-on-year growth.The cash profit after tax stood at Rs. 17.2 crores which marked 49% year-on-year growth. For the 9 months ended FY25 December 2024, our revenue reached Rs. 166.2 crores, which is a 34% year-on-year growth with EBITDA at Rs. 58.5 crores which was again 42% year-on-year growth and a margin of 34% in the EBITDA. Notably, our profit after tax grew to Rs. 17 crores, which is actually slightly higher than the total profit for the last financial year. So, this showed 73% year-on-year growth, while the EPS showed Rs. 2.2 per share, which is 69% year-on-year increase. The cash profit subsequently climbed to Rs. 47.27 crores, which is a 42% year-on-year growth as well.

On another financial control measure that we have taken which has helped us to bring down our receivable days, which have come down to 79 days for the 9-month period compared to 101 days in the previous year. This reflects a significant improvement in our cash flow cycles. We have a very healthy order book of Rs. 73.30 crores as of January 2025, which is executable in the current financial year itself, and this again reflects a 67% year-on-year growth in the order book. And for the 9 month, our equipment rental segment registered a high growth of 69% at Rs. 91.80 crores in revenue and recorded an overall EBITDA of 49%. It is important to note that a revenue of Rs. 10.9 crores with an EBITDA margin of 19% from specialized services contract is also included in this segment revenue figures. So, the EBITDA margin from equipment rental stood at 53.8% for the 9 months ended December 24.

Among the major sectors served by us in the equipment rental segment, the rural and urban infra sector contributed 40% of the revenue, while cement was at 30%, followed by steel at 21%. As stated earlier, we ventured in the renewable energy sector in this FY and it has contributed 5% to the revenue mix for this segment. Our warehousing and transportation segment registered just a marginal 8% increase in revenue at Rs. 65.6 crores due to the one-off decline registered in Q1 FY25. This segment registered an EBITDA margin of 15% for the 9 months ended December 24. The revenue for our third segment, which is steel processing and distribution, declined by 17% for the 9 months and it stood at Rs. 8.8 crores. There was no revenue recorded for Q3 in this segment. The EBITDA margin for this segment for the 9 months stood at 4%.

In the equipment rental segment, the average gross monthly rental yield rose to 3.05%, rising from 2.75% in the same period last year. This has been primarily due to the meticulous CAPEX undertaken by the Company in the previous and ongoing FY. In the current year, the Company has already completed a CAPEX of Rs. 132.7 crores, which is the highest ever in the Company's history. With this CAPEX, the Company has now added 30 cranes, 5 aerial working platforms and 20 prime movers with trailers to its fleet. The total fleet size of the Company now stands at 362 machines against 307 machines in the same period last year. The gross block of the Company has grown to almost Rs. 408 crores as of December 24 against Rs. 298 crores as of 31st March 2024.

The debt-to-equity ratio of the Company for the said period is at 0.91 compared to 1.08 for the same period last year. The positive impact of the CAPEX that has been done is expected to further boost the Q4 performance of the Company as a large chunk of the addition that took place in Q3 was done in the second-half of the month of December 2024.

To conclude:

I would say that these stellar results reflect our relentless focus on growth, strategic investments and flawless execution. We have surpassed our targeted 30% year-on-year growth in our revenue for the financial year and we are confident of continuing this trend in Q4 FY25, which is traditionally the best quarter for the Company. Thank you for your continued trust and support as we move ahead together. We strongly believe that the future looks bright and we are just getting started.

So, thank you! And with that I hand it back for the Q&A session.

Moderator: Thank you. Ladies and gentlemen, we will now begin the question-and-answer session. The first question comes from the line of Rohan Mehta from Ficom Family Office. Please go ahead.

Rohan Mehta: So, my first question is, could you provide me with net yield for segment A for the current quarter Q3 FY25 and also Q3 FY24?

Himanshu Aggarwal: For Q3 FY25, the gross yield was 2.98 and gross yield for Q3 FY24 was 2.75. On a net yield basis, it was about 1.9% in Q3 FY24 and in Q3 FY25 it would be around 2.1%.

Rohan Mehta: And also, can you provide me more details about the specialized service contracts? Basically, in terms of the nature of work, how differentiated it is from a regular EPC contract, just wanted to understand the nuances?

Himanshu Aggarwal: Regular EPC contract is a combination of a lot of things, and it has a much larger scale. So, basically, this is a smaller chunk of a large EPC contract where specialized services with regards to either specific manpower services or machinery is involved, which is to give the necessary result for the overall larger contract or the larger work that has been done. The specificities of the nature of work, I will not be able to diverge much of that, because that is again more of an internal matter.

Rohan Mehta: And I have noticed that the EBITDA margins for Segment-A declining from about 50% to 44%. Now I do understand that this includes specialized service contracts, so I wanted to know what will be the steady state margin's expectation you have in this segment moving forward?

Himanshu Aggarwal: So, going forward, like we are also getting certain contracts which as of today also if you talk about Rs. 73 crores order book, there is a mix of equipment rental, warehousing as well as specialized service contract. So, for this specific segment, the 44%-46% combined revenue EBITDA margin wherein these specialized services also included is a steady state scenario in the near future. And as far as independently the equipment rental is concerned, there we do see that it is ranging between 53%-55%.

Rohan Mehta: And one final question, how do you see the current macro environment in terms of the crane rental yields, are you seeing any slowdown or any demand issues at the moment?

Himanshu Aggarwal: At present, we are not seeing any challenges and also with the demand that we have in the present quarter and the visibility that we are getting from our clients in the coming quarters. We haven't seen a slowdown in demand because of the nature of work that we do, the mix of equipment that we have. There is still sufficient demand in the market and there is a lot of activity and a lot of activity has picked up in the last couple of months or so as well because there was some slowdown in the first quarter because of elections and then monsoons were there, but activity has subsequently picked up at least as far as the services we are provided to give. So, that is nowhere we are seeing that any specific slowdown is impacting our equipment rental division.

Moderator: Thank you. The next question comes from the line of Bhavya Sonawala from Samaasa Capital. Please go ahead.

Bhavya Sonawala: I have a couple of questions. My first question is similar to the previous participant, in terms of share from the rural and urban infrastructure has kind of been decreasing and even though the cement and the renewable sector have shown some decent contribution, particularly in this segment, are we seeing any kind of slowdown caution or is there any reason behind it if you can just throw some light on this?

Himanshu Aggarwal: With regards to slowdown, again to repeat the earlier answer, in the sectors we are currently operating and with the kind of equipment and services that we give, we haven't seen any specific slowdown impacting our demand. One, we are working across sectors, so our equipment is usable across sectors, so we have not really seen any instance where any equipment has not been utilized because it cannot be used in a specific sector per se. So, for example, the cranes that we purchase, they are purchased in a way that they are basically with all their different accessories.

So, they are fully loaded cranes as they are called and they can be used in the cement plant, they can be used in the wind sector as well as steel industry or in the infra sector also we are using them. And when it comes to our piling rigs, again we are working like with JK Cement in their plant, we are working with infra companies for infra works. So, there are multiple activities across which, we have got our works happening and we do not see a challenge with regards to the demand for the equipment that we have.

Bhavya Sonawala: Second question is kind of on a macro environment, so in the near future, do you expect any kind of oversupply in terms of crane rentals? And I understand that industry is very segmented with each segment rely in different type of cranes, so overall do you see any issue probably oversupply of 6 to 1 year down the line which could probably affect us in our rental income growth or overall?

Himanshu Aggarwal: With the kind of opportunities that we are discussing, at least at our client level and the project base because we have a visibility of projects based on the tenure of projects. Usually, these projects are 3 years, 4 years or at least 2 years. So, we do not see that the supply, if any of the oversupply that is being talked about would impact the demand because on the other side there is an increasing demand side is also there from the client side because various sectors are expanding. Although at the macro level, we are also hearing that there is slowdown probably in productions or in the expansion plans of companies, but that doesn't directly impact us because the services that we are catering to are not dependent on how fast or how big they expand because that will only add to a larger demand. But even at the slower pace that they are going to expand, if we look at, on a conservative side as well, there again the demand is high enough to cater to the supply that is already there or is going to add up in the next year or so.

Bhavya Sonawala: My last question, if I can squeeze in, just what is our average cost of borrowing?

Himanshu Aggarwal: We are at about 8.8% cost of borrowing for this financial year.

Moderator: Thank you. The next question comes from the line of Ashish Khurana from ANK Capital. Please go ahead.

Ashish Khurana: I am a bit new to the Company, so my question was a bit broad based, so especially regarding the equipment rental business, so it seems like a pretty solid business in terms of the margin and the cash flow it generates. So, my question was, regarding the kind of entry barriers or the competitive advantage that we have in this segment, so from outside, it seems like the ability to manage once fleet utilization reach a certain scale knowing when to sell to manage residual value. And all these could be some factors which helped build a strong as they call it, moat around the Company, but your views as an insider to this Company and just would help understand this much better? And also, if you could give a ballpark figure of what is the share of organized versus unorganized players and specifically, equipment rental industrial sector?

Himanshu Aggarwal: So, with regards to your question, you put out a very broad question and some of it you kind of answered where basically, the equipment rental business per se, it is not about just having the asset and giving it out on rent. So, it goes out as a service package where the entire management of that equipment, which is basically operations of that equipment with the operating crew, the maintenance and all the other accessories that go with it, are our responsibility. So, that is one difference where it is not just about having the bandwidth to invest and bring in a machine and then get the orders for it. Two, having a network of clientele over the years, we have been in this business for more than two decades now, so that has enabled us to establish credibility among clients, plus the kind of contracts and orders that we work with, which are large clients and large orders. Then, there are very stringent norms with regards to statutory compliance as well as safety guidelines that need to be followed. So, that is not easy for a smaller Company or growing Company to easily get a grasp of. It takes a lot of time to reach that stage. So, those are factors and then obviously having the right kind of equipment mix, the knowledge for having the right kind of equipment mix to be able to take advantage of the opportunities that are there or are coming up with the kind of discussions and visibility that we get from our clients. So, that has enabled us to establish this kind of moat as you kind of pointed out around this business. And I hope that helps clarify what you were asking with regards to our Company.

Ashish Khurana: With regards to organized versus unorganized share?

Himanshu Aggarwal: It is hard to put numbers on it, but for the organized side, I do know that there are close to about at max 10 big companies in the country who can be considered big by the virtue of the number of machines or the kind of machines they have. And there again, it is difficult to kind of put them in a same basket because not everybody is doing the mix of equipment like we have got cranes, piling rigs, AWPs, trailers and somebody is doing just cranes. So, there are different mixes there, but yes, there are about 10 organized players, of which only about 2 or 3 are listed, and the rest are big enough as private limited Company. But a lot of it apart from those 10 would be considered in the unorganized sector. That is a personal view.

Ashish Khurana: And Himanshuji, you while answering the last question mentioned that most of our equipment is full-fledged as in it can be used across sectors and one thing which I have noticed is that in the last year, how we have shifted our sector concentration and gone from being heavy on infrastructure to cement and metals. So, this shift is possible in a similar 6-12 months' time because as you said, we have been in this business for 20 years and we have the clientele and whenever we see certain sectors going down we can find other sectors where there is still demand and shift to that that is something we can expect in future as well, is it?

Himanshu Aggarwal: Yes, definitely, like currently, you would see last year we were at about 10% in petrochemical and this year, we are at about 4%. It is just because we saw better opportunity in the steel and cement sectors, and we mobilized equipment there. In the infra sector, we have kind of pulled out for the very reason and in previous calls, I have tried to explain that because we were also doing some sort of subcontracting activity back in the day, in about 22-23, which we stopped doing after September 23 specifically because of the margins being very low and there being a lot of disputes also arising there. So, that has made us concentrate more towards the better margin, better cash flow driven sectors and that is the mix we have tried to follow and going forward, as you asked, there are certain sectors like we have started with the renewable energy sector only this year. Petrochemical, as I pointed out, there is a large opportunity there as well and we keep weighing in the opportunities and then take a call on which machine needs to be deployed where, so that we can expand our share in that sector or our revenue mix for that specific sector based on the demand.

Ashish Khurana: Sir, my last question would be on our gross yields, so we I think, as far as I know are already probably the best among the listed players at close to 3%. So, is there more room for expansion in that or given that we already, I think have capitalized a large bit of CAPEX that we have done recently, so shall we assume that it would be around this range going forward? Or what are the other drivers that could if at all make it go up?

Himanshu Aggarwal: So, to answer that, we are at a pretty good level already because being at 3.05% is one of the better levels to that as we understand in this market, but the drivers for any change on the upward would be better pricing going forward and also, when we calculate our gross yield numbers, it is based on the net market value of the equipment that we have, the total equipment that is deployed in the equipment rental segment and the return that we are getting on it. So, the net market value also keeps changing on a period basis like what the net market value of our equipment was a year ago and what it is now has also changed with the new CAPEX as well as the other equipment they are depreciating a bit while the rentals have remained similar to what they were a year ago. So, that gives a little surge on the gross yield as well. So, those factors could add up to any positive side that you would see, but 3.05% or 3% is pretty good or ideal scenario at least for now.

Moderator: Thank you. The next question comes from the line of Manan Vandur from Walfort PMS. Please go ahead.

Manan Vandur: Sir, my first question is that even as we are coming towards almost the end of the financial year and in previous calls, when I had asked about guidance earlier, so you said that around quarter 3, you might give something. So, do you have any plans for FY26 guidance that can give us?

Himanshu Aggarwal: The guidance you are particularly asking from a revenue perspective or any other aspect that you are looking at for FY26?

Manan Vandur: It would be revenue guidance, EBITDA and PAT?

Himanshu Aggarwal: So, it is still a little early for us, but as I mentioned in my opening remarks, we have been growing at 34% in this financial year against our targeted 30% and we are confident that with the kind of order book that we have and visibility we have for Q4, we will easily be crossing our target of

30% and rather maybe achieve a little better as well. Going into FY26, we would definitely push to maintain our 30% year-on-year growth while the EBITDA margins, which are currently about 34% is the range that we are consistently working to remain at about 34%-35% overall EBITDA margin, which is considering all the segments. And even on the CAPEX side, we had planned Rs. 160 crores CAPEX at the start of this financial year, which was to be done by Rs. 100 crores this year and Rs. 60 crores next year. But we had to prepone some of it because of the demand that we saw and it made more business sense to do Rs. 130 odd crores this year. In Q4, we haven't yet thought of anymore CAPEX but going forward the balance Rs. 30 odd crores that is left plus another Rs. 50-Rs. 60 crores we do see would come into play for CAPEX in the next financial year as well. That is a basic guideline that we can say for FY26.

Manan Vandur: So, you are saying that as of now in FY26, the CAPEX you can see would be Rs. 60 crores plus Rs. 30, so Rs. 90 crores, something?

Himanshu Aggarwal: It could go to that extent, but we will have more clarity towards the end of Q4. So, when we have the next call, probably when we are discussing Q4 results and the FY results, we will be able to give a more firm picture of FY26.

Manan Vandur: The second question would be, sir that have we completed the renewable energy order which we had in Q3 because in Q2 presentation in order book, it was written 5% of the total order book is renewable energy and this quarter results, the revenue is at 5% of renewable energy from the revenue part. So, does that mean that we have executed renewable energy order?

Himanshu Aggarwal: We have executed the initial orders, and these usually tend to keep getting extended. So, the trend is such that from the overall equipment rental revenue, we are getting 5% in renewable energy because the other sectors are also chipping in, and they are also growing. So, we are able to maintain renewable energy currently at 5%, but as I was trying to answer an earlier question from Mr. Ashish, going forward, if we see greater opportunity there and better margins or better cash flows there, then we would move more towards renewable energy. But as of now, we are comfortable with the sector that we are operating in and that is why we are getting those good numbers as well.

Manan Vandur: And the last question would be that how much of this Rs. 73 crores orders, could you bifurcate this to us in terms of the equipment rental, what different sectors could be there?

Himanshu Aggarwal: So, on the order book front, in the segment wise, you are trying to ask?

Manan Vandur: Yes, like cement and power renewable energy that?

Himanshu Aggarwal: That is difficult for me to give out because we haven't done those numbers, frankly and I don't have it in front of me right now, but I can definitely look it up. You can send out an e-mail and we can respond to that. But as a revenue mix out of the Rs. 73 odd crores, we have got 64%

towards Segment-A and 36% is to Segment-B, which is material handling and 64% is for equipment rental. But in that 64%, which sector wise division is there, I will not be able to comment on that right now.

Moderator: Thank you. The next question comes from the line of Chaitanya Sharma from TradeWalk Research. Please go ahead.

Chaitanya Sharma: I have two questions on the operations front and one on the financing front. First one being, how is the Company financing its CAPEX and what kind of revenue can we see from these CAPEX's and when?

Himanshu Aggarwal: To answer the financing part, so the CAPEX that we do, it is a combination of debt plus internal accruals plus there is suppliers credit based which usually ranges from 2 years to 2-1/2 years. So, basically, our upfront margin is about 25%-30% of the overall equipment purchase that we do, which we manage from our internal accruals. Balance is from suppliers credit, which converts into debt, or we pay upfront to the supplier on completion of the credit period and the credit period that we get from the supplier, it is an interest free credit period.

Chaitanya Sharma: And what kind of margins did you mention?

Himanshu Aggarwal: About 25%-30% upfront margin is paid to the supplier.

Chaitanya Sharma: The next question is, how is the Company targeting to complete its CAPEX? I think that was already asked, but you had a target of Rs. 160 crores and how much are you planning to go beyond that in FY26?

Himanshu Aggarwal: So, we had Rs. 160 crores target for 100 this year and 60 next year, of which we have done Rs. 132 odd crores this year itself. So, the Rs. 28-Rs. 30 crores will overflow into the next financial year plus as I mentioned in the earlier answer as well about Rs. 50-Rs. 60 crores, we do see that we would be taking up based on more visibility that will have clarity towards the end of Q4.

Chaitanya Sharma: My next question is, what are your rental equipment utilization rates and what are the rental yields trajectory you are seeing?

Himanshu Aggarwal: Average monthly rental gross level is 3.05% for the 9-month period and for the quarter it was 2.98% and you had another question, I missed that.

Chaitanya Sharma: What kind of trajectory are you seeing and what are your equipment utilization rates?

Himanshu Aggarwal: In the quarter 3 FY25, we achieved an average capacity utilization of 89% and overall, for the 9-month period, the utilization has been at about 85%. On the trajectory front, the 3.05% yield as I answered in the earlier question is already at a pretty decent level. So, we see that we will be able to maintain that.

Chaitanya Sharma: And my next question is recently RINL, which is Vizag Steel, was approved quite a lot of equity infusion about Rs. 11,000 crores and they are expecting to ramp up their operations. How does our Company stand to benefit from it anyway and what kind of revenue growth you see there?

Himanshu Aggarwal: We would definitely be benefiting directly because we are managing the entire central dispatch stockyard of Rashtriya Ispat Nigam Limited plus we have got their stockyard in Mumbai and Nagpur. So, the volumes would definitely increase with the ramping up of their operation, which is happening in the current month itself. So, as you would see that the revenue for our Segment-B, which is warehousing, and transportation has only grown by about 8% year-on-year. So, there we see a large opportunity which will definitely with the RINL operations coming to the peak levels that are required because they have got a total capacity of 7 million tons of which only about 4 million tons or so, if I am not mistaken, is currently being produced. So, with the ramp up that is happening that will definitely help in our revenue for Segment-B and also eventually bring in the other numbers as well.

Moderator: Thank you. The next question comes from the line of Ronil Dalal from Ficom Family Office. Please go ahead.

Ronil Dalal: So, my first question was that one of your larger competitors, they have actually mentioned that they are 10%-15% decline in their crane rental business and also their CAPEX, they have revised it downwards, so I think that is why a lot of the questions you are getting probably on the demand side as to which we are seeing any signs of slowdown or any kind of pressure on yields, but this at least from your commentary so far, that does not seem to be the case. So, is there any reason that you would think that there would be that difference between some of your peers and your operations?

Himanshu Aggarwal: So, to answer that, I will try to broadly give an idea of how we work. So, basically, as I have tried to explain sector wise distribution also, our sector wise distribution is different from other competitors or peers that you probably are looking at, one. Two, with the kind of bandwidth we have with the mix of equipment, we are working across the board with clients with different kind of work. So, if I have got piling, for example, for the same client, I have got piling rigs working at a project, subsequently where I have got cranes also working or aerial working platforms working for that client at that same project or at another project. So, the bandwidth is there as a multi solution provider to the client, and we have also got our logistic services. So, that that helps us to have a stronger relationship with the client in that sense and it gives us more visibility because we get associated with the client at a pretty early stage for large projects. So, that is giving us the confidence and it is helping us to bring in the kind of revenues and the kind of profitability that we have been seeing over the last year and we are still very bullish and positive about the demand going forward because the size of the fleet that we currently have, it is very well placed and the kind of expansion that we are looking at, we are very well placed to manage on the demand side. We do not see any challenges there.

Ronil Dalal: And is there any segment where you are seeing any slowdown? I understand overall, the demand is good, but amounts to your different segments, which are the maybe one or two segments if you could highlight where there maybe some slowdown if anything at all?

Himanshu Aggarwal: So, one area that we did see with renewable energy, especially wind, at the start of the financial year, there was a lot of positivity towards the opportunity there, but the projects at the ground level did not really take off at that speed at which it was anticipated probably. So, we have also been very careful and cautious about pushing for growth there, and that is why we still remain at 5% of our equipment rental revenue from the renewable energy sector, of which it is actually a mix of solar and wind and almost equally divided between solar and wind. We have been cautious there and we continue to remain cautious because that is one sector we still feel is not very clear on the demand cycle that was earlier anticipated. Apart from that, on the infra front, there have been certain projects because of this being a very election driven year because of the national elections and the multiple state elections especially large state elections like Maharashtra and others, there have been challenges on the infra project also taking up to that kind of speed. But that has been kind of now it is getting into speed, and we do see that going forward, the infra sector at least do not seem to be a challenge with regards to the demand cycle now coming back to the anticipated levels, at least for our equipment if we talk about. But for the renewable energy sector, especially when I see that is an area that might still be challenging.

Ronil Dalal: Besides that, there are different kinds of reports, and I don't know if it is true or false, but there is an increased competition in the equipment rental space right now, so how are you navigating that? Are you feeling anything around that increased competition?

Himanshu Aggarwal: Definitely, with the kind of growth that has happened over the last couple of years, the competition has increased, but with the larger players that we work across, with the larger equipment rental players, if I talk about, there again, everybody has got their own pocket concentrations of strength with clients or regional concentrations, and we have worked on that or like we have taken up a large chunk of our work in the Eastern side of the country as well, which we were not working earlier. So, we have spread across like Orissa and Jharkhand and Chattisgarh, all those areas we have covered in the last one year and a half where we have been able to then kind of de-risk ourselves from the concentration of competition in a specific region per se. So, that is how we work, and we concentrate more on project where we focus on getting a larger chunk of the project and a concentration of equipment there. So, that has helped us in managing the competition level from our other competitors as well.

Ronil Dalal: Is there any increase in borrowing costs that you expect going ahead, you are borrowing at a pretty decent rate. So, do you think that this number can go up?

Himanshu Aggarwal: At present, we do not have any new borrowings lined up and these are mostly borrowings from previous periods which are at a pretty good rate already and we have that kind of rapport with our banks where we ensure that we get the best of pricing and there are multiple banks that we work with. So, any specific major rises from the RBI that could lead to a rise in borrowing cost that could come into play, but at least as of the current scenario, we do not see any major change coming in our average cost of borrowing which is at about 8.8%.

Ronil Dalal: And just my last question is that you had mentioned that margins can be 34-35%, but given that Vizag Steel is expanding, and you might get a lot of orders from there that would be possibly at a lower margin, so on the overall margin basis, would that mean that the Company level overall margin can then come below 34%, maybe closer to 32%?

Himanshu Aggarwal: So, currently, if you look at it, our margin in Segment-B has been on the lower side because of the lower volume of steel that we have been able to handle in the current financial year, which has been primarily because of RINL's challenges. With RINL improving its production, we have got a similar cost into play. So, we do see our margins kind of improving in that segment, which will help us to manage the overall margin in that range of 34%-35%.

Moderator: Thank you. The next question comes from the line of Ankur Kumar from Alpha Capital. Please go ahead.

Ankur Kumar: Sir, I wanted to understand regarding next year's 30% guidance number that you are saying projecting, as in do we have started taking orders for that what is the order book for FY26 that we are already getting now and what are the key factors do you think which will help us to achieve this 30% number that we are expecting for next year?

Himanshu Aggarwal: So, as I tried to answer the question which was there earlier, on the next year's guidance, so it is still something that we are targeting and as I said, the clarity would be there towards the end of Q4. As far as order book is concerned, with regards to our warehousing and transportation segment, the contracts are usually 5-7 years, so we do have visibility there even up until 2027-2028. Then for our equipment rental, because we are towards the end of this financial year, it is only 2 months left. We have got visibility for certain contracts which are running into up until the Q2 of next financial year. So, taking all that into consideration, the CAPEX that we have done and what we intend to do in the first half of the next financial year, all of that we have factored into and with the kind of growth that we are seeing in the demand in our warehousing segment, as we talked about RINL coming back to its full-fledged production levels, or at least at the best optimum production levels. All of those factors have been considered when we are looking at growing at 30% next year as well. But I would again add that more clarity would be there towards the end of Q4 onwards.

Ankur Kumar: Sir, in terms of equipment rental, which sectors you think will contribute because as you said, renewable is slow, government CAPEX is also looking slow, I think cement is also a bit of slow. So, what are the sectors which will help you in that?

Himanshu Aggarwal: With regards to infra and cement, although they are slow on a macro level, but the growth that they are still doing is sufficient for the consumption of the kind of equipment that we are supplying or the services that we are supplying. So, we do not see a challenge at our level with regards to the demand for our equipments and the services that are working in these sectors, because infra sector is pretty large and when we look at a macro level that it has slowed down or the CAPEX has slowed down, we are talking about thousands of crores of numbers there whereas our chunk of the share is very small. So, our growth is sufficiently available for us to grow. The room is sufficiently available, and we are working towards that. So, those sectors, infra, cement, steel, petrochemical is one area that we are focusing on going forward, there is still a lot of demand there. And cement though at macro level, there might be a slowdown there, but still, we do see sufficient demand in the cement sector also for the equipment. We will continue to be working in these sectors. And renewable energy, we will definitely take a call based on how the demand pans out.

Ankur Kumar: And next question is on the depreciation line items, it has reached around Rs. 12 crores per quarter now, so how should we look at that number going forward?

Himanshu Aggarwal: So, with the CAPEX that has happened, that is naturally a result of that and going forward that will be similar because we are at about Rs. 30 crores of the depreciation for the 9-month period and if Rs. 12 crores is the quarterly depreciation, so anywhere around Rs. 42 crores is what we anticipate for the financial year and similarly going into next financial year, those are the numbers Rs. 11-Rs. 12 crores is the quarterly depreciation that we anticipate.

Moderator: Thank you. The next question comes from the line of Mohit Negi, an Individual Investor. Please go ahead.

Mohit Negi: Sir, my question is related to the steel processing and distribution segment. I heard in your initial comments that there was a degrowth in the revenue, is that correct?

Himanshu Aggarwal: That is correct.

Mohit Negi: So, is there any particular reason for that and how do we see it going forward?

Himanshu Aggarwal: So, to answer that I have highlighted in my opening remarks as well, it is a low margin business, and it is more so from a customer stickability perspective where our end user client who is already there in our Segment-B or Segment-A sometimes requires steel to be processed at third party locations and then delivered to them. So, we do that as an add on service and in Q3, we did not have any or we did not take up any such order because we are being conscious about maintaining our margins because with an EBITDA margin of just about 4%-5%, it is not making too much sense to continue growing that business. So, we maintain it and we do it only when it is actually required to cater to a peak high and we are not seeking business specifically in that segment itself.

Moderator: Thank you. The next question comes from the line of Manoj from Kivah Advisors. Please go ahead.

Manoj: Can you share the amount of depreciation that we spend versus the useful life of the crane like we depreciated in 8-10 years versus the useful life can be 30 years or something?

Himanshu Aggarwal: So, we depreciate the equipment as per WDV, which is written down value and it is done as per the norms available under the relevant act. As per the useful life of the equipment, usually the larger cranes which we talk about 100 tons and above are cranes useful life is considered at anywhere between 15-20 years. The larger the crane, the larger the useful life is the way it works and with our other equipment like with piling rigs, a useful life can be anywhere between 10-15 years; for aerial working platforms again, it is 15-20 years, so with the kind of equipment it varies. For trailers or trucks, it is slightly lower because they are more used on the road, and they have got more variants there. So, there is a combination of different useful life for different kinds of equipment.

Manoj: And one of your peers mentioned that the useful life for some of that was like 30 years as well.

Himanshu Aggarwal: Yes. See, there are cranes, but we take the conservative side and consider 20 years and usually we try to, the way the cycle of equipment like we follow is that we try to sell off equipment in 8-10 years of their life with us. So, that we can then invest into new, fresh and modern equipment and also get a good return on the equipment that we are selling out rather than keeping it for much longer and then not get a good value.

Manoj: And would you like to guide separately on the equipment rental margins for the next year?

Himanshu Aggarwal: So, the equipment rental margins are at about 53% and for specifically equipment rental. And if I look at the Segment-A as a whole with specialized service contract in there, which we were at 44%, so as a whole with specialized service contract, it will be anywhere between 44%-46% and on the equipment rental independently, it will range between 53%-55%.

Manoj: So, we can maintain the existing margins?

Himanshu Aggarwal: Right, yes.

Manoj: We were earlier saying basically new equipment, which is, margins could improve?

Himanshu Aggarwal: Right. So, that is the reason that we have come to 53%-55%. Earlier, we were at about less than 50% in the previous periods.

Manoj: So, from here, we don't see an improvement?

Himanshu Aggarwal: So, 2% or 200 bps improvement is what we are looking at from 53%-55% is the range. That is why we are talking about to be able to maintain this kind of margins.

Manoj: Sir, solar additions are happening. When you say you are seeing a slowdown there, are you specifically talking about the blended solar and wind projects and specifically, wind projects or you are even calling out solar as well?

Himanshu Aggarwal: Specifically, wind is where we did not see the kind of movement on the ground with regards to the projects that were announced or were anticipated, so wind is the area where especially a lot of our larger cranes are utilized. So, that is where we were being focusing on when I said on the slowdown. So, solar as such, we have had our equipment working there as well and we do not see a challenge there.

Manoj: Sir, as you said, election related and the government spending was slow in the first half, has that seen a meaningful pickup in the last few months?

Himanshu Aggarwal: We do see some sort of demand changing in the last couple of months in the infra sector where the equipment utilizations have gone up and that is why for the quarter 3, you would see that we had a capacity utilization of 89% and for the entire 9-month period it is 85%. Yes, there is certain change that is there and going forward, we are positive about it.

Moderator: Thank you. The next question comes from the line of Chaitanya Sharma from TradeWalk Research. Please go ahead.

Chaitanya Sharma: Two more follow up questions, what are your outlook on cash accruals?

Himanshu Aggarwal: Cash accruals for the current financial year?

Chaitanya Sharma: I think the cash balance currently on your balance sheet is close to 0. How do you plan on bringing that up again?

Himanshu Aggarwal: With cash and cash equivalents, just to answer the second half of the question, first, if you look at our cash flow statement, the cash and cash equivalent as of December 24th stood at 152 million actually, so Rs. 15.2 crores as of December '24. That has already been on the improvement side. And on the question with regards to the cash accruals, so at the cash pat currently was about Rs. 47 crores for the 9-month period and we see that going forward if the kind of depreciation numbers that are there and the profitability trend that we are seeing, those are expected to improve could be anywhere in the range of Rs. 60 odd crores by the end of this financial year. And for the next financial year, it is difficult to give any guidance on that because we don't really do that.

Chaitanya Sharma: And how are you planning to maintain or improve your working capital cycle? If I am not wrong, is it around 88 days right now and in the past, it has sometimes gone to 130 days, 120 days. So, how do you plan on working capital?

Himanshu Aggarwal: So, the receivable cycle days has come down to 79 days, net of GST as of the 9-month period, which was 101 days for the same period last year. We have been consciously pushing our clients and also ensuring that the terms in the contract are more stringent which has helped us to bring down the receivable cycle days by one full month and that further we are looking at ensuring that we continue to take that forward and our target is to be anywhere between 65-70 days which is ideal for the mix of sectors and segments that we are operating in.

Moderator: Thank you. The next question comes from the line of Ankur Kumar from Alpha Capital. Please go ahead.

Ankur Kumar: Sir, I wanted to understand, as in renewable is how much percent of our business, is it like 5% only?

Himanshu Aggarwal: So, it is 5% of our equipment rentals sector. So, 5% of the Segment-A, of the overall business will be then slightly lesser.

Ankur Kumar: And sir, when you say the wind is a bit slow, as in other listed wind companies, they seem to be executing quite well, winning quite good order, so what exactly is happening there? Can you please comment because the listed ones have at least been reporting good numbers?

Himanshu Aggarwal: See, we are not very active in the wind sector. So, I am commenting from a perspective of our research with regards to how aggressive we should be in that sector. In that sense, we have seen that although there have been a lot of order announcements, order wins, but at the ground level, there have been challenges with regards to right of way or other issues, as well as money flowing into the projects. So, the projects haven't taken up the speed that they should have. So, that is where we see that there is a challenge in that sector as far as our perspective is there with regards to going aggressive in the wind sector specifically.

Moderator: Thank you. As there are no further questions, I now hand the conference over to Mr. Himanshu Aggarwal for his closing comments.

Himanshu Aggarwal: Thank you. Thank you, everyone once again for joining today for the Earnings Call for Q3 and FY ended 31st December 2024. As stated in the opening remarks, we are very confident going forward that we will continue with the trend of our achieving the targeted 30% Y-on-Y growth and we should be able to surpass that rather as Q4 is traditionally the best quarter for the Company. And once again, thank you for your continued trust and confidence in our vision and onward journey. Thank you and back to you Ryan.

Moderator: Thank you. On behalf of Tara Chand Infralogistic Solutions Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.