Date : 31st October,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 28th October,2024, Monday at 04:00 PM(IST)

Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), we are hereby sharing the transcript to the Stock Exchange of the Investors Meet held on **28th October,2024, Monday.**

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)

NISHU KANSAL
Digitally signed by NISHU KANSAL
Date: 2024.10.31 14:33:09 +05'30'

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

Encl: As above

"Tara Chand Infralogistic Solutions Limited Q2 & H1 FY25 Earnings Conference Call"

October 28, 2024

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

Moderator: Ladies and gentlemen, good day and welcome to the Tara Chand Infra Logistics Solutions Limited Q2 and H1 FY '25 Earnings Conference Call.

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

I now hand the conference over to Mr. Vishal Mehta. Thank you and over to you, sir.

Vishal Mehta: Thank you, Yusuf. Good evening, everyone. I, Vishal Mehta, on behalf of Stellar Investor Relations, welcome you all to Tara Chand Infra Logistic Solutions Limited Q2 and H1 FY '25 Earnings Conference Call.

We shall be sharing the key operating and financial highlights for the 2nd Quarter and Half Year ended September 30, 2024.

We have with us today the senior management team of Tara Chand Infralogistic Solutions Limited, Mr. Himanshu Aggarwal – Whole-Time Director and CFO.

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

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 2nd Quarter and Half Year ended September 30, 2024 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 Logistics Solutions Limited, welcome you and thank you to be a part of the Earnings Call for the Quarter and Half Year Ended 30th, September 2024. I hope that you all have had the opportunity to look at the investor's presentation that was posted on the NSE website.

Our Company migrated to the NSE Main Board in April 2024, and so I understand that some of you might be new to our Company. To start with, I would like to give you a brief about what our Company does.

Our Company, Tara Chand Infralogistic, operates across the length and depth of India through its three key segments or verticals.

- Segment-A is equipment rentals and infrastructure works.
- Segment-B is warehousing, handling and transportation.
- Segment-C is steel processing and distribution.

In the equipment rentals division, the Company operates across India, serving India's infrastructure development and industrial capacity expansion needs through a vast fleet of cranes, piling rigs, aerial working platforms, also known as man lifts, and trailers.

In our Segment-B, we are providing warehousing and logistics solutions, specifically for the steel sector. The warehousing activity is primarily executed for public sector undertaking companies like Steel Authority of India Limited and Rashtriya Ispat Nigam Limited, popularly known as Vizag Steel, where the stockyards are either owned by the Company or by the client. The Company has a vast experience of more than four decades for steel handling projects where we are involved in handling of more than 10 Million Tons of steel per annum.

On the equipment rental front, the Company has more than 300 machines. The largest capacity crane in the Company's fleet is of 800 tons capacity, which has been acquired in July 2024 as a brand new fully loaded machine from Zoomlion China. Apart from cranes, we have got hydraulic piling rigs which are used for earthwork or ground work to be done for construction and civil works and we have got aerial working platforms that are used for working at heights above certain meters, more specifically 30 meters and above.

In FY '24, our Company had introduced the tallest aerial working platform in India with a working height of 68 meters, and the same has been deployed on a long-term basis for a critical steel plant expansion project. The Company has been active in the construction of large metros, the metro rail network that spans across the country. Also we have been a very active participant and 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 Ahmadabad High Speed Rail project. Apart from that, in our industrial capacity expansions, we are actively working with the cement industry, steel industry, petrochemical sector with refineries and **(inaudible 05:01)**

Himanshu Aggarwal: So, in the current financial year, the Company has also entered the renewable energy sector, covering both the solar and wind energy domains. We have a very diverse team of domain experts, operators, engineers and technicians, which are spread across 21 states in our country that the Company operates. Our total team strength is upwards of 700 people, and at present the Company is working across almost 70 live sites in the country.

Moving on to the Financial Highlights for the period ended 30th of September 2024:

We are very happy and pleased to announce that this has been the highest ever quarterly and half yearly revenue and profit result for the Company. In Q2 FY '25, our revenue surged to Rs. 60.4 crores, reflecting a remarkable 41% year-on-year growth. Our EBITDA stood at Rs. 21.78 crores, which was a 61% Year-on-Year increase, which translated into the highest ever EBITDA margin for us which was at 36%. The profit before tax at Rs. 9.62 crores was again 184% year-on-year increase while the profit after tax grew by 168% to Rs. 7.22 crores.

Similarly, in the half year ended 30th September 2024, the revenue climbed 30% year-on-year to Rs. 107.7 crores, while EBITDA saw 41% growth to Rs. 37.72 crores, with the EBITDA margin standing at 35%. The profit before tax doubled to 15.7 Crores while the profit after tax grew by 81% to Rs. 11.75 crores. This brought the earnings per share to Rs. 7.6 per share, which was a 66% increase. And it was complemented by a cash PAT of Rs. 30.08 crores, which again is a 38% increase on a year-on-year basis.

On the Financial Prudence front:

The Company has been seeing that the receivable days have been coming down, as we saw that these receivable days are at 85 days as of 30th September, '24, compared to 100 days in the similar period last year. The Company has a very healthy order book at Rs. 104 crores as on the 1st of October 2024, which is a 31% year-on-year growth and this entire Rs. 104 crores order book is executable in the current financial year itself.

On the revenue distribution front, 52% of the revenue came from our equipment hiring segment, while 44% of it was from the warehousing and transportation division, and 4% from the steel and distribution segment.

For the half year-ended 30th September, '24, our equipment rental segment registered a high growth of 54% in revenue at Rs. 52.2 crores and recorded an EBITDA of 50%. On our warehousing and transportation segment, it registered a marginal 1% increase in revenue at Rs. 40.8 crores due to a one-off decline in our revenues during Q1 FY '25. But with the situation already stabilizing in Q2 and monsoons also behind us, we are confident of stronger growth from this segment in our traditionally solid Q3 and Q4.

The revenue for our third segment, which is the steel processing and distribution segment, grew by 25% year-on-year to Rs. 8.8 crores on the back of a major new order which was executed in Q1 FY '25 itself. In the equipment rental segment, the average monthly rental yield was at 2.96% for the half year ended September '24, rising from 2.75% in the same period last year. This has been primarily due to the meticulous CAPEX undertaken by the Company in the previous and current year.

In the current year, the Company has already undertaken a CAPEX of Rs. 94.30 crores, which is the highest ever in the Company's history. The positive impact of this CAPEX is expected to further continue and boost the Q3 and Q4 performance of the Company. Going forward, the Company is actively working on expanding its footprint in the renewable energy sectors through its equipment rental division, while also maintaining its stronghold in the cement, steel and petrochemical sectors. Our efforts towards specialized services contracts are progressing well. We are in the final stages of closing certain tenders, and we hope and anticipate positive contribution from them in the second-half of this financial year itself.

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

Moderator: Thank you very much. We will now begin the question-and-answer session. First question is from the line of Nirvana Laha from Badrinath Holdings. Please go ahead. Nirvana, your line is unmuted. Please go ahead.

Nirvana Laha: Congratulations sir on a very good result in a weak quarter. I have about four or five questions. So, the first question sir is, today, JSW steel has said that it's planning to reduce the CAPEX plans for FY '25 by about 20%. So, I just wanted to understand, does this impact us in FY '25? And are we seeing a similar slowdown across other clients in cement and steel?

Himanshu Aggarwal: So, thank you for the question. We are not very actively working with JSW per se at present. And if you ask with regards to the slowdown with other clients, we have not seen anything come up as such as of now. Rather, on the contrary, we are seeing aggressive expansion across both the main sectors that we are working with, the cement and steel, where the demand is still pretty robust for at least the equipment that they need in our rental division.

Nirvana Laha: That's great to hear, sir. In terms of depreciation for the quarter, this is the 2nd Quarter that there's a quarter-on-quarter increase. So, I just want to understand, has the full impact of the depreciation come in now in this quarter with CAPEX? Or is it expected to go up further in Q3? And if you can guide how much the depreciation might be on a quarterly basis?

Himanshu Aggarwal: So, to answer that, in our earlier call also on Q1 FY '25, when we had talked about the CAPEX that was done as of 1st of August, it was about Rs. 69 crores, of which a majority of the CAPEX was actually done in July. So, the impact that you see of the increased depreciation quarter-on-quarter is because of the higher CAPEX done in Q2 compared to Q1. And what we see right now is the trend of depreciation should remain similar because we have incurred already about Rs. 94 crores of CAPEX, and the target for the financial year currently stands at Rs. 100 crores. So, unless there is anything major that comes up which requires us to prepone our other CAPEX to the current financial year, we do not see much change coming there. So, the depreciation you can consider to be on a similar trend that we are right now.

Nirvana Laha: After August 1st 2024, also, I believe, another Rs. 20 crores or Rs. 25 crores of CAPEX was happened, right, so that will flow through completely in Q3?

Himanshu Aggarwal: Yes. So, whatever is balance, the impact of the CAPEX that is already done in September, the depreciation would have been already factored in. So, if you look at it, these are numbers for CAPEX done up to the entire half year or the quarter ended 30th September, '24. So, the depreciation has been factored in accordingly. And on a similar line, we can see that the depreciation will be almost double of what you see, or you multiply it, extrapolate it to the financial year, so we had about Rs. 18-odd crores of depreciation as of 30th September, for the half year I am talking about. And so that would lead to about Rs. 36 crores, Rs. 37 crores of depreciation for the whole financial year, the way we see it right now. It could even be anywhere around Rs. 1 crore or Rs. 2 crores higher than that.

Nirvana Laha: And sir, this quarter our expenses increased by 43%, whereas revenue growth was about 1,000 bps lower than that. So, what was the reason for that? Was there any one-off for which line items like this?

Himanshu Aggarwal: The other expenses you said have increased by?

Nirvana Laha: I think about 43% Y-o-Y.

Himanshu Aggarwal: On quarter-on-quarter basis or are you talking about year-on-year basis?

Nirvana Laha: No, on a year-on-year basis. So, while our revenues I think have grown by around 33%, the other expenses since have grown by 40% plus. So, is there any one-off there?

Himanshu Aggarwal: No. See, the way we see it is, if you look at the expenses as a percentage of the revenue, then the increase is not drastic. Rather on the contrary, we have seen certain expenses go down, like the manpower cost as a percentage of the revenue is lower on a year-on-year basis compared to Q2 FY '24. Similarly, the cost of power and fuel has gone down by about 50%. The overall expense is very much similar to what it was last year. If I look at as a percentage of the revenue, no such one-off expense comes to my mind. But we did see a slower activity in our segment for warehousing and transportation in the first quarter, which has picked up in the 2nd Quarter but still marred a little bit by the monsoons. So, there the expense factor might have come into play. And there were certain contracts in the current quarter where the availability of our equipment was not there, so we had to hire machines from outside and put them into play, which would have led to that expense also coming into the picture. But that's a regular business practice and it is not a one-off thing that as you kind of wanted to ask.

Nirvana Laha: And then from this Segment-B if I see, the EBIT has increased the sequentially from about 6.7% to 9%. But compared to last full year then it was 14%, it's still quite significantly down Y-o-Y. So, how do we see this recovering in H2? Are we going to trend at 9%? Or is there a hope that we can climb back up to last year levels for Segment-B?

Himanshu Aggarwal: Yes. So, definitely going forward, as things are now back into full swing as we understand, because there were certain challenges earlier, we faced at the Visakhapatnam steel plant due to labor constraints, and then there were certain changes in management that have happened over Q2 there as well. But production of the plants are in full swing now, so we do anticipate that the volumes would be back to where they were supposed to be and the growth that was expected in the volumes. Because if you would see, in last financial year, for the first half itself we had executed 3.88 Million Tons of steel, and in this first half we have only done 3.4 Million Tons of steel. So, which has been the reason for the depression on the EBIT margins. But those are expected to climb back to what we were at earlier in Q3 and Q4, where we tend to also have much higher volumes because of those two quarters being very high on demand.

Nirvana Laha: So, you are saying this is due to lower volumes and operating deleverage because of the lower volumes, and no particular cost item has gone up?

Himanshu Aggarwal: Right, that's correct.

Nirvana Laha: And final question from my side, sir. If I look at your cash flow statement, in the cash flow from operations there is a profit on sale of assets which is recorded for about Rs. 5.4 crores in the cash flow statement. But if I look at it in the P&L and H1, I couldn't see it reflected anywhere, because your other income is only reflecting the interest income. So, I just wanted to understand that this Rs. 5.4 crores of asset sale profit should have shown up somewhere in the P&L, right?

Himanshu Aggarwal: No. So, if you would look at it, our P&L shows other income of Rs. 5.9 crores. So, primarily a majority of that is from the profit on fixed assets, sale of fixed assets.

Nirvana Laha: But does also an interest income shown in the cash flow statement, which is Rs. 5.9 crores which exactly correlates with the other income, so I was a little confused. I thought that the other income corresponds to this Rs. 5.9 crores other interest income, right? Because if you total the two, there should be about Rs. 11 crores of other income. But in P&L I can only see about Rs. 5.9 crores of other income, so wasn't able to tally it.

Himanshu Aggarwal: I will get that checked, but definitely the other income has the inclusion of the profit on sale of fixed assets. So, just what is the differential there, I have taken note of that and I will get back to you on it.

Nirvana Laha: Sure, sir. And our earlier growth guidance of 30% for the financial year, you see no reason to change that, right?

Himanshu Aggarwal: Absolutely. So, if you look at it, traditionally we have about 45% of our revenue coming from the first half and 55% from the second. And going by the current trend, if we look at it, we are looking to meet our aggressive target and sustain the 30% growth that we have already shown in the first half.

Nirvana Laha: And if I might just squeeze in one last bit. So, the yield you said for H1 was 2.96%, the gross yield. In Q1 if I remember right, it was 2.98%, so there has been a little bit of slippage. Is that in the normal course of business or do you see that rates are trending down now?

Himanshu Aggarwal: No. So, it's the overall impact of the purchase of new equipment as well, because the new equipment that we purchase is of the higher capacity, of which the blended result of the yield is reflecting a very small 0.02% decline as per se. But that is because the occupancy took a little time based on the monsoon, the delay that was being caused. But we see that going back to normal or rising up rather in the Q3 and Q4 periods.

Moderator: Thank you. Next question is from the line of Naman Parmar from Niveshai Investment Advisors. Please go ahead.

Naman Parmar: Congratulations on a great set of numbers. So, firstly I wanted to understand, what was the current utilization level in the crane rental division?

Himanshu Aggarwal: The utilization level for Q2 was about at 78%.

Naman Parmar: And secondly, your CAPEX guidance was of around Rs. 160 crores, I think. So, out of that, you have deployed around Rs. 94 crores, Rs. 95 crores. So, rest of the amount in how much time you expect to deploy and where you are expecting to deploy?

Himanshu Aggarwal: So, thank you for the question there. So, the CAPEX guidance of Rs. 160 crores, as we had explained in the earlier call also, is divided into two parts where we had kept Rs. 100 crores for the current financial year and Rs. 60 crores in the first half of the next financial year. And of Rs. 100 crores for the current financial year, we were anticipating to do it by December. But because of certain new opportunities that came up, we have preponed that CAPEX and completed Rs. 94-odd crores in the first half. And if need be, some of the other CAPEX that we have kept for the next financial year might also have to be preponed, but that will come into effect only once we have more clarity on the orders in hand going forward.

Naman Parmar: And it is majorly done on which side, the Rs. 100 crores?

Himanshu Aggarwal: On the equipment rental division.

Naman Parmar: And on the Steel handle, why there was a degrowth on a Y-o-Y basis, there was any reason for that?

Himanshu Aggarwal: Yes. So, primarily in the first quarter we saw that there was, especially two months that were eaten into with regards to our operations for warehousing and transportation segment, because of a standoff between labor and the authorities in April and May at the Visakhapatnam steel plant and the Visakhapatnam ports. So, that led to the activity slowing down considerably. And actually, the resolution of the issue took a little longer because of the general elections during the same period, but things came back to normal in June and then in July to the September quarter, there have been changes on the management front with regards to Rashtriya Ispat Nigam Limited, which has led to a slight, again, decrease in volume activity there, but it is back to normal now.

Naman Parmar: And lastly, how much EBITDA you expect on all the three divisions to be sustainable in the future?

Himanshu Aggarwal: So, we are currently at 35% for the half year and we see that as the sustainable level going forward.

Moderator: Thank you. Next question is from the line of Rohan Mehta from FICOM Family Office. Please go ahead.

Rohan Mehta: I wanted to know, what is your current order book as on date? And how do you see order traction shaping up for the second half of the year?

Himanshu Aggarwal: So, thank you, Mr. Mehta, for the question. So, the order book stands at Rs. 104 crores as of October '24, and which has seen a 31% increase year-on-year. And going into Q3 and Q4, we see that we already have a healthy order book in hand, plus there are very strong inquiries for more of the projects that we see coming up in Q3 and Q4, which traditionally as I have already said, happen to be our better quarters contributing to about 55% of the overall yearly revenue. So, the traction is pretty good there as well.

Rohan Mehta: And on your net yield, what was it for the current quarter and what was it for last year, September 2023?

Himanshu Aggarwal: So, the net yield for last year, I do not have the exact numbers, but if I recall, they were about 1.6-odd-percent last year, and in the current year the net yield for September '24 would be around 1.7%, 1.75%, roughly.

Rohan Mehta: And where do you see this trending in the second-half of the year?

Himanshu Aggarwal: So, with the CAPEX that we have already executed and now things are stabilizing post monsoons and picking up with the kind of demand that is there, and the pricing that we are seeing in the market, we do see an upward trend to the rental yields, and that should take us to a better position going forward.

Rohan Mehta: And in your Segment-A, which is your equipment rental business, your profit before tax margins, that has fallen from 24% to 19%, but on an EBITDA basis the change is not much. So, I just wanted to understand what exactly is happening?

Himanshu Aggarwal: So, the profit before tax that you have seen that there is a change there is, as I was explaining in an earlier question that, for certain of our contracts, because we are working with our clients in packages where we are picking up the entire package of the equipment required by them. And if our machine which was planned to be deployed with them but continues at another project site or there is a delay in the delivery from another location to the client, so instead of losing the opportunity we take equipment on rent from other crane rental players, and from the smaller ones who do not have access to such large organizations and who are not able to maintain the standard of compliance and the processes that are required to be there for managing such large clients.

So, we take up machinery from them and they work under us. So, it is basically like an aggregating kind of a model, so that was higher in the 2nd Quarter which has led to the expense side going high because they come up with a margin of only about 15% to 20% if it is a decent size crane. So, that that has led to that slight dip that you see.

Rohan Mehta: Right. And second half you expect this to normalize that, so on an EBITDA margin level where do you see, on a sustainable basis, your Segment-A?

Himanshu Aggarwal: So, we have been operating right now in the 50% to 51% EBITDA margins, and those should be at least around 53% to 55% as we keep stabilizing this with our CAPEX coming into play.

Moderator: Thank you. Next question is from the line of Manan Vandur from Wallfort PMS. Please go ahead.

Manan Vandur: I have a few questions. So, first question would be, according to your guidance, if we have to reach around Rs. 220 crores, according to the guidance, we will need around Rs. 20 more crores of orders. So, when do you see this coming in, this kind of an order?

Himanshu Aggarwal: So, thank you for the question. See, in the operations that we are into, primarily Segment-A and Segment-B, there tends to be a regular flow of orders. And what we have said is that Rs. 104 crores is for the current financial year itself. So, apart from that, there are certain discussions and orders that are work in progress. And on a regular basis, certain equipment that has been working currently with clients were, for example, expected to be completing their project in November. But there are usually extensions for another three, four months, and those are what we have not factored into when we talk about the order book position as on date. So, we anticipate that that would be covered through running the contracts that we already have, which will be going into extensions, plus the new inquiries and discussions that we are having with our clients.

Manan Vandur: Can we know our bid pipeline for the rentals?

Himanshu Aggarwal: I am sorry, I didn't hear that.

Manan Vandur: So, in this also like we bid for tenders, like for orders for rental we might be bidding, right. So, do we have some sort of a bid pipeline that you can enlighten us with?

Himanshu Aggarwal: Strategically, I will not be able to give details on the pipeline per se. But as I stated that there are certain discussions that we have ongoing, plus we have visibility from clients that certain contracts which are currently running with them will be extended further so that is where we have factored into. All those factors have taken into place when we have talked about our aggressive 30% growth target that we see ourselves being on track to achieve in this financial year.

Manan Vandur: So, in our current order book, around Rs. 5 crores of something is coming from renewable energy, so you can say 5% of Rs. 104 crores, so around Rs. 5 crores something it might be there, right? Are we are we planning to increase this because we see that Suzlon, Inox Wind, all these want to ramp up their execution timeline, and we have a very big player over there in the renewable energy wind turbine side. So, how have we differentiated ourselves from that big player that we can grab orders in that area as well?

Himanshu Aggarwal: So, to answer that, we are spread across sectors where we have been actively progressing in this cement, steel and petrochemical sector with regards to the revenue mix. And we have recently entered renewable energy space. We are well poised to take up more share of increasing our revenue mix towards the renewable energy sector, provided that our equipment that is already deployed in the cement and steel sectors, if it is getting rehired and they are becoming available to move to another project, then we are actively already working with the renewable energy clients as well with the timelines in place. So, with the kind of equipment that we have, it is such that it can be used across sectors, so we are very well placed there.

Plus, we have got a young fleet of machine which is less than six years of age, rather the machines that are to be deployed for the renewable energy sector, they are within the two-year average age period. So, we are very well poised to take up any opportunity there if the requirement arises and if we wish to further expand our space, if we wish to further expand our revenue mix there. But going by where we are right now, we are pretty happy with what we are doing with the cement and steel industries as well. So, we are taking our time to ensure that we do not jump into any situation just from the perspective of being in fashion. So, it's more about ensuring that we are stable across sectors.

Manan Vandur: Do we have any further debt plans, like are we going to take on debt or something like that?

Himanshu Aggarwal: Nothing planned as such for an immediate increase on the debt side. We will consider that probably in Q4 as we understand the situation, because we have already done a considerable amount of our CAPEX that we were supposed to do. So, at least in the current quarter, we do not see any major debt activity happening. If anything, that will come up in Q4, depending on the situation at that time.

Moderator: Thank you. Next question is from the line of Prem Sagar from Samore Renewables. Please go ahead.

Prem Sagar: My question is with respect to monthly rental yield, that since Company is owning crane and other equipments like trailer and pick and carry, so the monthly rental yield given the presentation is 2.98%. So, is it of crane or other equipment, or is it consolidated?

Himanshu Aggarwal: So, yes, thank you for the question. It is a consolidated yield for all equipment that are working under the equipment rental division.

Prem Sagar: And can you share the monthly rental separately for cranes and other equipments?

Himanshu Aggarwal: Strategically, from a business point of view, we do not do that and we do not look at giving out those numbers, because it is a mix of our equipment that we have and that is a business strength that we have, that we have a mix of equipment that can be deployed across sectors with across clients without giving out these kinds of details.

Moderator: Thank you. Next question is from the line of Naman Parmar from Niveshaay Investment Advisory. Please go ahead.

Naman Parmar: Thank you so much for the follow-up question. So, what was the order size for the bullet train that you have got in this quarter? And it was based on the tender? And how you received them?

Himanshu Aggarwal: I am sorry, sir, the question you asked is regard to the bullet train?

Naman Parmar: Yes, yes.

Himanshu Aggarwal: So, for this quarter we have not got any specific new order for the bullet train. We have been working at the bullet train project since 2021 since its very start. The work has tapered off over the years because the project has also been advancing pretty steadily there. But there is no specific new order in the last quarter, if that is what you wish to know.

Naman Parmar: Okay, there is no specific order. So, if you can tell what will be the opportunity in this?

Himanshu Aggarwal: In the high-speed rail, bullet train project?

Naman Parmar: Yes, high speed rail, bullet train project.

Himanshu Aggarwal: Yes. So, the opportunity there remains pretty active with regards to their requirement for the equipment rental space with equipment like piling rigs, cranes, as well as our aerial working platforms being in high demand there. But at the same time, because we have been moving towards also the steel and cement sector, you would see that our revenue mix has somewhat come down from the infra sector, and this project itself comes under the infra sector. So, we are not actively pursuing very much in such projects and limiting ourselves to only areas where we are seeing more value in the high-speed rail as well. So, there the crane requirement and piling rig requirements are there which we are working on. And if something suitable to us is there, we will definitely go for it.

Naman Parmar: So, currently, majorly you are focused more steel and that part only if there will be an opportunity then you will go.

Himanshu Aggarwal: Yes, definitely.

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

Anant Sarda: I just have one question. Why are we hiring cranes from the market, why can't we buy those cranes as we are doing? I understand that you have done a Rs. 94 crores expenditure on CAPEX this year, but your balance sheet is extremely strong, and you are paying those debts as well. So, won't it be a better choice to buy the cranes instead of rent them from the market?

Himanshu Aggarwal: Right. So, thank you for the question, Mr. Anant. So, basically we had to go for renting them or taking from the market for specific projects where the client's requirement was immediate. And buying a new crane of such size, it has its own timeline. So, to ensure that we do not lose out on the opportunity and to ensure that our rapport with the client that we have already established and their dependability on us for ensuring that they can get the required solutions and services through us rather than having to engage multiple agencies, we have taken this step to ensure that we maintain our stronghold in that project and our concentration of equipment in that project by also keeping a couple of machines only. If there are suppose 10 machines as part of the package, one or two machines are from the outside agency and the balance out from us. So, the idea is to ensure that we maintain our rapport there without having to compromise on waiting for the machine and the client taking it from somebody else.

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

Karan Gupta: So, my first question on the margin side is, warehousing and transportation margin is declining on a year-over-year basis, and the same for the steel processing distribution side. So, what was the reason for that? And the second was on the margin side of warehousing and transportation, what are the steps that we should take to increase this to it?

Himanshu Aggarwal: Right. So, to answer your question, so the first on the warehousing and transportation side. As I highlighted earlier, the volumes have been lower due to certain disturbances seen at the warehouses or the stockyard, specifically in the Visakhapatnam Steel Plant. But they are stabilizing now, so we do see that the margins will rise again and be at a stable level of where we usually operate at about 22% to 23%. That is where we anticipate it going forward, in the Q3 and Q4 they should be back to those levels. And in the steel distribution side, it is more of a conscious decision where we are only executing certain projects from a customer stickability perspective and reducing our share in revenue in that segment as you would see it has come down considerably to 4% only in the current quarter. So, that is where we would like it to be in that 4% to 5% range. Because it's not a high margin business any which ways. It is more as a horizontal integration to our already active segment, which is warehousing and transportation.

Karan Gupta: So, for the warehousing side this will be back to the normal level of 20% - 22%?

Himanshu Aggarwal: Right, yes. That is what we anticipate with the stabilization happening with our clients. And activity is already back to normal, so the margins will also, volumes going up the margins will stabilize.

Karan Gupta: And return on capital on the warehousing side in transportation?

Himanshu Aggarwal: We do not have a separate calculation done for that. I will have to get back to you, sir, on that.

Karan Gupta: And any way to increase the rental yield in our hiring business, equipments hiring? I am just trying to ask one thing, in faster utilization of our rental equipment, like one crane is working in one site. So, is it possible to allocate in two, three projects or the faster utilization of the cranes, is that kind of thing can happen?

Himanshu Aggarwal: Usually, it depends on the size of the crane. If it is a mobile crane which moves on tyres like our cars do, we are able to utilize cranes across projects at a faster pace because the machines can move on their own. And once the work gets done at a certain project, the way we work is, we always have the pipeline in place where we know that the machine is expected to be available from a certain period. So, we have another work in hand for that machine before it is getting released. So, that is the process followed and that enables us to ensure faster utilization of the machine post it becoming available. But with the larger machines which are crawler mounted, which have to be moved through other means which is on other trailers, it is a process which takes its own time and there is movement as well as the process of getting the machine assembled at the new site location. So, at present, we are already achieving, what we understand, very high efficiency of putting machines back on rent once they are moving out from another project. So, we do not see making a big impact to improve on the yield side. But as I said, with the demand increasing in Q3 and Q4, and traditionally those quarters being the better quarters, and the CAPEX that we have already done stabilizing now, we do anticipate that the yield figures will go up.

Karan Gupta: So, to increase the yield side, we continuously have to put the new equipment on the site or it is kind of incremental for the old equipment also?

Himanshu Aggarwal: It is not necessary to add new equipment to improve the yield. It is basically incremental for the old equipment as well, because yield is a factor of the numerator being or revenue at the denominator being the value of assets. So, the older equipment providing similar revenue or close to similar revenues to newer equipment give us better yield anyways, because their value has depreciated, and they give us a better rental yield on their value front. So, it is a combination of both, so this is a blended yield of all the equipment that we have, as I had answered the earlier question also. So, we do not necessarily need to add new equipment just for increasing rental yields. It is that in the larger picture, the demand and supply situation that we are seeing is, we have got sufficient orders in place which have enabled us to take on such aggressive CAPEX to meet our clients demands, and now we are looking at building from here.

Karan Gupta: And the utilization is 78% to 80% around?

Himanshu Aggarwal: Yes, that was in the first half of the financial year.

Karan Gupta: So, will it maintain in the second half also?

Himanshu Aggarwal: Yes, ideally we are looking at taking it up to anywhere above 85%, which is for the Q3, Q4 period, and that should definitely be the case.

Karan Gupta: And will the life of the assets be seven, eight years?

Himanshu Aggarwal: So, the cranes tend to have a life of 15 to 20 years, depending on the size and make of the crane, so that's how they are placed.

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

Himanshu Aggarwal: Thank you once again. I would like to thank everyone who has taken out the time to join in today. And it is always a pleasure to interact with people who have always shown faith in our Company and who continue to understand and further understand what the Company does. We hope to continue doing the good work that the Company has been trying to do and look forward to meeting you all once again in the next quarter. And before that, wishing you all a very Happy Diwali in advance and a very Happy New Year ahead. Thank you.

Moderator: Thank you very much. Ladies and gentlemen, on behalf of Tara Chand Infralogistic Solutions Limited, that concludes this conference. Thank you all for joining us. And you may now disconnect your lines.