

Date : 12th February,2024

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 06th February,2024, 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 06th February,2024,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 Tarachand InfraLogistic Solutions Limited
(Formerly Tara Chand Logistic Solutions Limited)**

**Himanshu Aggarwal
Whole Time Director & CFO
DIN No. : 01806026**

Encl: As above



“Tara Chand Infralogistic Solutions Limited

Q3 FY '24 Earnings Conference Call”

February 06, 2024



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

MODERATOR: **MR. NIKHIL EESAW – HEM SECURITIES**

Moderator: Ladies and gentlemen, good day and welcome to the Q3 Earnings Conference Call of Tarachand Infralogistics Solutions Limited, hosted by HEM Securities. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity 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. Nikhil Eesaw from HEM Securities. Thank you and over to you.

Nikhil Eesaw: Thank you. Good afternoon, ladies and gentlemen. On behalf of HEM Securities, we welcome you to Q3 FY24 earnings call Tarachand Infralogistics Solutions Limited.

From the management today, we have with us Mr. Himanshu Aggarwal, Chief Financial Officer and Whole-Time Director of the company. Before we go on to the main call, I would like to read the standard disclaimer. There may be forward-looking statements about the company which are based on the beliefs, opinions, and expectations of the company's management.

As on date of this call, the company does not assume any obligation to update their forward-looking statement if those beliefs, opinions, expectations, or other circumstances should change. These statements are not guarantee of future performance and involve risk and uncertainties that are difficult to predict. Consequently, listeners should not place any undue reliance on such forward-looking statement.

With this, I will hand over the call to the management to take it forward. Over to you, sir.

Himanshu Aggarwal: Thank you, Nikhil. Good afternoon, everyone, and thank you for joining the investor conference call of Tarachand Infralogistics Solutions Limited for the quarter-ended 31st, December 23 and the period-ended 31st, December 23. I, Himanshu Aggarwal, am the Whole-Time Director and the Chief Financial Officer of the company, and I would first like to briefly take you through the financial highlights of the quarter-ended and the period-ended 31st, December 2023.

For the quarter-ended 31st, December 23, which is Q3 of FY24, the company clocked a total revenue of INR44.85 crores, EBITDA of INR14.53 crores, which translates to an EBITDA percentage of 32%, a profit after tax of INR3.35 crores, and a cash profit after tax of INR11.55 crores. Similarly, for the period-ended 31st, December 23, which is the nine months of the current financial year, the total revenue is at INR127.96 crores, while the EBITDA was INR41.30 crores, which translates to an EBITDA percentage of 32%, a profit after tax of INR9.83 crores, and a cash PAT of INR33.35 crores. The company operates in three different segments or verticals.

So just to give you an idea of the segment-wise revenue mix, for the quarter-ended December 23, the revenue from the segment A, which is equipment, hiring, and infrastructure works, that stood at INR20.42 crores. From segment B, which is warehousing and transportation, it was 20.38 crores. And from segment C, which is steel processing and distribution, the revenue stood at INR3.56 crores. For the nine months-ended 31st, December 23, the revenue from

segment A is at INR54.29 crores. For segment B, it's INR60.64 crores. And for segment C, it's INR10.61 crores.

The EBITDA margins for them are in line with what the company has been producing over the years. And now moving to the capex that the company has done. In the period ended 31st, December 23, the company has overall done a capex of INR48.52 crores. Of this, INR14.06 crores is the capex done for the quarter ended 31st, December 23. There has been an increase of 27.94% in the net block of the company on a year-on-year basis for the nine-month ended 31st, December 23.

So the net block now stands at INR172 crores compared to INR134.7 crores in the previous year period. The gross block of the company at present on 31st of December 23 stands at INR284.76 crores, which is a y-on-y increase of 22.64%. The total debt of the company as on 31st December 2023 is at INR89.52 crores, while the debt-to-equity ratio stands at INR1.08 crores. The receivable cycles of the company have been consistently improving and it stands at 110 days as of 31st December 2023, which is an improvement of 29 days compared to the last financial year as of 31st March 2023.

The order book of the company as on the 1st of February 2024 is about INR36 crores for FY24 and the company anticipates that there will be new orders that will be coming into the company's order book over the next few months while we continue to progress towards more and more growth in this financial year and the coming financial years.

We thank you for all your support and once again, thank you for joining the conference call. And now I would like to open the house for questions.

Moderator: Thank you very much. We will now begin the question and answer session. We have a first question from the line of Dhruv Mukesh Bajaj from Smart Sync Investment Advisory Services. Please go ahead.

Dhruv Bajaj: Sir congratulations on another decent set of results. So my first question was regarding the strong growth that we are seeing in margin profile as well as the shift from infra projects to industries like cement and petro-chem. So do these contracts have higher margins or what's the reason behind the same margin expansion that is?

Himanshu Aggarwal: Okay, thank you Mr. Dhruv for the question. So, to answer that, the shift that we have seen from infra projects to the capacity expansion projects in the steel and cement sector specifically has been primarily for two reasons. One, the equipment that we have brought in in the last couple of years has been brought in thinking of the capacity expansion that is going on. So it is more suited to those projects.

Two, the revenue mix is definitely better or the pricing is better at those plants and there are long-term contracts that we are entering with them. So the company has taken that decision to shift towards those plants. Finally, in the previous year, in the previous financial year, we were doing a lot of subcontracting work in the infrastructure space which we stopped doing more specifically by the end of the first half of the last financial year.

So that has also enabled us to move our resources to these industrial capacity plants where the margins are better.

Dhruv Bajaj: Got it, sir. So since we stopped doing the subcontracting work in the last year, so this year we saw a drastic increase across all the quarters in the margin expansion. So do we expect the same to continue going forward or this is the sustainable level that one should expect in terms of margins?

Himanshu Aggarwal: So the margins with the kind of growth that we are seeing in the top line, we see a similar trend continuing with the margins.

Dhruv Bajaj: Got it, sir. And what is the average tenure of the contract that we receive?

Himanshu Aggarwal: So we have got two primary segments. One is segment A wherein we are doing equipment hiring services. There the contracts can range from as short as two months or three months to as long as two years, depends on which client we are working with, which project it is. So usually for a new plant under construction, the contracts tend to be longer. For a small activity of shutdown, which is basically a running plant which needs some maintenance to be done to the running plant, there the nature of contract is smaller.

So it is hard to give you an idea of the average because it is skewed depending on what work we are doing. In our steel logistics segment, which is the warehousing and transportation segment, there the contracts are much longer because we are working primarily with the public sector undertakings, which is Rashtriya Ispat Nigam Limited and Steel Authority of India Limited.

There the nature of contracts are such where they are four to seven years and they are done through government tenders.

Dhruv Bajaj: Got it, sir. So since the demand scenario is currently changing wherein the demand is for outweighing the supply scenario, so are we seeing either the pricing of the contracts improving or the customers approaching us and saying that we want to secure the contract for a longer tenure or is there something that is going on in the industry?

Himanshu Aggarwal: So to answer that Mr. Dhruv, we do see that there is a shift in that the demand has been rising over the last one year or so and that has enabled us to have better pricing terms with our clients. We also enjoy the luxury of having a very good rapport with our longstanding clients and that has enabled us to key in certain contracts in a timely manner.

And to take care of the demand supply situation such that the client is also wary of the fact that they do not run in a situation that if suppose the equipment is required after a few months, they try to finalize the contracts much in advance, which gives us the headway as well to make sure we have got the right visibility in place.

Dhruv Bajaj: Got it, sir. Sir, how is the EPC division progressing? Do we have any updates on that?

- Himanshu Aggarwal:** Yes, so on the EPC front, the tenders because we were anticipating certain tenders to come to fruition in the last quarter which have not happened yet because of the tendering process taking a little longer than anticipated. But hopefully, in the coming -- in this quarter, we'll have some successful results and have a positive impact in the coming quarters thereafter.
- Dhruv Bajaj:** Got it. Sir, just a follow-up question. So do we have any internal targets in terms of the margins that we want to achieve in the EPC division or it will be too early to commit to that?
- Himanshu Aggarwal:** It will be too early to commit to that but we would definitely want like in the EPC side, whatever the industry standards are, we perform better than that on the margins.
- Dhruv Bajaj:** Got it, sir.
- Himanshu Aggarwal:** That's an internal understanding.
- Dhruv Bajaj:** Sir, if I can just squeeze in another question, then I just wanted to understand your capital allocation policy like in terms of, do we plan on reducing the debt to equity below one or this is the target mix to ensure that ROEs remain high?
- Himanshu Aggarwal:** Our target is to bring the debt equity to one or below one level. And we are almost there. We are at 1.08 as of 31st December 2023 and with the right mix of the capex that we are doing and the kind of results that we are seeing, we are confident that our targets will be met.
- Dhruv Bajaj:** Got it, sir. Thank you so much. That's it for me. Thank you.
- Moderator:** Thank you. We have a next question from the line of CA Varun Agarwal, an individual investor. Please go ahead.
- Varun Agarwal:** Thank you for the opportunity. What is our vision for growth? What is the top line growth we can expect in the next 2 to 3 years?
- Himanshu Aggarwal:** Thank you for the question, CA Varun. And so to answer that, we are expecting to continue our growth in the range that we are already growing. We have been growing at about 20% to 25% in the last 1 year or so. And that is the growth that we anticipate to continue with new orders that we would see coming in, especially from the EPC side. The top line could see a much stronger growth. But it is hard to put a number on that as of now.
- Varun Agarwal:** So the EPC division, as you said, that may grow the top line faster as we can build bigger contracts. But that is a business wherein the margins are much lesser than the current margin profile. So may I know why the company is diversifying into that?
- Himanshu Aggarwal:** So the idea of diversifying into the EPC business is not the regular EPC infra businesses that you would look at. It is basically EPC is engineering, procurement and construction. So the idea is we are going to execute contracts which do have good profit margins. And it is not about just adding numbers to the top line. That is why it is taking time for us to actually start executing or picking up EPC contracts. If it were to just take up any infra project, there are a lot of opportunities there.

But the company is wary of the very fact that you've mentioned that the margins are on the lower side in that sector. So we are focusing on specialized to add that, it is specialized EPC works, which will add to the top line and also ensure that there is not much of a decline on the margins.

Varun Agarwal: Any specific industries which you can give an example of areas we are looking at?

Himanshu Aggarwal: Yes. So as you've been seeing that we've been making a shift towards the industrial capacity expansion project. So that is one of the target areas. And so it will be the idea is to work in confined spaces where it is better to, where it is easier to operate and maintain the flow of the project to achieve the targets that we set out.

Varun Agarwal: Okay. Thank you and all the best.

Himanshu Aggarwal: Thank you.

Moderator: Thank you. We have a next question from the line of Sandeep Jain from Lorenzini Apparels Limited. Please go ahead.

Sandeep Jain: Thank you. Thank you for giving me this opportunity. Sir, I just wanted to know that you have been more than one year since you announced that you are migrating SME to the main board. But still we are waiting for it to be migrated. As far as we know, it takes 15 to 30 days for the SME to migrate to NSE and BSE. So, if there is an internal issue in the company, why can't we get permission? Why can't we migrate?

Himanshu Aggarwal: Right. Thank you for the question, Mr. Jain. So to clarify on that, we started our migration from NSE emerged to both NSE and BSE. We did get an in-principle approval from NSE, which is still in place. And we were waiting for the in-principle approval from BSE. It has been delayed from BSE because there was, we did have a preferential allotment that happened in the last financial year, which is at the end of the Q3 results of the financial year. And based on that, there were certain further requirements from BSE that were to be fulfilled. We have fulfilled that.

And then there was ASTM regulation that came in onto our stock, which further led to a cooling off period. So that has delayed the process with BSE. But going forward, the company is taking a decision that because it is getting over-delayed, we are going to go ahead with migration to just NSE and not proceed with BSE in the current circumstances. So the NSE migration to main board will, as per the current standards, as I understand, once this listing procedure starts, it should be completed before the end of this financial year. So we should be on the main board by then.

Sandeep Jain: So we are expecting that we will be on the main board by the end of March?

Himanshu Aggarwal: Yes, sir. We are expecting that because the process has begun for the final migration to NSE, our main board. And we hope that the speed will be taken care of by NSE itself because it is on their side. We have already started the process from our side.

- Sandeep Jain:** Actually, my concern is that, as far as I have seen, in the next one month or two months, the company completes all its formalities and goes to the main board.
- Himanshu Aggarwal:** That's correct.
- Sandeep Jain:** But as far as I have seen in TaraChand, migration is taking too much time.
- Himanshu Aggarwal:** I mean, the thing has been because, as I said, had it been only from NSE to NSE, we would have completed that process a long time ago. But because of the wait to also get the BSE approval, that has delayed the whole process. And since it is not making further progress, we are now just shifting to NSE main board, as the company has taken that internal decision.
- Sandeep Jain:** Okay, sir. We hope next time when we meet, we will talk in the main board.
- Himanshu Aggarwal:** Absolutely. Thank you.
- Moderator:** We have a next question from the line of Surya Prakash, an individual investor. Please go ahead.
- Surya Prakash:** Sir, my question has been answered, sir. Thank you very much, sir. Thank you.
- Himanshu Aggarwal:** Thank you, Mr. Surya.
- Moderator:** Thank you. We have a question from the line of Dhruv Mukesh Bajaj from SmartSync Investment Advisory Services. Please go ahead.
- Dhruv Bajaj:** What is the size of the order win of the current sales contract that we received? Yes, I wanted to understand what is the size of the order win of sale contract and the tenures?
- Himanshu Aggarwal:** The sale contract?
- Dhruv Bajaj:** Yes.
- Himanshu Aggarwal:** So, Steel Authority of India Limited, you are asking about?
- Dhruv Bajaj:** Yes, sir.
- Himanshu Aggarwal:** So, we had won the contract for the Bangalore Stockyard in the last quarter, which was in November of 2023. The tenure is 4.5 years. And the value of the contract is about INR20 crores.
- Dhruv Bajaj:** Okay, sir. Okay. So, I wanted to understand that going forward, what will drive the revenue growth? Like, currently, what is? So, I just wanted to know two, three figures, like, what is the revenue potential of the current assets? How much do you plan on investing consistently? Since I guess we have invested INR22 crores so far in 9 months FY '24.
- So, I just wanted to understand the reinvestment that we are planning going forward. And if we are, and you've already answered the question regarding the pricing part. So, if you can just help with these two questions, then that will be very helpful?

- Himanshu Aggarwal:** No, so you specifically want to know, could you please repeat that?
- Dhruv Bajaj:** Yes, I wanted to know that what is our current revenue potential from the current assets? And how much assets are we planning on adding consistently in the coming years?
- Himanshu Aggarwal:** Okay. So, to answer that, on the capex front, the addition of equipment is done based on the order book that we envisage with our clients. And that takes, that is, it is hard to, predict too much ahead of time.
- And we do an assessment with the clients towards the end of the financial year, which will start in March, and then we'll take a call for the next financial year. But on an average, we've seen with the kind of order books we have in hand and the work that we envisage with our clients and the growth that we see for the coming years, we have somewhere about INR40 crores to INR50-odd crores of capex that we would be doing on a year-on-year basis. And that might change, and we'll have to take the board approvals also for that.
- So, that might change as per the situation. So, that is just to give you a ballpark idea. On the first question I think you asked was the how much revenue can we expect from our equipment?
- Dhruv Bajaj:** Yes, existing unit.
- Himanshu Aggarwal:** Yes, the existing, if I talk about the segment A, which is the equipment rental front from our equipment base that we currently have, we are generating about 82% revenue. So, that we see will only improve as this fourth quarter tends to be the prime quarter for this sector. So, that will definitely help, and we are putting in efforts to ensure that we reach the targeted 90%, which is the ideal scenario in this sector.
- Dhruv Bajaj:** Got it, sir. Okay, sir. That's it from my side. Thank you so much.
- Moderator:** Thank you. Next question is from the line of Venkat Krishna Reddy, an Investor. Please go ahead.
- Venkat Krishna Reddy:** Yes, good evening, ma'am.
- Moderator:** Yes, sir. Please go ahead.
- Venkat Krishna Reddy:** Actually, the past results are very good, but the impact is not showing on share prices. Even it is not going up and even not going down. What is the basic problem?
- Himanshu Aggarwal:** Good afternoon, Mr. Reddy. I'm not sure how to answer that question because we do not control the market pricing. Our job is to deliver results, and that is what the company is working on day in and day out.
- The team is fully geared up to ensure that we perform to our level best, and that's what we are here to do, and we hope that people like you and the market would respond to that and take care of your query as well. Thank you.

- Venkat Krishna Reddy:** Okay. Thank you.
- Moderator:** Thank you. We have a question from the line of Rajesh from Gorilla Incorporated. Please go ahead.
- Rajesh:** Hi. There a solid tailwind in the wind sector? Do we have any exposure to that sector?
- Himanshu Aggarwal:** Thank you, Mr. Rajesh. As of now, we do not have an exposure to the wind sector. The company is proactively studying that sector to look at the opportunities to enter, which would be conducive to its growth.
- And also, we are wary of the past being a little financially unstable on the client side, so we want to make sure that whatever decision we take to go forward, we have done our due diligence. Hopefully, in the coming quarters, we'll be adding the wind sector as part of our portfolio as well.
- Rajesh:** Yes, because we are targeting heavy-duty trains as well, right? So, I thought the usage of such trains are mainly the wind EPCs.
- Himanshu Aggarwal:** So, Mr. Rajesh, to add to that, we've got the equipment in place that we've already purchased, and in the future, the capex that will be done. We'll also be taking into consideration the wind sector if we decide to enter that. So, we are well geared up for that. Once we've got our due diligence in place and we feel it is the right time, we will definitely do it.
- Rajesh:** Okay, thank you.
- Himanshu Aggarwal:** Thank you.
- Moderator:** Thank you. We have a question from the line of Mohit Nassa from H.T Enterprises. Please go ahead.
- Mohit Nassa:** Sir, who are our top five major clients?
- Management:** I'm sorry, I didn't get the name.
- Mohit Nassa:** My name is Mohit.
- Himanshu Aggarwal:** Mr. Mohit, yes, thank you, Mr. Mohit, for the question. We are working with a lot of the large multinational companies that are AAA and AA rated. We've got Larsen and Toubro, we've got AVCON, then we're looking in the infra space, and if we talk about the industrial capacity expansion, we've got Reliance Industries, the Aditya Birla Group.
- On the steel warehousing segment, we are primarily working with Steel Authority of India Limited and Rashtriya Ispat Nigam Limited. So these comprise our top network of clientele that we are working with.
- Mohit Nassa:** So we're getting major revenue from these clients?

- Himanshu Aggarwal:** Yes, that's correct.
- Mohit Nassa:** Okay, so are we diversifying to hydropower clients, industry?
- Himanshu Aggarwal:** We do work with some clients from the hydropower sector, but it is not a large chunk of our revenue as of now. But as and when the opportunities which are suited to our style of business and our nature of works, we definitely would be expanding there as well.
- Moderator:** Thank you. We have a question from the line of Dolly Choudhury from Niveshaay Investment Advisors. Please go ahead.
- Dolly Choudhury:** Sir. Thank you for the opportunity. I had a few questions regarding the equipment rental business. So actually, I wanted to know the growth plan of that segment going ahead. Like, how much frames are we planning to add and what tonnage are we currently dealing?
- Himanshu Aggarwal:** Okay, so thank you for the question, Dolly. To answer that, as I already explained in an earlier question, the addition, the capex would range or could range in between INR40 crores to INR50 crores going forward for on an FY basis. And that will depend on the kind of orders that we -- new orders that we pick up and the new areas that we end up exploring with our clients.
- Now, the tonnage of cranes in the recent past, we have been adding cranes which are upwards of 100 tons of both tire mounted as well as crawler mounted cranes. And going forward, we see that there'll be a demand or we understand from our clients of higher capacity cranes, which are roughly about 250 tons and above. So that is what we'll be looking at expanding into as well.
- Dolly Choudhury:** So maximum you will expand into 250 metric tons?
- Himanshu Aggarwal:** Not specifically that specific tonnage, but the range will depend on the capacity of crane, as I said, would depend on the orders that we are able to pick up and work out with our clients. And the idea is, we should be able to see a long term visibility for the asset we acquired so that the revenue stream can continue to be generated over a longer period of time.
- Dolly Choudhury:** And what are our average yield range into, like monthly basis if we want to get a figure?
- Himanshu Aggarwal:** So the average monthly yield, you just asked? Okay. So for that, it is about 2.5%.
- Dolly Choudhury:** 2.5%. Okay. And I want also to know the industry we are targeting to cater into apart from like wind energy, you just answered. Apart from that, what industries are we trying to cater into?
- Himanshu Aggarwal:** So our focus remains expansion with the cement, steel, and petrochemicals, while also studying the renewable energy side, specifically the wind sector per se. But the expansion would continue with the cement, steel, and petrochemicals. And also hydropower, as somebody just asked, we are already working there.
- Moderator:** Okay, that will be all. Thank you.

Himanshu Aggarwal: Thank you.

Moderator: Thank you. We have a question from the line of Ronil Dalal from Ficom Family Office. Please go ahead.

Ronil Dalal: Hi, good evening. Himanshu congratulations on the good set of numbers.

Himanshu Aggarwal: Thank you.

Ronil Dalal: I just had one question. So what is your current gross block, if you can just mention the number?

Himanshu Aggarwal: Thank you for the question, Mr. Ronil. The gross block as of 31st December, 2023, is INR284.76 crores, so roughly INR285 crores.

Ronil Dalal: Sure. Thanks. That's it. And all the best. Thank you so much.

Himanshu Aggarwal: Thank you.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today. I now hand the conference over to Mr. Nikhil Eesaw from HEM Securities for closing comments. Over to you.

Nikhil Eesaw: Thank you. On behalf of HEM Securities Limited, I thank Tarachand Infra Logistics Solutions Limited for giving the time we spent on this call and responding to all the queries in a detailed way. I would like to thank all the participants for joining this call. Now I would like to hand it over to the moderator for closing remarks.

Moderator: Thank you. Ladies and gentlemen, on behalf of HEM Securities, that concludes this conference. Thank you for joining us and you may now disconnect your lines.