

Date : 15th May,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 09th May,2024, Thursday 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 **09th May,2024, Thursday.**

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)**

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Date: 2024.05.15
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**Nishu Kansal
Company Secretary & Compliance Officer
M.No. A33372**

Encl: As above



“Tara Chand Infralogistic Solutions Limited Q4 & FY24 Conference Call”

May 09, 2024



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

Moderator: Ladies and gentlemen, good day and welcome to Tara Chand Infra Logistic Solutions Limited Q4 and FY'24 Conference Call.

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

I now hand the conference over to Mr. Vishal Mehta from Stellar IR Advisors Private Limited. Thank you, and over to you, sir.

Vishal Mehta: Thank you, Riya. Good evening, everyone. I, on behalf of Stellar Investor Relations, welcome you all to Tara Chand Infra Logistic Solutions Limited Q4 and FY'24 Earnings Conference Call. We shall be sharing the "Key Operating and Financial Highlight" for the 4th Quarter and Full Year ended March 31, 2024.

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

Before we begin, I would like to state that some of the statements made in today's discussion may be forward-looking in nature and may involve risk and uncertainties. Document relating to the Company's financial performance including the investor presentation have already 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 for the quarter and full year, and then we will open the floor for Q&A. Thank you, and over to you, sir.

Himanshu Aggarwal: Thank you for the introduction, Vishal. Good afternoon, ladies and gentlemen. I, Himanshu Aggarwal, the Whole-Time Director and CFO of Tara Chand Infra Logistic Solutions Limited, welcome you, and thank you for being a part of the earnings call for Q4 and FY ended 31st March '24.

At the outset, it gives me immense pleasure in announcing that the Company has migrated to the NSE Main Board from the NSE EMERGE on 16th of April 2024.

Given that this is our first call post our migration to the 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 or Verticals.**

- **Segment-A** - Equipment, Rentals and Infrastructure works.
- **Segment-B** - Warehousing, Handling and Transportation.
- **Segment-C** - Steel Processing and Distribution.

In our warehousing, handling and transportation segment, we are into warehousing and logistics solutions specifically for steel products that we execute primarily for PSU companies like Steel Authority of India Limited and Rashtriya Ispat Nigam Limited, more famously known as Vizag Steel. The Company has vast experience of more than four decades for steel handling projects where we are involved with handling of more than 10 million Tons of steel per annum at warehouses either owned by the primary client or owned by us.

In our equipment rental segment, the Company has about 300 machines, which comprise heavy-duty cranes, piling rigs, and manlifts. The largest crane the Company has is of 800-ton capacity. There are hydraulic piling rigs, which are used for earthwork or groundwork to be done for civil construction works, while the manlifts are aerial working platforms are used to work at heights of 40 meters and above. In addition to this, the Company also has road equipment and steel processing equipment for processing of TMT bars, which are used again in construction activity.

The Company in the infrastructure space has been active in the construction of large metros in the metro rail network, which is spread across the country now. The Company has participated in Mumbai, Bangalore, Ahmedabad, Surat, Indore, Pune, Chennai and many more Metro construction works till date and are still actively working in many Metro projects under construction.

We have played a very important role for the construction of the first ever bullet train of the country which is also known as the Mumbai-Ahmedabad High-Speed

Rail project. The Company also provided a footprint extensively for the construction of the Atal Setu in Mumbai.

Apart from that, our Company is into industrial capacity expansion projects where we are working actively with the cement industry, steel industry, petrochemical, refineries and the power sector as well. Now the Company has concrete plans to enter the renewable energy sector in this financial year and anticipates that this sector will contribute about 5-6% of the total revenue for the Company in FY'25.

We have a very diverse team of experts, which are spread across 21 states in the country. Our ever-growing team now consists of 731 engineers, operators, riggers and administrative teams. The Company is active at more than 50 working sites across the country and also has operations with L&T at Mauritius.

With that, now I would like to take you through the financial performance of the Company for Quarter 4 and the Financial Year ended 31st March 24.

The key highlights of the period are as under:

The Company recorded its highest ever quarterly and yearly revenue and profitability in Q4 and FY'24.

It also had its highest ever debt repayment of Rs.38 Crores in FY'24 with now the debt equity standing at 0.9 times, the ratio at 0.9 times. The Company's working capital cycle has also improved and receivable days have come down to 84 days. The current has an order book of Rs. 138.23 Crores as of 1st of May 2024 which is to be executed in the current FY.

This year, we achieved significant milestones. Q4 revenue increased by 19% to Rs. 46.90 Crores, and for the full year, a robust 21% growth totaling Rs. 174.86 Crores. The EBITDA margins surged by 300 basis points to 33% for FY'24, while our profit after tax soared by 141% in Q4 and 72% annually. All of this comparison is on a year-on-year basis.

For the segment revenue mix, our Equipment Rental Segment-Contributed 44% to the revenue, while posting a very healthy EBITDA of 51%, which is a 1,600-basis points Y-o-Y increase. The Warehousing & Transportation Segment-Contributed

48% to the revenue, with an EBITDA of about 23%, which saw a decline of 400 basis points year-on-year. The Steel Processing revenue share was 8%, which was down from 10% in the last financial year.

In our Equipment Rental Segment, the Company has witnessed a surge in the average monthly yield, which was at about 2.85% for FY'24. The Company's order book has grown by 42% to Rs. 138.23 Crores as against Rs. 97.49 Crores as on 1st of May 2024. As already stated, this order book is for executing in the current FY up to 31st March 2025.

Going forward, the Company is actively working on entering into the renewable energy sector through its equipment rental division. Moreover, we are making positive strides towards our venture into specialized EPC projects in the civil and mechanical realms. The Company has set an aggressive target of a minimum of 30% Y-o-Y growth for FY'25 through our sustained efforts towards nation building.

With that, I would like to now open up the floor for Q&A and hand it back to Vishal. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Swapnil Kabra from SK Enterprises. Please go ahead.

Swapnil Kabra: Sir, I just wanted to understand a bit on the rental yield. So, what is the current rental yield that we are getting? And are we seeing any positive traction here?

Himanshu Aggarwal: Thank you, Mr. Kabra, for the congratulations and the question. So, as I understand, you wish to understand the rental yield. So, as I stated in my opening remarks, we have witnessed the rental yields on a monthly basis reach **2.85%** on an average for the FY'24. And you had a second question, which I didn't understand.

Swapnil Kabra: So, are we seeing any positive traction? Is our yield increasing on a quarter-on-quarter basis?

Himanshu Aggarwal: Yes, see on an FY-on-FY basis definitely there has been an increase and, on a quarter-on-quarter basis the yield is dependent again on the seasonality of our industry, because the first two quarters tend to be slightly lower on the demand side and then the demand suddenly picks up in the last two quarters post monsoons. So, that does lead to a change in the quarter-on-quarter yield, but we do primarily a year-on-year comparison to get a better understanding.

Swapnil Kabra: And sir, as we have announced huge CAPEX for the equipment and rental business, what kind of demand are we witnessing there? And is this for any specific client?

Himanshu Aggarwal: So, the demand is huge. We have got across the sectors, as we are working across the sectors of cement, steel, in the petrochemical sector and now we are also entering the renewable energy sector. So, there is sufficient demand to cater to our CAPEX plans, which will again be done as it is a proposed CAPEX plan, so it will be done based on once we have orders in place. No, it is not to any specific client. It will be spread across the sectors.

Swapnil Kabra: So, just one last question, if I can squeeze in. How does the rental yield change over the course of an asset's life?

Himanshu Aggarwal: Mr. Kabra, it depends actually on the demand because the asset yield, if we look at the depreciated value, the yield will be much higher. So, in that sense, the yield can be seen as higher because the equipment usually depreciates over, these are large cranes, very sophisticated machines which depreciate from 15 to 20 years. So, they have a very good life with regards to being able to earn the yield. So, that yield number, if we are calculating on the depreciating value, then the yields will definitely keep rising.

Swapnil Kabra: So, actually I wanted to understand the realization or the actual absolute number of the rent that you are fetching. Does it change if the asset gets old?

Himanshu Aggarwal: So, no, the rentals are predominantly similar. The only advantage once the equipment gets older is you have the bandwidth to be price competitive, if that is what you wish to know. But there is not much of a change. The only change if you would see with regards to the rentals is again totally dependent on the demand and supply. The aging factor does not lead to too much of a change and the policy that

our Company follows, we also churn out equipment after 9 to 10 years of its age. So, we make sure that we are not falling into a scenario where too much of the equipment becoming older leading to any lower rentals.

Moderator: Thank you. Our next question is from the line of Dolly Choudhary from Niveshaay. Please go ahead.

Dolly Choudhary: I, first of all, wanted to understand the breakup of our order book of Rs. 138 Crores segment wise and I also want to add a question that we also received the order from sale of Rs. 110 Crores which is executable in 4.5 years. So, how it is included in this order book position?

Himanshu Aggarwal: So, thank you for the question, Ms. Dolly. Yes, the order book of Rs. 138 Crores as on 1st of May '24, it includes the sale order that we had received. Rather the sale contract that we received was to start in May 2024 itself. So, the order book definitely includes that.

And with regards to the spread of the order book, it is about 70% of that order book is from our warehousing and transportation segment, because there we have got long-term contracts and hence it has a better clear visibility on the order book for the entire financial year. While for our equipment rental division, the order book is visible primarily more for 6 months to 1 year for certain equipment, but mostly 6 months and then the orders are usually extended by the client.

So, what I was saying is that the order book has a current visibility from the warehousing and transportation segment for 70% and the rest of the order book is from our equipment and rental division.

Dolly Choudhary: So, just a follow up on that, that we have also mentioned that this Rs. 138 Crores order book is executed up to 31st March 2025 and that Rs. 110 Crores order book is of 4.5 years. So, have we adjusted for it?

Himanshu Aggarwal: Yes, ma'am. So, out of the Rs. 110 Crores, the portion that is executable in this financial year has been considered for this year and the rest of the portions will be considered in the subsequent years. So, the Rs. 138 Crores does not include 100% of Rs. 110 Crores, if that is the question that you asked because we have other contracts which are already live with SAIL and RINL and other transportation

contracts, which also form a part of the 138 Crores that is to be executed in this FY.

Dolly Choudhary: And next question will be that we have mentioned that we have handled total steel in FY'23 around Rs. 95 lakhs, if I am not wrong. So, what would be that number for FY'24?

Himanshu Aggarwal: That number would be somewhere, we haven't got the numbers yet. I don't have the exact numbers. So, it will be close to about Rs. 11 lakhs in FY'24.

Dolly Choudhary: And I actually wanted to understand the depreciation policy. Depreciation has fallen significantly for this quarter. So, what would be the reason for it?

Himanshu Aggarwal: So, certain equipment which are the larger crawler cranes, they have a life of 20 years and as per the provisions in the Companies Act and whatever the guidance by our professional and statutory auditors, they have advice for wherever the necessary correction was required for the depreciation, that has been done and that has come into effect for the last quarter.

Dolly Choudhary: So, our depreciation policy has changed a little. That's what.

Himanshu Aggarwal: Not necessarily changed, but it is following the same policy wherein certain equipment which had a possibility, or which are already allowed to be depreciated over a larger period of time or over a longer period of time, that has been taken into consideration.

Dolly Choudhary: So, next question is that we have mentioned for FY'23, our lifting capacity was 2,245 Metric Tons. What would be this number for 2024? Our lifting capacity in crane.

Himanshu Aggarwal: For 2024?

Dolly Choudhary: Yes.

Himanshu Aggarwal: So, that number has already crossed, it was 24, just a second. Could you please repeat that?

Dolly Choudhary: It was 2,245, 2-2-4-5 metric tons in FY 2023.

- Himanshu Aggarwal:** That has crossed about 2,600 Metric Tons.
- Dolly Choudhary:** And what will be our target after this CAPEX is born of Rs. 160 Crores? What will be our target for the tonnage capacity?
- Himanshu Aggarwal:** The tonnage capacity, we are targeting the higher capacity machines, the tonnage capacity will increase drastically but because of a certain business strategy, I will not be able to declare that as of today.
- Dolly Choudhary:** I wanted to understand one more thing that our sector mix has changed significantly from FY'23 to FY'24 in favor of metals, cement and petrochemicals and it has decreased for infrastructure. So, I wanted to understand how it impacts the business in terms of maybe yields have increased or these are long-term contracts. So, how it has impacted our business in terms of yield?
- Himanshu Aggarwal:** Yes, so it has impacted us positively as you can see in the numbers, wherein the capacity expansion projects that are there, which have helped us bring in better revenue and better profitability compared to the infra works. Also, up until last year, the Company was involved in subcontracting works in the infra space, that the Company stopped doing post September '23, which has also led to the Company venturing into other areas and expand its reach in the metals, cement and petrochemical sector.
- Dolly Choudhary:** So, in terms of yield, it has changed because of this sector?
- Himanshu Aggarwal:** Yes, yes, that is why the yield has reached 2.85%.
- Dolly Choudhary:** And just about the CAPEX, when can we expect it to get operationalized and until what year?
- Himanshu Aggarwal:** So, the CAPEX is currently being planned out. We anticipate that this CAPEX will be executed over this financial year and the next financial year given what kind of orders we are able to fetch and the kind of visibility we see with our clients, and you will be able to then accordingly see it in the subsequent financial results.
- Dolly Choudhary:** And how are we planning to fund this CAPEX?

Himanshu Aggarwal: So, it will be a combination of debt and internal accruals and because in our industry with the large machines, the CAPEX is primarily done through internal accruals and also there is a component of supplier's credit. So, debt comes into the books at a later stage when the supplier's credit period is concluded, or the LC matures.

Dolly Choudhary: So, currently we have approximately Rs. 85 Crores of debt. So, what can we expect going forward?

Himanshu Aggarwal: So, the debt currently, if you would look at the secured term loans, is about ~Rs. 70 Crores and that is what will remain constant over the next few years because as I said, there is a component of supplier's credit. So, the debt will not be coming onto the books immediately, and it will only come in when the credit period matures, so which allows us time which will enable us to pay back what we are already paying back.

We are paying back almost about Rs. 30 Crores on an average in a financial year and last year we paid back more debt because there were higher internal accruals, and we also had some fundraise through the preferential allotments. So, that enabled us to pay back Rs. 38 Crores and that is the target that we keep paying back sufficiently while our debt remains constant within that stage and we bring down our debt equity which is at 0.9 times right now. The target is to bring it down even further.

Dolly Choudhary: And just one more question, that our receivable days have been reduced significantly over the year. So, what has been the reason for it?

Himanshu Aggarwal: The reason for it has been a combination of reasons. One, the revenue mix has changed. The infra space tends to have an elongated receivable cycle. Second, we have had more financial prudence come into play. And third, we did face a lot of challenges earlier because of the two years of COVID-induced challenges. So, that has now weaned off, and we have become more prudent about what type of clientele we are working with, and the terms have become better. The kind of revenue has been moved to the sectors where the receivables are much faster. So, a combination of all of that has helped us.

Moderator: Thank you. Next question is from the line of Bhavya Sonawala from Samaasa Capital. Please go ahead.

Bhavya Sonawala: I have just two questions. The first question is, you know, we have seen a shift from infra to metals and cement and petrochemicals for that matter in the equipment hiring space. How does the trend look? And can you give us some guidance on how would you think this will go ahead from our order book and your view on how this is going to go ahead?

Himanshu Aggarwal: So, thank you for the question. So, the revenue mix would be similar to what you see as of now, as we have been able to distribute it in anticipation of what we wanted to do over the last financial year. One change you would see, as I have mentioned in the opening remarks, the renewable energy sector, which is currently missing, is possible that it will be added to the revenue mix and we might see some changes there, but more or less the revenue mix that we have seen for the last financial year and that is where we see it going forward.

Bhavya Sonawala: My next question is on the renewable sector that you mentioned. Just wanted to know what kind of tonnage do we look at while entering the sector? In the current gamut of our portfolio, is there any kind of crane that is already, you know, that can enter the sector or are we looking at a complete new tonnage or if you can throw some light on that?

Himanshu Aggarwal: So, to answer that, we have sufficient bandwidth within our current fleet of machinery to enter the renewable energy sector, but we would need to add, when required, more machinery because of the already occupied state of current machinery, if that be. So, it is not that we don't have the machines to enter the renewable energy sector, if that is the question. We have sufficient bandwidth there, but the tonnage usually is higher capacity crawler cranes and also a mix of lower capacity tire mounted cranes, which are used for in the sector specifically.

Bhavya Sonawala: Just the last question is follow-up. Compared to the intra sector and compared to metals, cement and let's say petrochemicals, is there a lot of difference in the yield or it is very similar all across the board?

Himanshu Aggarwal: There are certain differences, but it all depends project to project and client to client and the duration of the project. It is very variable. So, it is difficult to give a very specific answer to that.

Moderator: Thank you. Next question is from the line of Dipen Vakil from InCred Equities. Please go ahead.

Dipen Vakil: Sir, my first question is on the line of, I wanted to understand a little bit about your order, new order wins. And what is the usual execution period for your new order wins?

Himanshu Aggarwal: So, in our two primary segments, one is the warehousing and logistics segment, there the order wins are usually, the execution period is usually 5 to 7 Years as the tenders and the contracts tend to be on the long-term tenure. With regards to our equipment rental business, there it can range from anywhere between 6 Months to even 3 Years depending on the project. The clients usually give out orders in the range of 6 Months to 1 Year and then they are further extendable by every 6 Month or 3 Month basis based on the kind of project and the kind of industry we are working with.

Dipen Vakil: Sir, I wanted to understand, what are the new order wins that you are expecting in going ahead? Because our current order book of Rs. 138 Crores, I believe, would be exhausted, at least a part of it will be exhausted much before the financial year end. So, what would be the kind of order pipeline that you would be looking at? And that takes me to, what would be the growth that you would be forecasting for FY'25?

Himanshu Aggarwal: So, to answer that, sir, first I will just correct one statement that I made in the earlier question to Ms. Dolly, I think the order book as of today of Rs. 138 Crores, the percentage share of our warehousing and logistics is 55%, which I incorrectly read as 70%. So, it's 55% and the balance 45% is from equipment rentals.

With regards to your question on the pipeline in play, that because Q3 and Q4 tends to be the best sectors for our equipment rental segment, there we do see a surge in demand and new orders coming in during that period. As for the growth, we have set ourselves the aggressive target of 30% YoY growth this year. So, we do see ourselves achieving that.

- Dipen Vakil:** And do we expect to sustain the higher EBITDA margin of close to around 35%?
- Himanshu Aggarwal:** We have increased the EBITDA to 33% and going forward, our efforts are definitely on to ensure that better EBITDA margins are in place. But our target would be to at least sustain this if not increase.
- Moderator:** Thank you. Next question is from the line of Hitesh Gotani, an individual investor. Please go ahead.
- Hitesh Gotani:** I would like to understand what is going to be the timeline for this Rs. 150 Crores CAPEX? Do we have anything concrete with this line? Have you placed the orders? How is it going to be?
- Himanshu Aggarwal:** So, thank you for the question. The timeline as I said earlier is to spread it across this financial year and the next one. For specific orders, we cannot give out details because those are business strategies. But yes, we do have certain orders lined up. Some of the CAPEX will be done in the first half of this year itself and that will become more clear once the details are out.
- Hitesh Gotani:** And what amount can we expect going forward as a depreciation post because it has come down significantly in the Q4?
- Himanshu Aggarwal:** I am sorry, I did not understand the question.
- Hitesh Gotani:** So, in Q4, the depreciation amount has come down significantly if you compare it to previous quarter. So, is it going to be the same like it has in Q4?
- Himanshu Aggarwal:** Yes, it should be remained similar to what you have seen in Q4. But with the addition of new equipment, the depreciation of the new equipment will definitely lead to certain change on that. But you can do your math accordingly, and it will be difficult to give you a depreciation number as of now. But the Q4 numbers are indicative of what you would see going forward.
- Hitesh Gotani:** And we are doing something on EPC. Can you elaborate on that, like have we closed some deals or how are we betting on that?
- Himanshu Aggarwal:** So, with regards to EPC, we have been working on some orders to get for the EPC segment, but we are very choosy and picky on that because we do not want to

hamper any of our margins that are currently there and the idea is to maintain sustained growth rather than going for large numbers for the sake of adding the top line.

So, we have not ventured into run-of-the-mill EPC contracts. These are specialized works that are required in the industries that we are working in currently and the target is to get some good contracts in this financial year and get them up and running. So, as of today, we do not have any contract, if that is what the question was. We do anticipate that we will have something in this financial year itself.

Hitesh Gotani: Are we targeting any specific segment or any specific industry or is it like, what do we have in mind when we are saying that specialized EPC works?

Himanshu Aggarwal: It will be too difficult; it will be too open for me to give out the business strategy as of now. We are targeting the sectors that we are operating in, primarily the ones that are part of our revenue mix. So, that should give you an idea of where we stand and what exactly in the contracts, that again will become clear once we are able to bag something and we will declare it.

Moderator: Thank you. Next question is from the line of Jehan Bhadha from Nirmal Bang. Please go ahead.

Jehan Bhadha: So, can we infer that ballpark CAPEX per year, current year and next year would be Rs. 80 Crores each?

Himanshu Aggarwal: Thank you for the question, Mr. Jehan. Yes, that could be the ballpark where you could see about Rs. 80 Crores this year and Rs. 80 Crores next year.

Jehan Bhadha: So, regarding this year's Rs. 80 Crores, by when can we see the deployment of the equipments at sites?

Himanshu Aggarwal: So, given the cyclical nature of the industry, we do see that the deployment will happen Q2 onwards.

Jehan Bhadha: And last question on funding for this CAPEX over 2 years. Will we need to raise any capital for this, equity capital?

Himanshu Aggarwal: We haven't yet taken a decision on any equity capital raising as such, but if anything does come up, that will be announced in due course of time, but as of now, it is targeted through internal accruals and debt funding.

Jehan Bhadha: And one more question, Himanshu. If you can throw some light on equipment renting industry because primarily, whatever listed companies are there, they are mainly into wind, a couple of them. So, if you can share something about the overall equipment renting industry, where you particularly cater to? Like how many players, how many competitors, etc.

Himanshu Aggarwal: So, we are primarily, as you have seen, operating across sectors of infra, metals, cement, petrochemicals, and there are certain other sectors, smaller sectors. So, the way it works is the equipment is rented out to our clients for their various projects as per their requirement where they are executing, be it a capacity expansion project where in a cement plant, let us say, they are constructing a new plant altogether or expanding on a running cement plant.

So, various types of cranes starting from the smallest, be it 15 Ton pick and carry crane as manufactured by Action Construction or the like, up to larger cranes of about 1,000 tons capacity as well, which are brought in primarily from outside, are utilized by these clients for constructing their manufacturing facilities.

And there the competition as such would be that apart from the organized players, which is one being Sanghvi and the other being still unlisted companies, but they are still better off because of being in the industry for a long time. There is a competition. There is some competition from smaller players also at times, but as specific competition in the larger crane sector, that is very limited. So, the visibility is more clear in that space.

Moderator: Thank you. Next question is from the line of Uthkarsh Patel from Motilal Oswal. Please go ahead.

Uthkarsh Patel: I wanted to check on one piece, this depreciation piece, right. You said that you have a depreciation of Rs. 6 Crore in the previous quarter, right. And for the full year, it is closer to Rs. 30 Crore for Tara Chand as a Company. And if I see the average net worth for the full year was closer to Rs. 260 to Rs. 270 Crores, and the average net block is Rs. 160 Crores for the full year, right? So, the depreciation on

the average number looks, the percentage looks a bit high. And even if you compare with some of the peers that we have, this number is kind of towards of the peer side, right. So, is it something that we have been doing, we have been depreciating it more consciously and now we are kind of moving to a bit more realistic estimate in terms of depreciation or what is the thought process behind it?

Himanshu Aggarwal: So, the one change that I would say that has come about is over the last couple of years, the Company has brought in larger machines which were not part of the fleet earlier primarily. So, a lot of the CAPEX that has been done over the last two years or so has been into large cranes, primarily crawler cranes, which do tend to depreciate over a longer period of time. So, that change has come into effect into the depreciation numbers and certain correction, as I had answered an earlier question, has been done from Q4 of the last financial year, which the impact is visible in the numbers as well.

Uthkarsh Patel: So, the Q4 was not a balancing number as such, right? And it's more like Rs. 6 Crore would be the run rate from Q1 onwards excluding whatever new CAPEX you will do, right?

Himanshu Aggarwal: That's correct.

Moderator: Thank you. Next question is from the line of Rishith Shah from Nuvama Wealth. Please go ahead.

Rishith Shah: So, just one question while all the questions have been answered, just one question. So, we highlighted in the opening remarks that the transportation segment has seen a 400-basis point decline in margins. Can you highlight the reason for this?

Himanshu Aggarwal: Yes. So, thank you for the question. So, the decline in margin in the transportation segment has been because of certain new contracts that came into being in the last financial year itself and they have taken a little bit time to take off. So, that has led to a stress on the margins and we see because of these contracts being long term, like 4-5 years, so usually the stress in the first year or first six months or so of a starting contract does average out over the next balance period of the year. So, whatever challenge we have had, we see that coming up, being made up in the coming years.

Moderator: Thank you. Our next question is from the line of Sunil Jain from Nirmal Bang Securities Private Limited. Please go ahead.

Sunil Jain: Sir, you said that the yield is 2.85%. So, even if I take your gross block at Rs. 298 Crores, which you had said at the year-end, the revenue works out to Rs. 102 Crores, but your revenue is Rs. 174 Crores. What is the difference?

Himanshu Aggarwal: Sir, to answer that, we are into three different segments and our gross block of Rs. 298 includes all our machinery, plant and even any land or other aspects of the entire fixed asset book, right. So, the revenue mix that we get for our equipment, hiring in projects, that is where we are talking about the average yield, whereas in our warehousing and transportation, the deployment of equipment or assets is much smaller compared to the equipment rental business. So, if you do a revenue mix comparison, there you will be able to get a better understanding of this number that you are looking at.

Sunil Jain: But in warehousing also, there is a deployment of equipment and all.

Himanshu Aggarwal: Right, but that is done, it is not on hiring. So, in the warehousing segment, it is on the tonnage of steel handled. So, the economics work on the tonnage of steel handled where equipment is a component of the overall picture, and that is why we do not work on a yield on a per month basis, because it is not a rental model there.

Sunil Jain: So, the second segment where you get a yield and for that how much is gross block? Can you disclose that or no?

Himanshu Aggarwal: I do not think we have gross block numbers on that or those are disclosed. I will have to get back to you on that, sir.

Moderator: Thank you. Next question is from the line of Sunil Shah from SRE PMS. Please go ahead.

Sunil Shah: One, first question is, we have about 300 equipments, which we are giving it on rent. Sir, what would be the replacement cost of those machines today? I think our net block is at about Rs. 260-270 Crores. But what is the replacement cost of this machine, if you can know that?

Himanshu Aggarwal: So, thank you for the question, sir. So, our gross block as of date is about Rs. 298 as of 31st March '24 and our net block is ~Rs. 180 Crores. So, if we are looking at a replacement, usually it is again a tricky question because it is all dependent on the demand. The equipment is able to sell out at about 60% of its original value even after about 8 to 9 to 10 years of usage. But if the market is very good, the number can be much higher. So, what you see as a net block as of now, the best-case scenario I would say can even be about ~Rs. 220 Crores and the worst-case scenario on a replacement basis would be ~Rs. 150 Crores.

Sunil Shah: So, safe assumption would be assets as of today more closer to the net block like ~Rs. 180 Crores would be a safe assumption.

Himanshu Aggarwal: Yes.

Sunil Shah: So, the numbers match according to the under report. So, my second question as you explained very nicely on your equipment leasing model, how does this warehousing and logistics business work? For me to understand steel companies, they make the steel, and we procure from them, put it in our warehouse and then wherever they want across the country be distributed to the distributors. How does that work? If you could explain to me in very simple logical terms?

Himanshu Aggarwal: So, in our steel warehousing and logistics, basically we are working with the manufacturers of steel, wherein there are branch warehouses of those manufacturers. So, owned by them or there are branches where the warehouses are owned by us, but they are under contract with the primary customer, which is RINL or SAIL. The products that are manufactured at their plants are shipped by them through rail or by road. If it is by road, there are certain contracts where we have the road transportation under us. Otherwise, there are third, you know, other parties also in the market who are doing the road transportation.

And then there is rail transport, which happens through various contracts that the clients have with the Indian Railways. So, the material is received in the warehouses where our then contractual obligation is to unload the material, stack it in the stockyard as per the guideline of the client, then load it onto the trailers for dispatch to their end user client. So, that is the composite services that we have to provide to our customer, to our client. And in that there are inbuilt transportation

contracts where the end user requires material is being transported by SAIL itself to its doorstep. So, there we get involved in part of the transportation as well to the end user's doorstep.

Sunil Shah: This is like, if I'm understanding it, it's a very, very long-term contract of 5-6 years or so. There will be various price escalation risks which will be involved over this long period of time. is there any back-end tie up with those companies? How do we mitigate that?

Himanshu Aggarwal: So, on the escalation front, the contracts have inbuilt escalation for the fuel and manpower costs, which are two main components and those formula are in play. And on a yearly or half yearly basis, as per the contractual terms, the escalation is claimed from the client.

Sunil Shah: So, I just wanted to get some understanding on the USP or the stickiness of those customers to remain with us over this duration of time. So, just want to get that understanding, if you could make me understand that. Why would they still be with me for like 6 years? What is it that I bring on the table for them?

Himanshu Aggarwal: So, see, we have been into steel warehousing and logistics for 4 decades now and by the virtue of the contract, this being a government tender and the contractual terms saying that it has to be there for 6 years, so that one is a statutory requirement that the contract has to be there for 6 years. Two, because of the virtue of our being in this Segment-And being an expert player in this area now over these years, that stickiness is there.

And three, we have brought in innovative techniques for handling of steel. We are the only private Company in the country to own 10 Rubber Tire Gantry (RTG) cranes, which are used for efficient handling of steel. Apart from us, the only companies that have their own Rubber Tire Gantry (RTG) cranes are Steel Authority of India Limited themselves, RINL or Tata, and I think JSW is also bringing it now. So, we have brought in innovative techniques of handling steel which has added to the stickiness of our customers.

Sunil Shah: So, if I can ask one more question, on the equipments we mentioned that you are having a yield of 2.85% on a monthly basis. If you can get a percentage on our warehousing business as well, because for me to understand, this yield works out

great on an annual basis of 2.85%, but what about on the warehousing? Because on my capital employed, what is it at the end of the day, I am able to earn from both of these verticals?

Himanshu Aggarwal: To answer that, sir, I think I was trying to answer the earlier question as well. Because this is a composite service and the equipment is not specifically given out on a rental basis, so the yield is not calculated by us on a monthly yield basis. Here, the target more so is to work towards ensuring that we handle the highest possible tonnage of steel as per the contractual terms, so that the income and the revenue and the profitability can be worked out on that. So, it will be difficult for me to give you a yield number for that segment.

Sunil Shah: Just one last question. Are our rentals on the warehousing connected anyways to the steel prices?

Himanshu Aggarwal: To the?

Sunil Shah: To the steel prices. The volatility of steel prices. Is this connected?

Himanshu Aggarwal: Nothing at all. Our prices are fixed for the contract plus the escalation clause that is there, and the only change with steel prices is basically the demand and supply in the market which leads to the change in probably at times the volumes of steel handled by us. But because production is happening round the year and round the clock, so steel has to come out and we have to keep handling it, and so there is no major challenge or change with regards to the pricing there.

Moderator: Thank you. Next question is from the line of Anant Sarda from CIL. Please go ahead.

Anant Sarda: So, do we envisage also participating in more tenders for warehouses like new long-term tenders for Segment-B?

Himanshu Aggarwal: Yes. So, to answer that, thank you, Mr. Sarda, for the question and congratulations. So, we are always looking for new tenders whenever they do come up and like I was just answering an earlier question where a new contract we had won recently just started execution in May '24 itself. Similarly, there will be other contracts that do keep coming up and we do our due diligence with regards to the visibility on

the possible margins and the pricing that we can get for those contracts and that is when we take a call on participation.

Anant Sarda: So, this Rs. 150 Crores of CAPEX that is to be executed in 2 years does not include any CAPEX for the warehousing segment, sir? Does it include?

Himanshu Aggarwal: No. Nothing that we, at least the Rs. 160 Crores that has been proposed with the zoom line, that is not considering the warehousing segment, but there in I would like to add the CAPEX for any new contract is very limited because they are much smaller machines which are used for the warehousing and transportation works and the kind of fleet we have for our trailers and the associated network which has close to about 500 trailers as part of our committed partnered trailers. So, we do not require much greater need for adding more and more CAPEX in this segment even with new contracts.

Anant Sarda: And what is the strategy when you decide how much of CAPEX that you want to spend on cranes? I mean, two years, Rs. 160 Crores, you are doubling your net block. You already have some orders in hand. That's why you are buying these cranes or like how do you foresee that much?

Himanshu Aggarwal: Right. So, with the network of our clients, yes, there are certain orders in hand which enable us to take a decision plus with the kind of network and rapport that we have with our clients due to our existence in this sector for 20 odd years now, we have a visibility on what the possibility of which equipment is going to be there and which will give us a long-term visibility vis-a-vis the margins as well so that that has helped us to chalk out the equipment that we wish to buy and we have gone for a bulk proposed purchase plan with the supplier to ensure that we have the availability of that machine once the orders are in place so that we have done an initial booking per se to just give an idea so that we have given a target on when the equipment would be required based on the discussions and in-principle understandings with our clients. So, that has been the basis for that purchase plan.

Anant Sarda: The last question, going forward, what do you think because it is a certain expansion that will happen in your Company. What do you think will be the average monthly yield, which you can tell me after you buy the Rs. 160 Crore of

CAPEX? And what is the net yield right now? And what was the net yield last year, like in FY'23?

Himanshu Aggarwal: So, to answer that, the yield for the new equipment that we are bringing in, the idea is to maintain the yield levels that we are at right now because they are at a pretty healthy level. And those are the yield figures that we would anticipate, and we understand with the kind of orders that are being discussed that we should be able to maintain those yield levels.

With regards to net yield, the net yield roughly comes to about, for the current net yield, the gross yield that we have given is 2.85%. Against that, we can consider a net yield of about 1.95%. And similarly, for the year prior to that, our net yield would have been around, I do not have the fingers in front of me right now, but from what I recall they were about ~1.7% for the year before that.

Moderator: Thank you. Next question is from the line of Bhawani from Krijuna Research. Please go ahead.

Bhawani: So, I just wanted to know that also some of my question has been answered, but I want you to understand that you said your monthly yield is 2.85% with regards to equipment rental yield. So, I just wanted to know how do you arrive at this number? How do you calculate this?

Himanshu Aggarwal: So, the yield is calculated, sir, thank you first for the question and the congratulations. And the yield is calculated basis the revenue that we earn from the equipment, from the rental revenue that we earn vis-a-vis the cost of equipment that we are deploying for that specific revenue. So, for example, if we are deploying a Rs. 10 Crore crane and we are earning Rs. 25 lakhs out of it, that would lead to be 2.5% yield for that. Just to give you an idea.

Bhawani: That would mean that since your rental is 2.85% so I can say a payback period of 3 years for any new crane which you purchase right now?

Himanshu Aggarwal: Ideally, yes, that would be the scenario if this is sustained over the three-year period, but because of the industry being cyclical, it is hard to give you a clear cut yes on the three-year figure, three-year number that you said, but yes, at 2.85%, it easily calculates 3 odd years.

- Bhawani:** And sir, one last, do we expect the rental yield to go up in this financial year?
- Himanshu Aggarwal:** As I was just answering the earlier question, sir, we are already at healthy numbers. We are targeting, obviously, the target would always be to improve on those yields, but we do see that it will be good to sustain these numbers and we will have a better visibility on any increase in the yield probably by Q3.
- Moderator:** Thank you. Next question is from the line of Dolly Choudhary from Niveshaay. Please go ahead.
- Dolly Choudhary:** I wanted to know in steel logistic segment like are we planning to enter into private Segment-Also or how competitive this industry is?
- Himanshu Aggarwal:** I could not hear you correctly, clearly, Ms. Dolly. Could you please repeat?
- Dolly Choudhary:** I wanted to know in steel logistic segment like how competitive this industry is and are we planning to enter into private sector as of now we are dealing with PSUs only? Are we planning to expand our segment?
- Himanshu Aggarwal:** Yes. So, we are already working somewhat with our private clients as well, be it Tata, Jindal, AM/NS, but because of them not being in large volumes right now, so we haven't had them become major clients in that segment. But we do have the opportunities to work with them in the warehousing and logistic sector as well, whereas we are already working with them in the equipment rental segment.
- With regards to competitiveness, it is for any industry the competitiveness is already there. There are people who want to do the job, and everybody wants to get it so, but with regards to how competitive there these are all specialized natures of job and they require certain understanding of how steel industry works. So, only people who are attuned to understanding the nature of the industry are able to compete in these contracts.
- So, that makes it a little niche. But within that, it is competitive. We do get the advantage of having better equipment and better expertise with our knowledge and experience of 40 odd years which helps us to be more competitive on that.

Dolly Choudhary: And just on our guidance that we have guided to grow at a 30% year-on-year basis, so if you can please throw some light on the segment wise, how are we planning to go for equipment? Because we are doing CAPEX in equipment rental, I get we are planning to grow more than 30% in that segment is what I am getting at.

Himanshu Aggarwal: Yes, so it will be a through and through growth with probably equally distributed across both sectors because as I was answering the earlier question, the asset addition in the warehousing and logistics is not very high even if we get new contracts. So, the target is to maintain the growth across both sectors, whereas because of more CAPEX in the equipment rental, we can see slightly higher growth in that sector.

Dolly Choudhary: And on EBITDA side, we have 58% EBITDA for equipment rental for this quarter. So, is it sustainable going forward?

Himanshu Aggarwal: So, the financial year EBITDA was 51% and the quarterly EBITDA was about 58%. So, I would say that anywhere between 50% to 55% is the sustainable range.

Moderator: Thank you. Next question is from the line of Surya Narayan, an individual investor. Please go ahead.

Surya Narayan: So, just wanted to understand that now you are not present in the private sector and where the steel capacities are going to be ramped up nearly doubled for coming years. So, just to understand whether the private players are managing the warehousing on their own captivity, or they are also outsourcing from Company like ours, A? B, if you can answer, then I will follow up.

Himanshu Aggarwal: So, for the first question, sir, first of all, thank you for the question. Yes, they are in a similar model, but there we understand it is a combination of self as well as outsourced warehousing and handling, whereas in the case of the public sector undertakings, it is 100% outsourced.

Surya Narayan: So, the next question is that now, are there any avenues in the infrastructure where we ask that to enter, where you see the yields will be higher than the current one?

Himanshu Aggarwal: In the infrastructure space?

Surya Narayan: Yes.

Himanshu Aggarwal: So, in the infrastructure space, the yields are pretty much stagnant, because that sector works in a different way and it is more subcontractor driven because the government gives a contract to a Company and that Company then takes up the equipment on rentals. So, there, the yields are pretty much decided because the budgets are very fixed on a project-to-project basis. So, there are, at least as far as our understanding goes, we do not see much change on the yield side in the infra space.

Surya Narayan: And sir, thirdly, as we are present in the space for multi-decades, so we understand the life of the assets very well, whereas maybe the auditor concerned may not have that kind of experience regarding the life of the assets and the decision is all related to the asset of the life. So, my question is that, as you said that the life of the assets tends to be at least over 10 years plus or 15 years and whereas we are depreciating very aggressively at around 7 years life, so my point here is that, can't we just see that the depreciation is charged fairly and to give proper representation in the P&L?

Himanshu Aggarwal: Sir, to answer that, I think earlier also a similar question was there. So, the depreciation for, it is not similar across the board. We have got various types of equipment and other fixed assets, and depreciation is taken into account on the kind of assets we are depreciating. With larger cranes, as I have said, the depreciation can go up to 20 years as well and for some cranes it is 15. So, based on that certain correction where it required was done, and those numbers are already reflecting in the last year's financial results, and you will see that uniformity going forward.

Surya Narayan: Out of the total ~Rs. 300 Crores of gross block, is it possible to give the asset block wise the aging of the assets so that we can understand? Even you need not to detail out, but at least as a block wise, you can give, let's say, Rs. 100 Crores of asset, the aging is let's say 15 years. So, that now what is the remaining life of the asset, so that now we can at least understand the progression of the life of the asset and at least estimate on our own at least something regarding depreciation.

Himanshu Aggarwal: Sure thing, sir. We will do that. Thank you for the suggestion, and we will work out on that, and probably I will have the discussion with our auditors, and we will see if we can put that out in the next results.

Moderator: Thank you.

Himanshu Aggarwal: I think we will take the last question now, if there is any.

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

Himanshu Aggarwal: Thank you, and once again, thank you everyone for joining the earnings call for our Q4 and Financial Year ended 31st March 2024. I hope I have been able to give out suitable and detailed answers to your queries and we always look forward to interacting with you. Going forward, the Company remains committed to sustained growth and continues to work towards nation building, and we sincerely hope that our aggressive target of 30% Year-on-Year growth is met. So, till next time, goodbye, and thank you. Have a great day ahead.

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