

Date: 04.08.2025

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

SYMBOL: TARACHAND

Sub: Intimation under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 –Transcript of the Investor Meet held on 1st August, 2025, Friday at 03:30 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 1st August, 2025, Friday .

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

This above is for your information and records.

Thanking you,

Yours faithfully,
For Tarachand Infra Logistic Solutions Limited

SHEFALI
SINGHAL
Digitally signed by
SHEFALI SINGHAL
Date: 2025.08.04
15:21:19 +05'30'

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



“Tara Chand Infra Logistic Solutions Limited
Q1 FY26 Earnings Conference Call”
August 01, 2025



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

MODERATOR: MR. ANKIT – STELLAR INVESTOR RELATIONS

Moderator: Ladies and gentlemen, good day, and welcome to the Q1 FY '26 Earnings Conference Call for Tara Chand Infralogistic Solutions Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

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

Ankit: Thank you, Muskan. Good afternoon, everyone, and thank you for joining us today. To discuss Q1 FY '26 business performance, we have with us the senior management team represented by Mr. Himanshu Aggarwal, Whole Time Director and Chief Financial Officer. Before we proceed with this call, I would like to mention that some of the statements made in today's call may be forward-looking in nature and may involve risks and uncertainties.

The company also undertakes no obligation to update any forward-looking statements to reflect developments that occur after the statement is made. Documents relating to the company's financial performance, including the investor presentation have been uploaded on the stock exchange and company's website. I now invite Mr. Himanshu Aggarwal to share his initial remarks on the company's performance, and then we will open the floor for question and answers. Thank you, and over to you, sir.

Himanshu Aggarwal: Thank you for the introduction, Ankit. Good afternoon, ladies and gentlemen. I, Himanshu Aggarwal, the Whole Time Director and CFO of Tara Chand Infralogistic Solutions Limited welcome you and thank you to be a part of the earnings call for quarter ended 30th June 2025. I hope that you all have had the opportunity to look at the presentation that was posted on the NSE website yesterday, along with the financial results.

We have made a strong start to this year, building on the momentum of FY '25 with healthy growth in both revenue and profitability. Q1 FY '26 has been our strongest first quarter to date, delivering our highest ever revenue and profitability for this period. Our strong EBITDA performance reaffirms the resilience and scalability of our business model.

On the financial front, our revenue surged to INR61.71 crores in Q1 FY '26, marking a robust 31% year-on-year growth with an equally strong EBITDA of INR23.09 crores and a PAT of INR6.46 crores, both reflecting a 45% and 44% year-on-year growth, respectively. Importantly, we achieved this while growing our EBITDA margin that reached 37.4%, a year-on-year increase of 370 basis points.

Our PAT margin also registered a 100 bps rise, reaching 10.5% for Q1 FY '26. It is pertinent to note that our business operates in industries that are cyclical in nature, and hence, it is prudent to do a year-on-year comparison rather than a quarter-on-quarter one. Traditionally, Q3 and Q4 tend to be our best quarters, contributing 55% to 60% of our annual revenues.

FY '25 was a landmark year as we had executed our highest ever annual capital expenditure of INR145 crores, which was aimed at strengthening our equipment rental capabilities and expanding specialized services. Our focus on meaningful capex continued in Q1 FY '26 as we completed INR35 crores investment in cranes in this quarter. The total planned capex for the current FY is INR100 crores, and we are well on track to complete the same.

Our company operates across the length and breadth of India through its 3 key segments or verticals. Segment A, which is equipment, rentals, and infrastructure works. This contributed about 52% of overall revenue in Q1 FY '26, while segment B, warehousing, handling, and transportation contributed 48% of the overall revenue.

Segment C, which is steel processing and distribution, its contribution was only 0.2%, which is almost negligible. For Q1 FY '26, the equipment rental vertical clocked a total revenue of INR31.52 crores, a 36% Y-on-Y increase, and this included a revenue of INR3.5 crores from specialized service contracts.

The overall EBITDA for this segment stood at 57%, while the standalone EBITDA for equipment rentals stood at 64% for the quarter. Among the major sectors served by us in the equipment rental segment, the rural and urban infra sector contributed 35% of the revenue, while cement was at 26%, followed by metals and minerals at 24%, power sector at 5% and petrochemical at 4%.

As you may know, we have ventured into the renewable energy sector in the last financial year only, and it has contributed 6% to the segment's revenue mix in this quarter. The warehousing and transportation segment registered an 82% year-on-year growth with a revenue of INR29.50 crores. The EBITDA for this segment stood at 17%.

The phenomenal year-on-year growth in this segment's revenue is on account of a one-off situation in Q1 FY '25 that has led to low revenue realization in that period. In the equipment rental segment, the average gross monthly rental yield was at 3%, which was at 2.98% in the same period last year.

The capacity utilization for the quarter was at 83%, and the company completed a capex of INR35 crores in Q1 FY '26, adding a total of 7 cranes in the equipment rental segment. As of 30th of June 2025, the company's fleet size stood at 375 machines, aggregating a gross block of INR454.81 crores. As of July 2025, our order book stood at INR157.2 crores, which is executable entirely in FY '26. Of this, 39% is from our warehousing segment and 61% is from the equipment rental segment. The company has made conscious efforts towards operational and financial discipline over the last year and has done so for the quarter gone by as well. This has led to the receivable days dropping to just 64 from 77 days in the previous year for the same period.

The debt-to-equity ratio has been maintained at 0.92, while the net cash flow from operations stood at a healthy INR16.20 crores for Q1 FY '26. As already highlighted in the investor presentation, going forward, we are targeting an annual growth of 20% to 30% while maintaining strong margins.

For FY '26, we have outlined a capex of INR100 crores for the equipment rental segment, out of which we have already executed INR35 crores in the quarter. The company is aggressively focusing on expanding its footprint in the renewable energy sector, which is expected to contribute 10% of the equipment rental revenues for FY '26. In the present market scenario, we are witnessing robust demand across all segments and sectors that we operate in.

We have long-term visibility from a majority of our clients, giving us immense confidence that we shall continue to meet our aggressive growth targets while maintaining the healthy profitability.

With that, I would like to now hand it back to the moderator for the Q&A session. Thank you.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Rohan Mehta from FICOM Family Office. Please go ahead.

Rohan Mehta: Good set of numbers. First, I wanted to ask on the business outlook. So in your initial commentary, you had mentioned that you're witnessing robust demand across all sectors. But I wanted to understand, are there any specific segments that have not met your growth expectations in the recent quarters? So that's number one.

And secondly, on the depreciation. So there's been a noticeable increase. Could you provide the reasons for this? And what is your outlook mainly when it comes to where will this number stabilize?

Himanshu Aggarwal: Okay. So to answer the first question, thank you for the questions, Mr. Rohan. So to answer the first question, we haven't seen any specific sector or segment, at least where we are operating in and the kind of operation we are doing that we see any challenge in the expected growth.

If you would see, our revenue mix has kept on changing on a quarter-on-quarter basis, wherein we have moved away from the infra and -- rural and urban infra primarily because of its -- the challenges that we had faced in it back in the day in '21, '22, or 2021 periods. So -- but apart from that, on the segments that we are focusing on, be it cement, steel, power, petrochemical, and renewable energy for that matter, we are seeing a robust demand there.

And it is just our strategy on the pick and choose side as to which orders we want to pursue based on the kind of margins that we are looking at. So that answers your first question. And on the second question, the depreciation, the increase in depreciation because of the capex that we have been doing, that is leading to the depreciation being at the level that you see, it is about INR12-odd crores currently for this quarter.

And we have another INR65-odd crores of capex outlined for this financial year itself. So there would be an impact of that capex in the depreciation as well for this year. But it should stabilize as per the numbers that you would see in this financial year. That is what I would say should be the depreciation numbers going forward as when we do more capex, if and when we do more capex for next FY, which will become clear towards only the end of this year.

Any change that might come because of that, that we will be able to clarify only in Q4 or post Q4 and we can have an understanding of the depreciation numbers there. But the way I see it, we are at INR12.3-odd crores of depreciation in the quarter. So this should stabilize on a yearly basis at around INR48 crores to INR50-odd crores of depreciation that we see.

Rohan Mehta:

INR48 crores to INR50 crores, right? And also, can you provide more details on the new 900 SANY crane, which was recently acquired. So I wanted to understand what are the expected margins here? What was the acquisition cost? And also the revenue potential at full capacity?

Himanshu Aggarwal:

Okay. So these are very specific business information. So I wouldn't be able to give you the cost of acquisition -- specific cost of acquisition per se. And if you talk about the revenue expectations, as I've pointed out in my opening remarks that we are operating at the 3% gross monthly rental yields.

So that is a combination of all the equipment that we have and just being a larger machine with the higher cost of acquisition, usually, these tend to operate around 2% to 2.5% at max. So that is the range that you can look at. And on a -- to give you a ballpark figure, these cranes usually come at anywhere around INR20 crores to INR25 crores range on the acquisition cost because this we have procured from SANY, which is based out of China.

Rohan Mehta:

And what is the progress on your strategy to build the clusters in the Eastern region? I believe you discussed in the previous call that you'd like to focus on this geography. So what progress has been made on that front?

Himanshu Aggarwal:

So if I talk about the equipment rental segment, which is segment A, there we have already been expanding in the Eastern region. When I say Eastern region, we're talking about Orissa, Chhattisgarh, West Bengal, and those areas, Assam for that matter. So that region, we have covered quite well over the last 1 year or so. And we keep expanding because of the opportunities that we see there with our clients.

Similarly, in our warehousing segment, as we had recently put out, we have won a new contract from the Steel Authority of India Limited, which is for the Dankuni warehouse, which is the highest volume warehouse for Steel Authority in India. So that is something which is -- which marks another strategic entry for us in that region. So we are expanding on both our segments for the Eastern region per se.

Rohan Mehta:

And I wanted to get the clarification on your COGS. So I wanted to understand, firstly, what drives this segment? And I'm asking it predominantly because last year, this was -- the cost was at INR6 crores versus INR1 crores this year?

Himanshu Aggarwal:

I'm sorry, I didn't get the first part of the question.

Rohan Mehta:

In your line item, cost of goods sold, I wanted to understand which segment is the driver for it because the variation that we have seen on a Y-to-Y basis. I just wanted to understand what's happening?

Okay. So the cost of goods sold is, primarily, if you would see last year, we had revenue from our Segment C, steel processing and distribution, because it is a combination of goods sold along with services that we do. So a majority of it is from that segment and some of it forms a part of our warehousing segment where there is, if some goods need to be sold, which is basically steel, needs to be sold as in addition to the service that we are providing.

Rohan Mehta:

And any target you have when it comes to fleet size by the end of the year, considering INR35 crores capex is already incurred and in Q1 itself? So most likely that run rate by that we should achieve in Q3 itself. So any guidance on that front?

Himanshu Aggarwal:

On the fleet size, because now we are targeting the larger cranes, which is -- which doesn't give too much room for number of equipment, if you are looking at it that way. So the number of equipment, I do not see going beyond another seven, eight machines because they are going to be on the larger size of machines.

But if we do feel the need to pick up smaller machines also as addition to -- as a support equipments to the larger machines, that also we might add. So anywhere between, let's say, 7 to 10, 12 -- 7 to 12 could be a good estimation of the number of equipment that might increase when we are done with our capex.

Rohan Mehta:

And in terms of your working capital, the number of days has gone down to about 64. I wanted to understand the key drivers, especially since the last quarter, what has changed? And where do you feel this number will stabilize?

Himanshu Aggarwal:

So if you would look at it over the last 1 year or so, we've been always -- we have always talked about focusing on bringing down our receivable days to improve the working capital and the efforts have been paying off. And we did envisage that we would want to be anywhere around 60 to 70 days because that is what is practically possible in the industries that we operate.

And we are glad that we've been able to achieve that with the kind of financial prudence that we've brought in, the systems that have been brought in and the technology that got involved in ensuring that we are up to date with regards to the receivables and the working capital requirements. So that has helped us. And this is -- I would say this is a stable scenario, anywhere between 60 to 70 days is a stable scenario for the industries and segments that we operate.

Moderator:

The next question is from the line of Shantanu Nakade from Value Educator.

Shantanu Nakade:

Congratulations Himanshu, for the highest ever Q1. My question was, is there any progress on the specialized EPC? And what will be the margins? And how will it impact the receivables?

Himanshu Aggarwal:

Thank you for the question. Just to correct that, we are not focusing on run-of-the-mill EPC projects. We are focusing on specialized service contracts, which are a smaller part of the larger EPC base per se. So our focus remains to continue picking up projects which are in that 18% to 20% margin, at least 18% to 20% EBITDA margin. Even in the last quarter, the INR3.5 crores of service -- specialized service contracts that we've executed were at 19% EBITDA.

Going forward, the kind of visibility and order book that we have, we are looking at even expanding that to at least 25% and the ideal push would be to go from 25% to 30%. But in this FY, with the kind of visibility we already have, we look at expanding our margins there to at least 25%-odd.

Shantanu Nakade: And my next question is like, do you think you will be maintaining the gross yield of 3%? And I think that the utilization for the Q1 was 83%, if I'm not wrong?

Himanshu Aggarwal: That's correct. The question is with regards to the gross yield. We have been maintaining it at about 3% over the last couple of quarters, last few quarters. And going forward, we do see that we should be able to maintain that.

Shantanu Nakade: Okay. So I know this will be difficult, but I just wanted to know, is there any IRR we have calculated for each machine on the approximate level of machinery that we get the IRR?

Himanshu Aggarwal: We do have internal metric. No, I got the question. You're trying to understand on the -- on a per machine basis IRR?

Shantanu Nakade: Yes. On the overall IRR on the machinery you get?

Himanshu Aggarwal: Right. So we -- see, the gross yield -- idea of the gross yield is to get an understanding -- an overall understanding of the all equipment that is deployed in our equipment rental segment. So that is a benchmark metric that we look at. And individually, also, we do a per machine metric, and we have our own internal targets, which we set to understand how the machine is performing and what changes, if any, we need to do.

Shantanu Nakade: Just last one, the last question is what, like depreciation you mentioned for FY '26 will be INR48 crores to INR50 crores?

Himanshu Aggarwal: Looking at the current trend, yes.

Moderator: The next question is from the line of Ishit Desai from FODS Family Office.

Ishit Desai: Congratulations Himanshu, on a great set of numbers.

Himanshu Aggarwal: Thank you, Ishit.

Ishit Desai: Yes. Three questions on each of the segments, Himanshu. First, on the equipment rental side. Typically, by this time of the year, I think you had mentioned that we have a good visibility in terms of what kind of orders and what kind of demand are we looking at in this segment. And given that you mentioned in your initial commentary that we are seeing a very strong traction and some medium-term visibility from some of the customers.

Historically, on our capex guidance, we have also kind of gone ahead and then a much larger capex whenever we saw the opportunity. So do you see that kind of scenario also for this financial year? I mean, given an opportunity, would we be open to look at higher capex if we see all tick box are getting checked and our cash flows are also strong this time? So are we open to that kind of scenario if an opportunity comes up?

So to answer that, Ishit, yes, definitely, the company keeps reviewing the opportunities, and we are open to expanding on the capex if and when we feel that it is in the best interest of the company with the kind of opportunities because we always take -- on the capex side, we always take a long-term view.

We cannot hope from for a short-term gain -- from a short-term gain perspective for any kind of capex. So the outlay that we have of INR100-odd crores or INR65-odd crores, which is balanced should definitely meet the kind of visibility and expected orders that we have or the discussions that are going on.

But in case there are better opportunities beyond the INR100 crores capex that is required, we are open to doing that, and the call would be taken when the time is right.

Ishit Desai: And typically, this will be in what, Q3, Q4 as and when the deployment will start happening for the balance capex in Q3, Q4?

Himanshu Aggarwal: Right. That's correct. So usually, as I mentioned in my opening remarks as well, a chunk of our revenue is kind of in the Q3, Q4 period, rather 55% to 60-odd percent of it. So we will have clarity during Q2 on the capex requirements for Q3, Q4, and we'll be taking care of the decisions accordingly. And if there is any additional need, that will be cleared by Q3 on any additional capex beyond the INR100 crores that might be required.

Ishit Desai: Secondly, on specialized contract, Himanshu, you mentioned last time that by Q2, we'll have some more information to share about this segment, about the acquired land in Nagpur. Also what kind of projects are we looking at? And what kind of customers are we looking to serve here? Any sort of capex are we looking at? So if you could throw some more light on what exactly are we looking to do in this specialized contract segment?

And also, I mean, should we also look at seasonality for this business also? Because if I really look at Q-on-Q basis, there are variations. So here also, should we expect second half to be significantly different than first half?

Himanshu Aggarwal: Right. So to answer that, with regards to the Nagpur facility, we are still in the process of acquiring the land. And once that is complete, we'll have more details out on that. The idea behind the Nagpur facility is going to be to bolster our efforts in the specialized service contracts. And once more details are clear, that will definitely be given out.

For especially the specialized service contract seasonality, yes, as you would see in the last financial year as well, Q3 and Q4 were very heavy on our specialized service contracts orders. And similarly, we would see -- we expect Q3 and Q4 of this financial year also being in a similar -- on the similar lines.

So with the kind of specialized service contracts, as you asked, we are focusing on like we -- our strength is machinery, our strength is our warehousing activities or material handling activities. So we are focusing on picking up the smaller parts of larger contracts, which require specialized service with our machinery and specialized manpower that gets involved to execute those large contracts.

So that is where we focus. And the focus remains in the sectors and segments we are already operating in, where we already have the comfort and the know-how of how to do it. And that is why, as I answered a previous question, the target is to also expand the margin up to 25%, while we have currently been playing in that 18% to 20% range.

Ishit Desai: That expansion, are we looking at immediately or probably over the period of 1 or 2 years later?

Himanshu Aggarwal: No, that we are looking at in this financial year.

Ishit Desai: And last question on the steel logistics side, Himanshu. I think recently, we have won a contract from SAIL for 4.5 years of INR80 crores. So on the details of this contract, I wanted to understand, I mean, is this a minimum given that we charge on a per ton basis at the logistics business.

Himanshu Aggarwal: Right.

Ishit Desai: Is this a minimum guaranteed value? And do we have any potential upside there? What's been our historical experience? I mean, do we typically end up doing much better as compared to minimum contracted value or is it typically in line with that?

Himanshu Aggarwal: Right. So to answer that, it's a mixed bag in a way. It depends on region to region. The way we see it in Mumbai, like we've been with Steel Authority of India Limited in Mumbai for a long time. And there -- here, we've always -- we've seen mostly the volume being in line or greater than what is already there in the contract.

Now talking about the Eastern region, what we understand, there is -- because of the huge infra activity that is happening in the Eastern region and a lot of push from the political as well as -- from the government as well as the private players in the infra activity happening there, the demand for steel is rising.

And we do anticipate that the volumes would be larger than what they are -- they have been mentioned in the contract. Although it being a government PSU contract, there is no minimum guarantee clause, but it is played out in a way where we do understand that there is a certain level of volume that is going to -- has traditionally been happening because these warehouses have been in place for more than three, four decades now.

So there is a history of what volume is being handled there, and that is how we base our contracts as well.

Ishit Desai: And this will be -- I mean, should we assume this is a steady year-on-year revenue or there will be a ramp-up -- I mean, gradually ramp-up of this project as we move forward?

Himanshu Aggarwal: It is more a steady year-on-year revenue. And ramp-up can definitely happen in specific periods if there is a local or a regional sudden growth in requirement because of new projects or big projects that come up in that area.

Ishit Desai: And just to understand in terms of potential of this business, Himanshu, what kind of projects are we currently managing in terms of the overall size of opportunity or addressable market are

we looking at? Are we kind of serving 10%, 20% of the market or still much larger in terms of share? So -- and are we kind of bidding for any additional projects of this size and scale as we speak?

Himanshu Aggarwal:

Sure. So to answer that, the -- our share, if I talk about -- we're talking about -- we are working with 2 public sector undertakings, which is one is Rashtriya Ispat Nigam Limited and the other being Steel Authority of India Limited. And combined, they have about, if I remember correctly, about 30, 35-odd stockyards across the country.

As of date -- as on date we have 5 that are under operation and sixth is the Dankuni one, once we start that. So the opportunity is still huge. We are bidding for more tenders. We are bidding for more contracts with these players, and we look to keep expanding with them as and when the opportunity keeps arising.

Moderator:

The next question is from the line of Richa from Equitymaster. Please go ahead.

Richa:

My question was regarding the capex that we are doing and plan to do. The machines that we are getting, is there fungibility across different sectors? And also continuing on the same line, this 18% to 20% growth target that you have mentioned, are there any specific sectors, especially in equipment and hiring segment that you want to highlight that would drive this growth?

Himanshu Aggarwal:

Okay. So thank you for the questions, Richa. To answer the first question, yes, they are usable across sectors. When we purchase equipment, we usually -- and I've given the example in earlier calls as well for a layman to understand, we buy cars, there is the base model and there is the top model. Similarly, in the case of cranes or other equipment we buy, there is called a fully loaded model, which is the topmost model of that machine.

And we usually are buying the fully loaded models of these machines because we want to use them across sectors rather than them being sector-specific. So that answers your first question. And to the second one, any specific sector. So we are targeting that 20% to 30% growth on an annual basis, focusing on sectors that we are already operating.

And as I mentioned in the opening remarks as well, one sector that we are looking to push is the renewable energy sector, where we look to expand our revenue mix for the equipment rentals to 10%. Currently, it is at 6%. It could go beyond 10% as well, but that will all depend on how we deploy our machinery or the availability of machinery to be deployed in that sector.

So we are positive about all the sectors we are operating in, predominantly steel, cement, petrochemical, power, and renewable energy because there is traction across all sectors as far as our kind of equipment is concerned.

Richa:

Because renewable is a new segment for us, the gross margins you are making in this segment, are they comparable to the other segments?

Himanshu Aggarwal:

Yes. We have, as we have shared that the gross yield is 3%, which is for all our equipment base in the equipment rental segment. So that covers the renewable energy sector as well. And we are -- and that is why we've taken our time to enter it because we -- and we are going a little slow

with it because we want to make sure that we do not make any misstep by compromising on margins. We want to retain our margins while operating in that segment as well.

- Moderator:** The next question is from the line of Prashant Rishi from Cascade Capital. Please go ahead.
- Prashant Rishi:** So there was a step jump in the warehousing and transportation revenue this quarter. Can I know what was the reason for it? The contract, I believe, has not started, the same contract that you mentioned, the revenue for that has not started flowing in, right?
- Himanshu Aggarwal:** Right. It's correct.
- Prashant Rishi:** So this quarter, can I know why all of a sudden this quarter it has jumped? And the second part of the same question is, will this kind of run rate in this particular segment continue?
- Himanshu Aggarwal:** Thank you for the questions. So the specific steep rise is because in the last year, Q1 FY '25, we faced a one-off challenge at our -- one of the stock yards, which was at the Rashtriya Ispat Nigam Limited, Central Dispatch yard in Visakhapatnam. There was a labor standoff with the government, with the Andhra government, and it being an election period, it took much longer for it to be resolved.
- So we kind of had a whitewash of revenue in Q1 FY '25 from that particular stockyard. So this was the first time ever in our history of operations with Rashtriya Ispat or Steel Authority per se. So that led to lower revenues in the last year's first quarter and the sudden increase you see now is primarily driven by that.
- And two is there have been larger or higher volume of steel handled and transported in this quarter in Q1 FY '26, which has led to that increase. To answer the second question with regards to whether this trend would continue. As this was a one-off thing, I do not see such a large steep increase year-on-year basis happening for every quarter.
- So it will be on the lines on the general trend of growth that we are envisaging that it will be in those lines of 20% to 30% annual growth basis itself.
- Prashant Rishi:** No, I meant that INR30 crores of revenue that we are seeing in warehousing and transportation for this quarter, that INR30 crores should continue going forward?
- Himanshu Aggarwal:** Yes, definitely. It should continue. And if with the steel contract becoming operational, that will also -- once it does get operational, which will be by the end of Q2 or the start of Q3, the incremental revenues will come in from there.
- Prashant Rishi:** The second question was why are the margins still around 16%, 17% in the warehousing and transportation? My understanding was that this was due to the labor issue that you talked about, which cropped up in Q1 of last year. But if that is resolved, then shouldn't the margins go up? And by when can it go up, if possible?
- Himanshu Aggarwal:** Okay. To answer that, in this quarter, we have seen that in the INR30-odd crores that you see, there is a good chunk of transportation revenue as well. And transportation revenue in itself is a lower margin compared to the overall warehousing component that we have in this segment.

So that combined, it is a combined revenue, which leads to -- or the combined EBITDA margin is 17%. It has seen a slight growth. And with things stabilizing going forward, we should be able to maintain that 18% to 20-odd percent of margin, which we had earlier maintained before it dropped to 15%, 16%.

Prashant Rishi:

So if we see just the steel warehousing part, that part - the revenue -- the margins are stable. It's just that the chunk of transportation revenue in this thing is higher, which has driven the margin down. That's what you're saying?.

Himanshu Aggarwal:

Right. That's correct.

Prashant Rishi:

And the last question was, so you guided for a capex of around INR100 crores, out of which obviously INR35 crores you have completed. So this capex is less than what we did in FY '25, which was around INR145-odd crores. So just wanted to know, are we seeing some kind of a slowdown in the growth rate compared to FY '25? FY '25 was a stellar year. Would we see some kind of a moderation as FY '26 goes forward?

Himanshu Aggarwal:

No, to answer that, we do not see -- we -- our capex is -- we have taken a call of INR100-odd crores of capex this year with the kind of visibility that we see, and we -- our focus is primarily on larger equipment, of bringing in larger cranes per se. But that should not necessarily mean that we are looking at degrowth from any sort of what we saw in FY '25.

FY '25, the stellar growth was a combination of rental revenue that came in from the new capex as well as the specialized service contracts because we had INR31-odd crores of specialized service contracts in FY '25, so which made a large impact and led the overall year-on-year growth from a revenue perspective go to 45% while we were targeting 30%.

So this year, with both service contracts as well as equipment rentals playing its part, that is why our target is still to remain in that 20% to 30% growth range, while the base has drastically increased. So when we were talking about FY '25, the base was INR175-odd crores of revenue in FY '24 from where we grew up to 45%, going to INR254-odd crores.

So now we are looking at growth from INR254 crores. So that is why that range -- to maintain that range and to be able to grow in those areas, we will continue to do our capex as we deem fit. And as I answered an earlier question, if there is an opportunity where we see better growth, which requires more capex to be done, that call will be taken when the time comes.

Prashant Rishi:

So just related to that, when you do a capex, how long does it take for that equipment to get deployed and revenue starts flowing in, what is the timeline like in this business?

Himanshu Aggarwal:

So our focus is on ensuring that we have an order in place when we do our capex. And ideally, within 1 month is the timeline, the highest period that we see the revenue coming in from the capex that we have deployed.

Prashant Rishi:

So you get the order and then you procure and then you deploy, that entire timeline is around a month?

Right, right, right. For the larger equipment, when we have the order is basically we have an understanding. And by the time the formalization of the order happens, we have the equipment available to deploy. So that helps us to cut down on the deployment timeline as well.

Prashant Rishi:

And my final question was the same contract that you mentioned, what would be the expected revenue run rate that you're expecting, which you said is going to materialize at the end of Q2 or Q3? What would be the addition over our regular revenue just from that contract?

Himanshu Aggarwal:

So if you would see, it is a 4.5-year contract and valued at about INR80-odd crores, which is inclusive of taxes. So if you base on that, the average run rate would be around INR1 crores, INR1.5 crores per month on a monthly basis revenue side.

Moderator:

The next question is from the line of Rahil Dasani from MAPL.

Rahil Dasani:

Just to understand our cost base better. From the last several quarters, 3 cost heads have been growing more than the sales growth, the heads being repair and maintenance, power and fuel, and transportation. I believe transportation, the reason for that would be that we have been ordering a lot more new machines, which have been going from place to place and also since we are more into shorter-term contracts and hence the margins.

But if you can explain the other two cost heads, the power and fuel and the repair and maintenance? Since the machines are rather new, I would believe that the repair and maintenance should be much lower?

Himanshu Aggarwal:

Right. So to answer that, Mr. Rahil, to answer first the power and fuel, as I had answered an earlier question, so there was less activity in our warehousing and transportation division in the last financial year for the same period, and there has been an 82% revenue growth. So power and fuel primarily is -- has gone up because of the higher revenue in that segment because power and fuel is in our scope as per our contracts.

And to answer the second question, which is the -- regarding the repair and maintenance, increase in repair and maintenance. So our equipment is a mix of both old and new. Old, when I say, it is within 7 years of age, within 6 to 7 years of age. So there are certain equipment like we've got a mix of equipment, piling rigs, aerial working platforms, and cranes. And even in cranes, smaller to larger cranes.

So certain equipment like piling rigs, which are working in groundwork, earthwork-related activity and excavators that we have in earthwork-related activity. They demand higher repair and maintenance compared to a crane, which is not into hardcore activity with regards to ground touching works that are required to be done here.

Second, in our service -- specialized service contracts, certain expenses that we execute are booked under repair and maintenance. And that is why you see that there is -- and last year, in the same quarter, we did not have any specialized service contracts. And this year, we've had INR3.5 crores of specialized service contracts activity that has happened. So a combination of these 2 factors has led to the increase in the repair and maintenance head cost.

Rahil Dasani:

Secondly, I was looking at the margins of the segment on a stand-alone basis, we have shared that we have done an EBITDA of close to 64%. Is that right?

Himanshu Aggarwal:

That's correct.

Rahil Dasani:

So sir, usually, we see that we have always maintained a range of 52% to 55% to 56%. So what has led to this increase to 64%? And how sustainable is it going ahead in this year?

Himanshu Aggarwal:

So the large capex that we did last year, INR145-odd crores, that the deployment of that capex, a majority of that capex was for our equipment rental segment. So that has helped by the right deployment of that capex. The full impact of it has helped us to enhance the margins on the equipment rental side stand-alone basis.

If you look at Q4 as well, Q4 FY '25, we were in a similar range on a standalone basis for the equipment rental margins. And we do anticipate with the kind of equipment base we have going forward and the capex that we are continuing to do, we should be able to sustain above 60% the EBITDA margin on for the stand-alone rental basis.

Rahil Dasani:

And sir, my last question is, last year, we closed the specialized EPC at close to INR31 crores. So what sort of a contract visibility do we have for this whole year? And how much do we plan to execute in specialized EPC?

Himanshu Aggarwal:

Okay. As of the current order book, we've done INR3.5 crores in the last quarter. As of the current order book, we have another INR20-odd crores lined up in the specialized service contracts. And as we talked about in an earlier answer as well, Q3 and Q4 tend to be our best quarters and we do see traction there even in our specialized service contracts.

So we do anticipate that their value could go up to -- you would also see another 30-odd percent growth like we had INR31 crores last year. It could be around INR40 crores, INR45 crores, at least INR40-odd crores in this financial year.

Moderator:

The next question is from the line of Mayank Agarwal from Scientific Investing.

Mayank Agarwal:

Congratulations on the great set of numbers. So I have one question on the gross yield. So like what has been the historical peak and bottom levels of gross rental yield? And what kind of visibility do you have that supports the sustainability of the current 3% yield?

Himanshu Aggarwal:

Okay. So to answer that, Mayank, to answer the first question, the historical peak has been 3%, and we intend to retain the range of 2.9% to 3% going forward. The historical low, if I remember, has been around 2.6% in the last 3 -- I'm talking about the last 3 years specifically because of majority of the capex has happened in the last 3 years.

And if I talk about going forward, as you asked, with regards to how do we or where do we expect to sustain or maintain this, we will -- looking at the visibility and the kind of capex that we have done, we are confident of maintaining it in that 2.9% to 3% range.

Mayank Agarwal:

And on the EPC contract, like what the -- like can you explain like what the service contract is, though it's a lower margin compared to the rentals? Like what are the USP of the business given

the interest to grow? And like what kind of service stand is required to run and scale this business?

Himanshu Aggarwal:

Okay. So one -- just one correction there. We are not into EPC. We're into specialized service contracts. And to answer your question, we are focusing on services which require the equipment and the specialized manpower along with it that we are able to deploy. So the focus remains and the specificity of these specialized service contracts, that is not possible for me to give out because of our business strategy.

But to give an understanding, the idea is that we would want higher revenue generated through deployment of our equipment and specialized manpower and tools and become more, I would say, more a vendor of choice for our customer or our end user client because we are able to offer a bouquet of services rather than just being an out-and-out rental service provider.

So it enables us to get a larger chunk of the project. And like to just give you an example, we did one service -- specialized service contract at a project last year, where we did some activity. And post completion of that activity, we also had the opportunity to deploy our cranes on a rental basis.

So 100% of the crane requirement of that project was given to us. So it is basically -- it gives us visibility with the client on what is coming next. It gives us an opportunity to become more aligned with the clients' expectations requirements, and it's basically expanding our footprint with the client within that segment and across sectors as well.

Mayank Agarwal:

Okay. And just a follow-up on this segment, like what is the P&L of like the service business in terms of expenses breakup as a percent of revenue?

Himanshu Aggarwal:

I'm sorry, I didn't understand the question.

Mayank Agarwal:

Like what is the expense breakup for this like specialized service business as a percent of revenue?

Himanshu Aggarwal:

So we have the EBITDA margins currently at about 19-odd percent. So that should give you an idea on the expense breakup. Is there anything specific that you would want to know there?

Mayank Agarwal:

Like in terms of like expenses, like if you can give a breakup of like what are the things included in those segments?

Himanshu Aggarwal:

What are the kind of expenses included?

Mayank Agarwal:

Yes, in the service business.

Himanshu Aggarwal:

Yes. So in the specialized service business, the kind of expenses is basically manpower or material involved as well as the cost of equipment that is deployed for executing that. That is the 3 core activities, of which if there is any material involved, that could be around 50% to 60%-odd.

And if it is services involved, that is about 40-odd percent. So just to give you a rough idea. But as I said, again, to give a specific information about the specialized services, that will be difficult as it is not convenient for us to give out our business strategy per se.

Moderator:

The next question is from the line of Sandesh Kumar an Individual Investor.

Sandesh Kumar:

Now I have a specific question on renewable wind segment. Like last year, India has added around 4-gigawatt wind capacity. This year, it may add around 4 to 5 gigawatts. Like how much share we can get in this? Like I want to know the -- like -- and also like how we are getting out of from wind energy, whether from blue chip IPP or in the wind EPC companies?

Himanshu Aggarwal:

Okay. So thank you for the questions, Sandesh. So our focus in the renewable energy is to work with the A-rated clients only, and it is that we are working with -- we are not working with wind EPC companies. We are working directly with the IPPs as of now. And the focus is to provide our equipment.

Last year, we started out with smaller machines, which are used for more as a support crane support -- for the support services like loading, unloading, and support cranes to the larger cranes. This year, the focus is on expanding to even giving out our larger cranes, which is the 800 tons and above capacity cranes for the wind sector.

Now how much of the share are we targeting? We're not looking at a large share there as our focus is to take it one step at a time. We are at 6% of the revenue mix currently, and the target is, as I stated earlier, to go to 10% of the equipment rental revenue mix from the wind energy or the renewable energy sector.

Sandesh Kumar:

Like what is our technical expertise in wind capacity? Like can you handle like 1 megawatt to 4-megawatt turbine alone with the technical expertise? I know like our cranes work across the segment. Like do you have the technicality to handle the wind installation alone?

Himanshu Aggarwal:

Right. So since we are working as a rental partner with the people who are making the installations, our job is not to be technically aligned with the installation activity. We have to deploy the right equipment that is required for the installation activity that has to be done, and that is what we intend to do.

We have that kind of equipment, up to 4 -- 4, 4.5 megawatt installations. The capacity of cranes, as I mentioned, 800 tons and above is suitable for all those installations. So we would be looking to do that. And those are the discussions that are going on with our clients as well.

Sandesh Kumar:

Second question is like what is the order split between government organization and private sector in your order book?

Himanshu Aggarwal:

In our order book, the split, frankly, we haven't done a split between public and government or private and government. But majority of our order book, the 99% of it, I would say, is from companies which are A or AA rated and above.

They're all listed public limited companies or even if they are not listed, they are limited companies with very good credit ratings. So that is the intent, and that is what has helped us to also maintain and bring down our receivable days in a very decent manner to 64 days now.

Sandesh Kumar: And my last question is like how we have registered in government organization, like whether as the MSME organization like that?

Himanshu Aggarwal: No, we are not an MSME, sir, because we do not qualify in the criteria as laid down by the government.

Moderator: Ladies and gentlemen, as this was the last question for the day, I now hand the conference over to Mr. Himanshu Aggarwal for closing comments. Over to you, sir.

Himanshu Aggarwal: Thank you, Muskan. Thank you, everyone. Once again, it is always a pleasure to interact with all of you. We, at Tara Chand, always appreciate the time that you take out to interact with us. And I hope that I was able to do justice to your questions. And if you have further questions or doubts, please do write to us, and we shall try to respond as best possible.

Going forward, I would say that we always look forward to talking to you, and we look forward to celebrating or continue to celebrate our journey with you in the quarters and years ahead. Thank you once again.

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. Thank you.