**Komal (00:03:35):** Good evening ladies and gentlemen. I am Komal, moderator for this conference call. Before we begin with, I would like to exchange my warm welcome for joining us today for the discussion on the financial results for quarter 4 and the financial year 2021 and addressing investors and analyst queries. On board we have with us today, Mr. Vineet Agarwal, Managing Director, TCI and Mr. Ashish Tiwari, Group CFO. At this moment all participants are in listen only mode, later, we will conduct the question and answer session. At that time, if any participant has any question, they can use the raise hand feature in Zoom call and wait for his/her turn to ask a question. Please note that this conference is being recorded. I would now request Mr. Ashish Tiwari, Group CFO to embark on this meeting. Thank you and over to you Sir.

**Ashish Tiwari (00:04:38):**Thank you Komal. Good evening to all of you again. I would like to request Mr. Vineet Agarwal, Managing Director, TCI to give some opening remark and start the earning presentation. Over to you Sir, thank you.

**Vineet Agarwal (00:04:58):** Thank you Komal. Thank you Ashish. I do hope all of you are safe and doing well. In this tough time right now, we are all with you. So, we have all gone through a lot of pain in the last few months, so, we empathize with you and again thank you so much for being present today in this Earnings presentation call.

If you can go forward please, so this year has been a very challenging year, however the company has really come out with exceptional performance, this is dedicated to our team who have really, really worked very hard across the country, across various conditions to really bring about this kind of performance. So I would like to again commend the team and thank them for this spectacular performance that we have had.

In terms of the group overview, you are aware of this, so I am not going to repeat this more and more, you have already have a sense of it and many of you have seen this. Group has three companies that are listed, TCI, TCI Express and TCI Developers. And together all three companies now have a market cap of about 8000 odd Crores.

Next slide please. I would like to talk a little bit about what’s happening with the industry as a whole. And there are several growth drivers for the industry, clearly consumer driven growth is very, very obvious with the kind of pressure we are seeing in terms of movement towards online shopping. The fact that the customers are wanting instant gratification versus customer looking for longer periods of…in terms of delay in terms of getting what they want. And people are putting…that is putting a lot of pressure on supply chain also in the country. This is going to have a major impact in the long term.

The other impact is from our customers’ perspective. They are looking to increase their outsourcing, clearly their demand for technology and the demand for certain things, like for example during this pandemic, more warehouses have increased and they are also looking for multimodal solutions. So, the pandemic also had quite a good change towards customer orientation towards logistics as well. And I think supply chains have become a buzz-word today. Whether you take it from the company perspective or from the medical fraternity perspective, from all perspectives supply chains have become a very important, not just a word more, more in terms of action that is happening here.

From an Industry perspective the industry is still very, very fragmented, consolidation is still very low. There are lot of positive things that are happening, especially with the growth of industry, growth of GDP, we will see that the industry will grow as fast as…at that space as well. Things like the National Logistics Policies also clearly hinting that logistics is going to be very, very critical for the Nation like ours. Where we have a higher cost of logistics…cost as a percentage to GDP. The Government has also introduced and has been introducing several measures. Clearly GST, seaway bill sectors, all pushing formalization, there is of course a lot of infra structure push that is there from the MMLPs, the DFC etcetera. And of course the new schemes around boosting domestic supply chains, specifically with many companies looking for a China +1 strategy, PLI and Atma Nirbhar Bharat are all going to create a very, very robust environment for logistics industry in the times to come.

Next please. Embarking on our company strategy, we would like to essentially be India's leading, integrated multiple logistic service. And the idea here is to provide a whole range of services that we have through various methods and various products that we have across the company and essentially align ourselves more and more with what the customer wants. Our principle in our business is something that we call as CORE, which is Customer focus, Ownership, Responsiveness and Empathy. And we want to use that value system we have in creating an impetus for customers as well. So, in terms, that is a broad strategy. I will talk about some of the USPs that we have been able to create in the last several decades and some of these are, you know these but these are very specific in terms of understanding how are companies looking at growth in the logistics market.

Next Please. So, we are amongst the only company in the country which has this huge range of customized services that we provide. From all kinds of modes of transport to all kinds of specific and specialized services, we have a very strong vendor eco-system. We can provide a single window solution with a control tower and also building operational efficiencies for customers. We service all the major verticals in the country. We also, in some cases handle a very large accounts for many of these verticals that you see and overall the range of services has helped us to really build several large and dedicated accounts with our customers. We have several accounts that are more that 10 Crore+, 50 Crore+ or 100 Crore+ in terms of business that we do with them on a yearly basis. So we are focused on one-stop solutions in terms of the large customers but we also focus in terms of providing, even the MSMEs, all kinds of services under one single roof.

Next Please. An example of this a customer, well I cannot name it specifically but we have been providing a large range of services to them, to this particular group in India. And from multimodal services, where we have been using…providing them chemical logistics, using ISO tanks, which are very specialized ISO tanks, now this is moving not just by rail but by road as well. We handle some of their, almost all their large volume in terms of the chemicals. We run their food…some of their food processing business logistics, which includes warehousing, as well as using multi-temperature vehicles. We also have huge off-rate business for some kind of FTL and LTL services, where they need constantly. And all these are run through a key account management system with a single window solution for them, with a control tower kind of a scenario. All the operations at very high quality levels, as well as very high KPIs and SLA levels because some of these, this particular industry that the customer is part of is a process industry and they really cannot look at any kind of delays in terms of their production and also are looking to typically sometimes get economies of scale and better cost structure. So, we have been able to help them in the last several years in building a very, very comprehensive solution across all their businesses.

There are many such case studies, I just wanted to highlight one specific case, just an idea of how we have been to move from design to execution for many of these customers. The other thing that we have is a strong multimodal network, again this is all in-house, so the capacity that we have been able to create in the last decade or so, around this has been quite large. So for example, if you start in a clockwise direction, we have moved more than close to 2 Lakh TEUs in the last year and this is across all modes of transport, be it sea, road as well as rail. We were amongst the only company, other than the Government companies, that has moved more than 1300 trains last year, so that is more than almost 4 trains a day and these are full rakes that we have moved last financial year. As you know we have 6 ships and the output of 10,000 trucks at any given time. With our own…we have our own 3 AFTO rakes as well, for movement of Auto.

So we have been able to build a very strong multimodal network across the country using ICDs of our joint venture partners as well as many other ICDs that are easily available. We have seen that customers are now looking more for these solutions because they feel that we… can they use a different mode of transport other than road to not just bring down their cost but also provide green logistics to their own entities. So it has been a great experience and we will constantly update you on what's being happening in the last few years as we build this further.

Again, the organization with these 62 years has been very strong in terms of incubating businesses. You have seen that the company had started many other entities which were demerged in the late 90s and subsequently we had the Express business that got demerged, our Developers business got demerged and simultaneously internally you have seen we have grown the supply chain solutions business, the seaways business, the cold chain business, all of these essentially indicate towards a high level of innovation we bring towards our customer….based on customer orientation. We are constantly on the visual as to what our customer is looking for, what are the potential growth areas. Now there are several that we have identified in the next few years that are potential high growth opportunities and you would see that these also align very much with what is happening in the market place as well.

I will start with the chemical in the farmers' side. We know that the disruption with the China as well as the fact that more and more companies want to be positioned here with the China +1 strategy and the fact that the chemical industry in India is starting to mature in terms of the supply chains, we have seen a great opportunity there. We have built some assets of our own with ISO tanks, gas tankers and so on. And we have also been positioned with and with high quality certification through Responsible Fare, IFFCO, PESO and other licenses as well. So we are very compliant and used our multimodal network very efficiently to really service this specific industry.

In this pandemic we have seen that the Agri plus value chain has really taken off because of the fact that the consumption has not come down. This is a sector that we have been doing a lot of work but now we feel there is a lot more opportunity to look at, the entire value chain from seeds and fertilizers to the final product that needs to move. And again we have used multimodal here quite a lot. In the…during the pandemic, in the first wave we were moving a lot of food grains, whether it was grain or channa or other items across the country using our rail network as well as our sea network. We have been able to work with tractor companies a lot in the last year, providing them spare parts, yard management, etcetera. We have been working on the final, on the finished food products as well, movement of edible oil and so on. So again when we looked at the supply chain, the value chain for the agricultural sector, we saw that it is massive and the scope is massive and we have a good orientation towards it.

The other sector, you have already seen our potential in terms of the way that we handled e-commerce with our fulfillment centers as well as we are running extremely high Six Sigma level quality activities in some of our warehouses which include value added services as well. So this sector will also continuously keep growing.

Cold chain business has now started to mature in the country. We are feeling that the movement is now towards cost…from cost to quality, more and more. And also we have seen that food delivery and other such areas have grown quite a lot during this pandemic as well. And we have also established a joint venture that has happened in the last few months where we have Mitsui & Co. that has come in with a 20% stake in to our cold chain subsidiary. So, we have been able to build a good traction with some excellent customers. We have also started vaccine movements here, so the potential here is also quite massive as we look at it.

One of the interesting areas is the neighboring countries, we have seen that not just the BBIN, which is Bhutan Bangladesh, India, Nepal but the CMLVs, which is the Cambodia, Myanmar, Laos, Vietnam, all of these countries the linkages are also increasing. As we see with Government, Government is also investing into a lot of projects there. So we see the likes of L&Ts, and Kalpatarus of the world, who are going to these neighboring countries and also building projects there. We have our own subsidiaries in Nepal, Bangladesh and also the process is underway in Sri Lanka. And also we have offices in all the major border of these Nepal, Nepal border or the Bangladesh border. The other countries, we are in the process of building slowly. Our ships do go to Myanmar and are bringing in pulses as we speak. So, the potential with in this multimodal again, we have moved several rakes to Bangladesh also, is quite immense going forward.

Next please. Last but not the least in terms of our USPs are positioning from technology perspective, we are very strong in terms of technology, with our own systems. So, almost all our operations are completely are not just on the cloud but also on mobile. We have a central monitoring system with a logistics control tower, where we are for example getting GPS data from more than 25 odd GPS providers, through APIs.

We have a digital transformation team in place, they are working on several areas around RPA, Data analytics etcetera. We are doing work around ML. Not yet on AI but certainly ML related work, our business tools are used quite a lot. Our in house team extremely strong and has built capabilities in the last several decades. We also have deep customer relationships management systems, through portals and apps as well as for suppliers.

So it is a complete holistic approach to technology that we have been using. I think we also have to also think about the evolution of technology in the supply chain business. I think sometimes we get over odd by the fact that customers, if you are getting a product let's say from Zomato and you are seeing that every 10 minutes where the status is. B2B customers don't necessarily want that kind of a status update. They want to know exceptional updates, is there a problem with any shipment that has happened and once the shipment reaches, has it reached properly. So, the approach that we have is a little different. The tracking that we do is hygiene but the tracking is such that it is part of the customer's interface that they are dealing with, rather than it is on all the time. We have seen as a good response, the response we have got from customers has been much better. And obviously there is a lot of things that we can do here because technology is evolving very, very fast.

Next please. In terms of the highlights for this financial year, as you know that quarter 1 was very weak, with the lockdowns in April and May but the company bounced back in the last three quarters and the last quarter was a record quarter for us and as you can see the consolidated revenues with almost 34%. The cash flow that we have has been quite good in the last year. We have been able to get, compress our CBIL cycles as well as we have been able to get some Income tax refunds and dividend inflow which has helped us to actually reduce our borrowings substantially, as well as we have a lot of cash still available on our books out of the limits. So access to limits is still very high and only 32% of the limits have been really utilized in the last…have been utilized till the end of the financial year.

Our pipeline is very robust with the customer connects that we have made in the last year. As we know we have made calls to several lakhs customers in the first quarter itself, so that we are able to connect with them and ask them how they were doing. And as you have seen that our integrated play has really shown that it is effective and we are very strong in terms of handling any kind of issues that come up, whether it is the cycles that come from economic cycles, whether the pandemic or any such change in the environment or any kind of macro shocks that happen, we are quite able to handle it.

Now I will go into division specific results. This is the freight business. So the three main businesses of ours freight supply chain and seaways. I will talk a little bit about their industry segment and where we are positioned. So, as an industry you know that the freight business, a lot of it is fragmented but the customer needs are changing, they are wanting both FTL and LTL. Mostly moving towards anywhere to anywhere kind of a model. And that is where we have the strength and we have been able to provide a key account management system to many of them as well.

Next Please. So in terms of our strengths, we have the… this is our bread and butter, in terms of when we started this company. We serviced from Leh to Nagercoil. We have our own offices, the strategic hubs are there. We provide very specific, on demand FLC kind of products for safe transportation and our LTL business has also picked-up. So, there are customers who want all kinds of solution, so there is one specific customer who says that I have 15 plants, where I need to move FTL and LTL from those plants to project sites plus I need you to pickup material from my third party vendors, who are my…who I get my job work done. And I want you to bill all of them into a single location. Again this is quite complex but we do such services and we have KAMs that manage these, including providing invoicing in a single control tower as well.

The business did quite well in last quarter. As you know Q4 FY-20, that is March '20, the business was hit hard because the lockdown started around the 22nd, 23rd of March. But this year we have been able to clock back quite rapidly and have been able to reach up to almost the same levels as last year in terms of our revenues. It is a short about 8% but in terms of the margin structure it is almost the same levels as well as the ROC has also improved. In the first two quarters of the last financial year, we were facing challenges with MSMEs and LTL business had trouble picking up but we have seen that that has picked up in Q4 and did fairly well. Our target towards getting to 40% in the next 2 to 3 years is in place and we will get there with the kind of efforts that we have put in terms of marketing as well as building the necessary hub infrastructure.

Next please. You know about the Supply chain industry in general. It is quite fast growing industry and has a lot of potential. There are of course elements of supply chain. Lot of people think of supply chain only as having warehouses, it is much broader than that. The supply chain industry typically covers the complete gamut of services that we provide to a customer, from conceptualizing to network design to really execution and that kind of capabilities that we have are also quite unique here. There is a lot of demand here in terms of customer expectations. And there has been no customer that we have failed in the last several decades of running this business.

Our supply chain business, as you know has a large portion of these auto related segments. So, there is auto, there is consumer auto business, the industrial auto business and then the agri auto business, so, all of these three areas have been quite robust and we are the only company that really runs a complete multimodal network when it comes to outbound logistics for finished vehicles in the country. These are some of the yards that we have. Of course, you are aware of the large warehousing foot print also that we have in the country, where we run warehouses for FMCG, consumer durables, e-commerce fulfillment centers, all through a combination of full-fledged, full-suite of services through a controlled power kind of a setup.

So the business grew at 40% in the last quarter, this is because of lot of movement that happened, not just in the auto but in all segments. The margins also grew, doubled in the last quarter. The last year, the full financial year we do marginally but EBITDA is closer to about a 100 crores for this business and ROCE has crept up a little bit but essentially capital increase because we added some rakes, two rakes that have already come in and the third rake is under plan. So, the business has started to pickup here as well.

In terms of the storage area and the management, we have 12 million sq. ft. which translates to about 112 cubic feet of space. There are some warehouses that are at ground level, which means that about storage about 6-7 feet and there are lots of warehouses which go G+6, G+7 levels, so this is a rough calculation in terms of what we have done in terms of cubic feet capacity usage that we have had. One interesting thing that we also have is 250 acres of land that is under yards that we are managing today. Again this is very, very unique and some of these yards are multi customer yards, where we do all kinds of activities from storing the finishes products for the auto industry to doing pre-delivery inspection, cleaning, invoicing and final last man delivery also from these yards. So again a unique strategy has been put in place from the auto perspective, where we are not just looking at in bound logistics but also the outbound logistics, very strategically and creating a mote sort of a protection, like a fortress around the business, so that we are able to really get maximum out of that auto business. You also know that we have only less than 10% share in the automotive logistics. So, the ability for us to grow in this business is just massive as this business, auto supply chains grow and mature in the country.

The next business is the seaways business. Our shipping, coastal shipping is only 6% of the transportation modal mix today in the country. The potential here again is quite massive and we are seeing customers wanting to use more and more seaways to not just reduce cost but also move towards green logistics. A lot of the coastal areas will see increase in manufacturing facilities as well with SEGs etc. coming up. And of course the neighbouring countries, the support that we can provide using the coastal shipping network as well. So it has been a great supplement to our overall business and clearly the potential here is quite massive.

Our own business has now 6 ships, as you know we sold one ship in the last financial year. And these ships operate, 2 on the West coast from Kandla to Cochin and 4 are on the East coast, which is going to Myanmar, on the return but also touching Port Blair when it is going from Chennai and Vizag. We have also have more than 8000 containers that are used by us. These are all different kinds of containers. And essentially these also help us in, some of these are our own container, almost more than half of these are, about 5500 to 6000 containers are our own containers. So, they actually help us in capturing a lot of customer business directly as well and helps us to keep our margins afloat here.

Next please. The business in the last quarter grew at around 23% and overall we had a marginal growth. Ships were under dry dock in the last year and also of course we sold one ship in mid February, so that reduced the output to some extent. Out East coast business is of course less compared to our West Coast in terms of the ratio of roughly 60-40. The margins in the is business are slightly compressed due to higher depreciation. However, it is also because the fuel prices in the last few months have been going up quite rapidly. So, I would think that the overall EBITDA margins should be maintained at this levels, however we do have some dry docks also planned this year, and that might have been impact as well. We are also in the look out for a new ship, unfortunately what we were planning to buy in Q4 of FY-21 has not happened yet and ship prices have really accelerated and right now it doesn't make sense for us to acquire a new vessel at these prices. Since our earning are all in Rupees but the acquisition will be in Dollars. So, there could be some losses there if we do acquire ships at this price. So we are waiting for the right opportune time and we have taken in the Q4 of this year.

Our joint ventures did quite well. These are numbers that are available in our balance sheet as you know. So, the Concor joint venture grew at about 70% in the last financial year and definitely about four times to five times jump in terms of profitability as well. Cold chain business grew at 40%. Again starting to look positive as well with the joint venture partner coming in now, we should see more acceleration in the business. The trans system business, at about roughly 20% dip mostly because the business that we do here of Toyota, that got affected to some extent.

Next please. In terms of the overall financial highlights, form a consolidated basis our Q4 was a record quarter both in terms of standalone as well as in terms of consolidated numbers for revenues as well as PAT numbers. You know that we have exceptional items in this quarter of roughly 3.5 crores, which includes about 90 Lakhs for asset write-down for our overseas ventures and about 2.5 crores roughly write down for our wind power. And for the full financial year also there the overall exceptional item is about 13.9 crores versus about 9.9 crores last year . So, without that also we have seen that there has been…if we include those numbers the growth in terms of profitability is much higher. Only in terms of standalone numbers is our revenue slightly lower than last year.

So our strategy of consistency in our business because of the various businesses that we have from our freight supply chain to seaways is what helps us to keep looking at our profitability measures, if you see from FY-16 to 21 we have grown, we have tripled our margins as well as you have seen that our debt equity ratio has come down to extremely low levels. ROCs are a little bit flattish because of the some amount of the Capex that happened in the last year also but also because the first quarter was quite badly hit and return to network is also moderated slightly but we definitely are looking for a better year this year, to improve some of these numbers.

In terms of a dividend payout, company has declared a 65% final dividend, which means a total dividend of about 125%. We are maintaining almost a 15, between a 10 to 15% payout ratio and perhaps this might also increase in the next year as we see how the conditions improve in the next financial year. Certainly quarter 1 has been challenging, partially challenging at least. April was far better than last year because last year was a complete lockdown. May is starting to look better but…May is challenging I am sorry. But is June is starting to look better in terms of outlook as well. I think a lot of things will depend up on how states open up and how vaccination happens. So, that will build confidence in terms of the next growth opportunities as well. We are highly rated with CRISIL AA positive…with a positive outlook I am sorry. And ICRA short term rating is at A1+.

We are very strongly positioned from our social responsibility perspective from the HSE, Health, Safety, Environment or ESG, whichever way you look at it. Especially on the safety aspects, our safe safar aspect has been working very, very strongly across the country.

Next slide. In the last financial… in these last few months we have done some exceptional work, our team has done exceptional work around moving critical movement of oxygen and vaccines. You can see over here, our…we have delivered more than 8000 tons so for of LMO to various hospitals across the country, is of course using some of our customers that we are working for but we ensuring that our vehicles are running absolutely 24x7, as much as possible. Our vehicles, empty vehicles were also airlifted by the Indian Air Force to move faster as well as we have been moving oxygen cylinders, concentrators, vaccines and other lifesaving drugs. As an organization our thought leadership is very strong, we continuously are building other reports of sectors that are there and of course the award and recognition is on a regular and continuous basis.

In terms of the outlook for the full year, right now we feel we can get to about 15% to top line, about 20% in profits …, but we will see how things progress in the next few weeks and how things come back. Clearly, we want to keep a tight control on the receivables because with this second wave of lockdown, we think that there could be some organizations that could have challenging times with their own working capital. So, we have enough leverage on our books to ensure that we are able to grow as well as ensure that we have enough capital available. We are looking at a very decent Capex plan for the upcoming financial year because we feel that we can anticipate the next cycle of growth now, with this vaccination, that is going to fall in place fully in the few months. We have spent about 110 crores and if you see that, we are the amongst the only logistics company in the country that has spent more than 1400 crores in the last decade and a half and still grown in terms of our profitability and ensured consistency in terms of overall growth.

So, the Capex, that will essentially go into building some center hubs, center or some warehouses where our capacity has come down. Of course, Q4 of this year we have a plan for a ship of about 80 crores, containers are about 40 odd crores, we would add another rake in the last in this year, as well as some new trucks etc. So overall, we should look at about between 200 and 225 odd crores of Capex for the full financial year.

So, these are the points we had. If you have any questions we would be very happy to take that. Maybe Ashish you can put in the…the 21st slide.

**Komal:** Thank you Sir, for the valuable insights. Ladies and gentlemen, we will now begin with the question and answer round. If you have any question you may please use the raise hand feature in the Zoom call. I would request you to start with your name and organization name, followed by your question. So, the first question is from Mr. Sriram. Sir please go ahead.

**Sriram:** Thank you for the opportunity. Sriram, from RatnaTraya Capital. Sir, my question is how are SMEs firing at this point of time and what is the proportion of SME for our freight division? That is my first question, my second question is on how prepared are we to leverage the opportunity in DFC, where you have mentioned that we have a JV with CONCOR, if you can elaborate a bit more on that, it will be helpful.

**Vineet Agarwal:** Yeah, sure, our SME base is mostly working say on the LTL side of the business, which is about 33 odd percent of the business, so I would say 80% is SME there. And in the FTL side of the business, we would also think there will be reverse possibly about 20% will be SMEs. So yes, there are some challenges with some of them but I think it's not extreme right now. It's still things that we are observing, what is happening. There are some companies who are doing job work for companies are feeling pressure right now because the raw material prices have gone up or they have not got payments from different, their principal etc. but the challenge is not that deep yet, is our sense.

The second is one the DFC, it is clearly something that we are going to use towards our advantage because we don't have to own portions of the DFC to really be efficient. For us DFC is really an element of, as being a common user there. So, we can use that facilities to our advantage by moving our own rakes through that network or using the joint venture to move our rakes there. As well as you know we can put our container at the....at one of the locations and deliver it at the other location and pick up by, so the first mile and the last mile can be by road. So, it is clearly an advantage for us.

**Sriram:** Thank you.

**Komal:** Thank you Sir, the next question is from Mr. Mukesh Shroff, Sir, please go ahead.

**Mukesh Shroff:** Good evening and thank you for the opportunity. My first question is on the supply chain.

**Vineet Agarwal:** Mukesh can you speak a little louder please, I can't hear you.

**Mukesh Shroff:** Yeah, is this better?

**Vineet Agarwal:** Yeah.

**Mukesh Shroff:** Okay, sorry. So, my first question is on the supply chain division, we still see that about auto is about 80% office revenue and this has been this way for last few years, so just wondering, how have we, kind of, what are we doing with respect to reducing the cyclicality and the fact that you know, you highlighted about e-commerce and the other businesses, how are we approaching this space in order to reduce our exposure to autos?

**Vineet Agarwal:** Yeah, so, I think you know we have to look at the business a little differently rather than just think about it as an auto focused vertical because the three areas in that are the consumer auto. So, consumer auto did not fare as well last year, especially the two-wheeler but the person mobility increasing more and more, we definitely see a lot of growth opportunities there and then the commercial side of automobile which is the earth moving equipment or cranes or so on and so forth, those have done reasonably well in the last financial year as well and even before that. So, that continues and the third is I agree the auto side, which is also the tractors and combines and other such equipment's that move, so, that has done quite well last year.

So, what happens with these different areas of focus, actually help us in mitigating in any year that is not very good for one specific kind of automobile business. So, overall it has been quite good for us in terms of this specific management, we have grown in pace with the automotive growth rates in the country. We have a range of services that is quite unique, we have, as I said very low market share still in this business. So, the capacity and the ability to grow is very large and so I don't think the cyclicality is the factor that we should think about so much but more so the fact that auto supply chains are the most mature supply chains in the country today. So that is an area that we feel that will continuously help us as we grow in that business.

So, yes, the issue in terms of building other business is also very high, with our e-commerce and the warehousing and other typicality but notwithstanding, this is also something that we are very confident to grow going forward.

**Mukhesh Shroff:** Right and just in continuation with that, you had mentioned 10% market share, here we are talking about the auto companies still doing it in-house and hence the market share is low or do we have to kind of gain market share from other players to grow, I means apart from the industry growth?

**Vineet Agarwal:** It is a combination of both. It's a combination of…and the third factor is that many parts are sometimes delivered by the supplier themselves, so it's EIF and in that case they use some local companies perhaps and some of them run through VMIs, Vendor Management Inventory, which is that they might have warehouses close to the plants and there they supply, so, various models exist and the share that can be acquired it's about all these factors. It's our ability to sell better and create value for the customer is what will drive more growth.

**Mukesh Shroff:** And my second question is again on supply chain, I mean we are seeing a lot of new entrants in this space, especially the companies that were so far focused only on e-commerce, so you have Delhivery, you have Xpress, you have lot of these names who are now looking to pivot into this supply chain business, have you already started seeing some bit of competition, although it's still a nescient industry but have you started seeing now more vendors trying to get that particular contract or still that is not the case?

**Vineet Agarwal:** No, we have not seen them specifically in these areas. I think the understanding there is that some of them are focused and working toward maybe some consumer sectors and they call it supply chain. So, I think the understanding what is supply chain is also missing. So, let's say the names that you used Delhivery, saying that for a pickle manufacturer I am picking up the material, I am also storing that material and delivering it to customers, is that supply chain? Not really, so it is lot more complex than that just that order fulfillment. It goes beyond to network planning to supply chain design, etc. So, yes, I think the maturity in this business with new entrants is very low right now. And I think it will certainly take a lot more time.

**Mukhesh Shroff :** Sure, sure, thank you for that I will get back in the queue.

**Komal:** Thank you Sir. The next question is from Mr. Preet Nagarseth. Sir please go ahead.

**Preet Nagarseth:** Right, thank you. I just wanted to congratulate Vineet, Ashish and everyone at TCI, I think phenomenal number given the year. The question I wanted to ask was in terms of improving the margins, I think Vineet if you could share what your plans are or if there is any guidance that you can give in specifically improving margins for all these three key verticals?

**Vineet Agarwal:** So, I think what has happened in the last financial year is quite unique also in some ways because the things went quite orgy in the first quarter itself and then a lot of catch up had to happen in the next few quarters and we have seen some of that in this quarter as well in this financial year also. So, I think the guidance that we have is typically the same that we have been maintaining for many years, for last one or two years and at the EBITDA level at about 4 to 5% for the freight business or about 10 to 12% for the supply chains, about 25 to 30%...about 25 odd percent for seaways business.

So, see I think a lot of factors are up in the air, as you would appreciate in this financial year also. So we want to be little bit more careful in terms of how we approach the financial year and really give you more accurate guidance perhaps little later.

**Preet Nagarseth:** Alright. Vineet over the last couple of years I think the margins have kind of followed a similar trajectory. I understand that last year was a one of and we are seeing the similar or lesser days being affected during this year but in terms of a concrete plan or let's say a two year horizon, three year horizon, do you evincive moving this margins up a bit more from where they are at present?

**Vineet Agarwal :** Yes, yes, of course. The idea is not just to grow form a volume and value perspective but also from the margin perspective and those are function of many things, function of economies of scale, in some businesses function of Capex, in some functions like seaways function of market conditions, in some businesses like freight and overall how we will be able to utilize our working capital limits, all the factors that we have, much better. So, it's an ongoing challenge to keep increasing the margin, I cannot really specifically tell you today that yes, we are looking at a 100 basis point or a 200 basis point improvement but it is on target in terms of 50 to 100 basis point increase yearly.

**Preet Nagarseth:** Fine, I wanted to ask if the demerger on the supply chain side is something that you are looking at given the size that it has achieved. Is that something that you would be considering over the next couple of years?

**Vineet Agarwal:** No, not really. If we were, we wouldn't be able to share it also, right. So, not really because you see that the consolidate business has a lot of potential in terms of acting as and hedge to each other during times when one business is not doing well. So that consistency we have, the fact that we are able to use the supply chain business very effectively with a lot of clients as a key account , with a large control tower kind of scenarios is something that will now start to play out more and more as we are seeing supply chains in the country maturing. So, I definitely think that the story is much deeper and much longer that can go on.

**Preet Nagarseth:** Right, alright thank you for that, we can go back to the session.

**Komal :** Thank you Sir. The next question is from Mr. Prateek Kumar. Sir, please go ahead.

**Prateek Kumar:** Hello, yeah, good afternoon Sir, I thank for the opportunity. My first question is, some of, I think our investors have often complaint about cash flow generation and I think we had a record cash flows this year, so many congratulations for that. So, how do we target, like, how do we see cash flows going up like, operating cash flow of Rs.300 crore this year, how do we see cash flows moving forward, would they grow in line with profit growth, if you are like projecting or they were some one-off which like sort of boosted the cash flows, particularly in last two years?

**Vineet Agarwal :** The one-off was not substantial to say that yes, we did get income tax refunds, etc., which were unusually large but overall cash flow as you know is a function of more and more in terms of the operations that we have and how fast are we going to do the turnaround in terms of cash, the cash to cash cycle.

So, I think you know some of the external factors could help also, last year for example some external factors did not help, which was that if we…there were bills that were pending with our clients because they said "our office is shut and we cannot process those bills" and that is also happening now for example. But as we are moving toward e-invoicing, I am hopeful that some of this cash flow cycle will improve.

It is also function of Capex. So last year we had around 110 Crores of Capex, this year the Capex is slightly double in terms of our plan. And also of course it will depend upon if we do by the ship or not and how it plays out towards the end of the year. But, yes, overall I think the cash flow will be in line with the top line and the bottom line projections that we have.

**Ashish Tiwari:** And, yeah Prateek adding to this, our higher Capex in the previous years also actually helping us now because higher depreciation is being there. It is not only the net cash flow, if you look at the operating cash flow as well, that is also kind of have a upper hand than the previous years.

**Komal:** Thank you Sir. Could I request participant to limit their questions to one or two and wait for his or her turn in queue. The next question is from Mr. Davneel, Sir please go ahead.

**Davneel :** Hi, Vineet congratulations for a great year and the way you have managed the P&L and balance sheet in a very tough time. I have two questions, the first one is

**Vineet Agarwal:** I am sorry, Davneel can you be a little louder please.

**Davneel :** Sure, is it better?

**Vineet Agarwal:** Yeah.

**Davneel :** Okay, Vineet you know if I look at the basic building blocks of our business and what we have done so far, we are a 14 to 15% ROC company, right? And we continue to invest money for growth opportune of anywhere between 120 Crore to 200 Crore. So, my question is you know, how do we move in our general terms that 14-15% ROC company to say to expect 20% +, any road map around that will be very useful.

**Vineet Agarwal:** Sure, so I shall put the next slide-22, put it on full slide. So if you see that we have been constantly adding capacity through Capex. If you see form FY-17, form 1000 Crores of capital employed to it is about 1300 Crores of capital employed but the…roughly the incremental increase is double in terms of profitability, from 80 Crores in FY-17 to 150 Crores in FY-21. So capital employed went up by 30% but returns went up by almost double. So the idea here is yes, we are looking to improve the ROC numbers but the ROC numbers will also be important….will not be so important if there is no growth, if there is no profitable growth.

So, we are also looking to ensure that we have the profitable growth over time, which means that we have keep investing into the business constantly as well. So that would continue. I think this ROC will start moving up as some of the assets keep maturing. There is…you know, all our businesses are close to 20% in terms of ROC. We have the other factors that bring in, which is the land and building that we have in some areas, some of the investments that we have. That is bringing down the ROC to some extent. But overall the businesses are all very robust. If you think about the business per say, all of them are doing good in terms of their expected ROC. Certainly, they can improve and they will improve over time but I think that the factor we have to make Capex is essential also to our business.

**Davneel:** Okay got it and one more question, I think you called out this time, especially the cold chain business, if you can

**Vineet Agarwal:** Sorry, we lost you there. If we can?

**Ashish Tiwari:** I think he is down.

**Vineet Agarwal :** Davneel, sorry we can’t hear you. Maybe you can log back in please. You can take the next question.

**Komal :** Thank you Sir. The next question is from Mr. Jasdeep Walia. Sir you please go ahead.

**Jasdeep Walia:** Sir, thanks for taking my question. Sir, you seem to be very bullish on the cold chain business, any long-term sales target you could give us and the quantum of investment you would be making in the business for the next…from next 3 to 5 years perspective?

**Vineet Agarwal :** So, yes, the business has a lot of potential, I think the growth rates that you are seeing is something that we want to…it is coming out from a small base. So, yes, it is only about 36 Crore business so, we are looking to grow at 25 to 50% growth every year on year for the next few years. Capital employed is also low, once we get the investment form the joint venture partner, some of that will go into Capex as well, which is related to building cold storages as well as having right amount of trucks. We have a combination of owned plus market trucks as well, so that we are able to really optimize on the field. And so, yes, I don't have a number in terms of the Capex plan yet but we are in the process of building that for the next few years. But definitely a 25 to 40% top line growth for the next 3-4 years. Jasdeep you are on mute.

**Komal :** Mr. Jasdeep, are you listening there?

**Vineet Agarwal:** I think the question is now finished.

**Jasdeep Walia:** Hello, Sir, No Sir, it is not finished I am sorry, I couldn't unmute myself, sorry.

**Vineet Agarwal:** Yeah, no problem.

**Jasdeep Walia:** Sir I am guessing the cold chain business is in its initial stages and you know one can't expect a reasonable ROC number but when do you think that you could start making a reasonable, let's say company level ROC from this business, at what kind of scale?

**Vineet Agarwal:** It is too early to say, as you can see, as you yourself rightly pointed out that we are in the early stage of business, it is still under incubation. Give us, maybe next year or so we should be able to give you better output in terms of what is happening but certainly the business has turned around and we are cash positive as you can see.

**Jasdeep Walia:** And Sir at what valuation is Mitsui coming in and what kind of capabilities Mitsui is bringing in because I would imagine you would have all the capabilities in house in cold chain kind of business, so what is the incremental capability Mitsui is bringing on the table?

**Vineet Agarwal:** So the business is valued at about 63.5 Crores, that is the value that Mitsui has come in. And that the capabilities that they bring is their global expertise in cold storages across the world as well as the linkages with many clients globally also in this space, be it on the cold side, as well as on the agri food side. And their expertise is very, very deep and global, including introducing us to many potential customers that are planning to come to India as well as a process management also in some places. So, our objective here is high quality and when we go towards high quality company like Mitsui will definitely help us in building that capacities, capabilities more and more.

**Jasdeep Walia:** Sir can I ask one more question or should I come back in the queue?

**Vineet Agarwal:** No problem, go ahead.

**Jasdeep Walia :** Sir, one final question on the seaways. The quarter on quarter scale up in revenues is quite substantial, so, if you could just take us through the major factors driving that kind of growth in this quarter?

**Vineet Agarwal:** In the last quarter we had no ships in dry dock, so that helped us quite a lot. And also, though we sold our one ship in the middle of the year, middle of February, middle of the quarter, but we are still able to generate a good output. Also, you know some sectors, the Western sector for example freight rates have gone up quite substantially because there is a shortage of vessels as well as containers in that area. So, that has helped us also to sure up both the revenues at the margins.

**Jasdeep Walia:** Got it Sir, that is all from my side. Thank you.

**Vineet Agarwal:** Thank you.

**Komal :** Thank you Sir, could I request participant to limit their questions to one or two and wait for his/her turn in queue. The next question is from Mr. Vikram Suryavanshi. Sir, please go ahead. Sir please unmute yourself.

**Vikram Suryavanshi :** Yeah…I think…am I audible now.

**Vineet Agarwal:** Yeah.

**Vikram Suryavanshi :** Sir, I think, can you highlight on the growth, what we can achieve in Freight business because earlier there was a concern about working capital management but the kind of working capital management what we have seen is quite remarkable. Will that enable us to grow quite aggressively in freight business also and how is the competition in this covid time, particularly have you seen that smaller players are finding it very difficult to compete and probably they may not be able to take a large part of business on their own and can tie-up with players like us. So how do you see that competitive scenario post this covid and growth and freight business?

**Vineet Agarwal:** Ashish can you go to the freight performance slide please? So, what we have seen that even in the pandemic period last year also the freight business did well because we were able to start up quite fast compared to our competitors when it came to the hubs, etc. I think the code philosophy works quite well. At that point in time we had labour that we supported, although there was a complete lockdown, we still paid them, we ensured and that really helped because when we had to startup these, the labour was still there. The workforce was still there when we could…when operations started.

So, it is a long-term culture issue that has an impact on not just this business but on all businesses also that positive culture, we have not laid off any single person, we have given increments not just last financial year but even this year we have given ESOPs. So, it is an overall culture that has an impact and I am just taking a slight diversion to what you have mentioned about freight but the highlight is that there is a certain amount of growth that should continue. We are looking at definitely a 10 to 15% top line growth in this business also. Barring what happens in Q1 we have some of our hub centers are now falling short in terms of capacity, so you are seeing that we are definitely building some amount of capacity with new facilities.

Working capital management is critical in this business as you rightly pointed out, so it has been flat, in fact it has been coming down in the last 2 years because of also the mixed changing, as I have also said in the past that as the LTL mix changes we will see definitely benefit in terms of ROC. I was confident of actually getting to the 20% ROC this year but you know the first quarter hit was quite hard and we were not able to get there but the challenge for the division is that they have to cross 20% ROC for this year at least. So, we are looking forward to a good year also with the kind of traction we have seen with many of our clients. You are on mute Vikram.

**Komal:** Mr. Vikram?

**Vikram Suryavanshi:** Okay, thank you Sir, I think that was the question from my side.

**Komal:** Thank you Sir. The next question is from Mr. Depesh. Sir please go ahead.

**Depesh :** Hi Sir, Dipesh from Equitus securities, thank you for taking my questions. Sir you have mentioned a robust pipeline for the integrated logistic services in your press release, if you can elaborate on that please and what kind of growth you are looking at the supply chain management business and if you can share any warehouse capacity increase targets you have for the next 2-3 yrs?

**Vineet Agarwal:** So, the aspect of complete integrated logistics is something that we have been selling to our clients and we see good traction there. I think we have to be careful in terms of what kind of businesses that we take. Some of our competitors have really gone ahead and taken a large chunk of some businesses where…I would say you have to be careful also in terms of the industry because there are some industries like the consumer durable sector where for example, the transportation rates absolutely at the lowest possible levels. There is no value addition that happens in that movement or there is the kind of warehousing spaces that some of them have are of really poor quality. So, you don't create a lot of value there for your customer, also for the business itself.

So, some of them might take those businesses at a loss and think that they are going to build margins. In our past experience we have seen that some of these other logistics companies taking up these businesses, not really doing too well. So, we are quite cautious when it comes to certain kind of large-scale logistics projects that we take up because we want to see a selection of the right industry is important and we are not really into revenue buy outs. See many of these entities are doing revenue buy outs, they are trying to get revenues and say that we will scale up and we will be able to get economies of scale and so on and so forth. We have really seen that has not worked in the industry because the margins are quite low.

Also, you don't really get a large chunk of the market right away. If you see, like a taxi market, now an Uber and Ola can really corner 50% or 60% of the market there because that market is not as fragmented and way people can move there is much easier. But the logistics market you cannot really take up 30-40% of the market share by revenue by outs, it is not so easy. We have seen companies who have come, the companies like Rivigo, Black Buck, have really struggled also because they have not really been able to understand the business and the market.

So, we have a robust pipeline. We have been talking to a lot of clients for the 3PL, 4PL kind of activities. I cannot really specifically share what will translate because the time taken for the maturing of some of these contracts is much longer and you know with COVID we have seen some customers really taking a step back also, and there are a lot of companies as you know have had cases also in their companies and some of these things have gotten delayed.

We don't have a specific warehouse target, growth target. I don't think that is the way we look at the business. We look at the business more in terms of providing solutions to clients and it means that in that solutioning we might even end up reducing the warehousing space for them and moving towards cubic capacity utilization. So that also might happen. So, I think not specific targets around warehousing for sure. Thank you.

**Depesh:** Understood Sir, the second question on the cold chain business you explained the growth targets but can you please highlight EBITDA margins you make here or  you target here and will there be any synergies with the TCI Express now that they have also got in into it or do you think that will be a competition for you going ahead?

**Vineet Agarwal:** No, the business of cold chain is essentially 15% to 25% EBITDA margin business depending upon the year and depending upon how the business work contracts we get. There is no competition with TCI Express. TCI Express does only some of the Last line, very, very small packages which TCI cold chain does not do. So, really speaking, no competition there.

**Depesh:** Understood thank you.

**Komal:** Thank you Sir. The next question is from Mr. Krupa Shankar. Sir, Please go ahead.

**Krupa Shankar:** Thank you for the opportunity. Sir, I have two question. The first one is on the supply chain business, just wanted to understand on the e-commerce part of the supply chain business. So, are we targeting or giving services to the top two or is more towards the long tail of e-commerce? Are the services limited to only fulfillment centers or is there anything like Line haul kind of thing or Last line, which have also been taken over in the last financial year?

**Vineet Agarwal:** So, yes, we are doing work with all companies and yes we are doing work with the top companies as well, as well as some of the companies we are running e-commerce lines for them which is a fulfillment line from the existing warehouses because as you have seen there are a lot of companies that are also changing their…since retails stores are shut, they are moving more and more towards omni channel and that is where we have been able to service them.

We do provide some middle mile kind of services and including in some cases some amount of Last mile also, where it is for little bulkier products, not necessarily for the small packages, etc.. And yes, when the products come to the warehouses we do a lot of value add which could be checking the products, some amount of tagging, kitting, etc. as well as returns management because as you know e-commerce also has a lot returns management aspect and we do manage that as well for many clients.

**Krupa Shankar:** So just to top on that, do you see e-commerce as the second largest vertical to have perhaps in the supply chain business

**Vineet Agarwal:** You know I would call it as retail. I would not call e-commerce specifically because retail is a better terminology since it is such an evolving business. So, I would think retail is amongst the top three segments in our supply chain business.

**Krupa Shankar:** And my second question was on the seaways business. Just wanted to (Voice breaking @1:18:24) but in the last year we have seen that there is over supply in the market and due to which the freight rates became really competitive. We do have plans to add new ship at the end of this year and there is this stock of Concor (Voice breaking @1:18:48) Do you see that overall, given that you have also stated the acquisition price of a ship can go up, do you see the ROCEs perhaps can be…can come down in this space or projects can be impacted with the again shipping freight rates collapse?

**Vineet Agarwal:** You know the freight rates, there was not over capacity in the last year. That was only in the 19-20, there was a bit of overcapacity. Also, in the first quarter we had decent movements happening because the roads were…transport were shut. So, it did as you have seen, the business still did grow at about 7% in the last financial year. And freight rates have actually moved up quite rapidly on the Western coast as well as the Eastern coast. So, we are seeing good traction there. So, really…and maybe it is a little slow down now but it’s not going to necessarily be slow over the full year as per our estimate. Also, clearly because fuel prices are also on the higher side, that would reflect into higher container pricing as well.

Yes, the price of a new ship will factor in and will have an impact on ROC and also when the ship comes in and when we are able to deploy it or how fast we are able to optimally utilize it, will have a impact on ROC for sure. So, yes, that remains to be seen in terms of the acquisition price.

**Krupa Shankar:** Thank you sir and all the best.

**Vineet Agarwal:** Thank you.

**Komal:** Thank you sir, the next question is from Mr. Srinivas, Sir please go ahead.

**Srinivas:** Hello. Hi Vineet, hi Ashish.

**Ashish Tiwari:** Hi Srinivas.

**Srinivas :** Yeah, Hi. Congrats on finishing the year quite well. I just brought a question on this covid. Now When you compare what is happening today and look at what happened last year, can you give some colour on how it is similar or different with respect to business in each of the verticals. Last year the maximum impact was felt in supply chain and followed by freight and seaways was less disrupted, broadly what kinds of trends are you seeing say in May and as we speak compared to this thing. And in the guidance that you have mentioned of 15%, broadly what kind of normalization path have you assumed with respect to covid, is it like things getting back to normal by end of June or what kind of buffer have you built into the guidance that you have given?

**Vineet Agarwal:** So, this time round there is no disruption in the supply chain to a great extent, which means that last time everything had been shut completely, so that had an impact on factories and so on and so forth. Our freight business also didn't do too well in the first quarter last year. So I think this year because the lockdowns are being more gradual and more state specific, we are seeing a little bit more uncertainty in terms of when things will open up.

However we do have plans from let's say the auto companies, some of them have already started opening up in this week and in the next week also they are all opening up, next month as well. So the visibility is though it's uncertain, when they will open up but at least some of the larger entities, the visibility is slightly better as we are seeing. Some amount of MSMEs will certainly have a bit of a struggle. If the Government spending continuous like it did in the first half of the year, we should see that some of the projects will get completed or projects will start moving where machinery and other equipment is needed, so that will help our trade business as well.

We do traction of course with the seaways business as well as with the rail business. So that should pick up. So, normalization for us mean that perhaps more in terms of closer to the festival season, typically after August, when we can see more movement. Typically, also, you know, even during the year these are some slow months anyways because of post year end as well as because of monsoon, etc. But August onwards, things do start picking up and also with vaccination accelerating, hopefully the next few weeks, we should see more consumer confidence coming up and hence… consumer confidence building up and hence growth potentially from August, September onwards.

**Komal:** Mr. Srinivas please unmute yourself.

**Srinivas:** Hi, sorry, I think I went on mute and I was not able to unmute. So, Vineet if I understood it correctly, the impact this time is relatively moderate compared to last year across all the segments and then our assumptions is that in 2-3 months or around the beginning of festive season things will get back to normal.

**Vineet Agarwal:** Yeah, yeah.

**Srinivas:** And then, other one was you mentioned in your opening comment that you may have to take some more write offs in seaways or some segments but could you just elaborate, I couldn't just understand what you meant by that?

**Vineet Agarwal:** No, no, we don't have any write-offs planned. We, whatever had to be done has been already done in our wind power or in the other overseas businesses.

**Srinivas :** Okay, got it. Thanks again, I wish you best health and luck.

**Vineet Agarwal (01:24:57):** Thank you Srinivas.

**Komal :** Thank you Sir. The next question is from Mr. Prateek Kumar, as he was disconnected previously. Sir, please go ahead.

**Prateek Kumar**: Hello, Thanks for the opportunity again. Sir, I want further clarification like, your sister company TCI Express in the conference call were like quite aggressively talking about a new segment C2C Express and Cold chain also, they gave some targets also of 500 crore revenue in cold chain, which seemed like very aggressive number and there was a lot of discussion around C2C Express, I believe that C2C Express is something we also do, where they mentioned about Milk run from manufacturers to customers. So, our business and their business starting to co-inside and will start competing with each other or they are doing very different or…

**Vineet Agarwal:** No, No, it is very different. I think the Milk run that happens for is more on the inbound side. For Express it would be among the outbound side. Really speaking, there is no really any kind of correlation in that and these are separate segments. And you know we as a group think about a lot of opportunities in the logistic space and sometimes they seem that they are coincidental to each other but in reality they is a niche that exists in many of these spaces, which we are able to….because we have a customer orientation we are able to pick up many of those things.

**Prateek Kumar:** And what about cold chain because they have also…I mean seems we are also thinking about very aggressive numbers but they also seem to have, at least told about very aggressive numbers, I mean to streak?

**Vineet Agarwal:** No, there as I explained it is more on the last mile side and also on some of the smaller packages side. Again you know, there could be some document or some work that could happen in the food delivery and Last mile of that also perhaps but I cannot comment on that from that company's perspective but certainly there is potential in even the last part, last mile also for small packages in cold chain. You have seen today also, for example if you are ordering something like chocolates, that is coming in a small box today, in a cold setup. So like this that is a very small last mile kind of activity.

**Prateek Kumar:** Okay, one question on your short term borrowings this quarter, by year end had fallen very sharply, so, is this a permanent thing or is this some general squeeze to vendors?

**Ashish Tiwari :** I would take this question. Prateek there is no kind of a squeeze in fact in the vendors. We have very vendor friendly policy in terms of payments and other kind of payments. Vendors payment is only 20 days but some competitors have more than 50 or 60 kind of numbers. This is because of that the extra cash flow was there and we were able to realize our debtors quite sharply and so this is a kind of temporary thing. As the business grew further, this would kind of reach to some 50-60% of utilization level.

**Prateek Kumar:** And one last question Sir, on COVID impact. I mean just an indicative thing, I mean based on general what we hear from industry, most of the businesses are down 20 to 30% versus March levels or even higher. So that would be reflection for logistics industry also, like around 30% decline from March portal levels or revenues would be…just an indicative number or directive?

**Vineet Agarwal:** See March is anyways a highest quarter for the logistics business for the country, including over here as well, for us as well. And then the first quarter of the year is the weakest quarter generally as well. And if you see in a normal circumstance also the fall is around 20-25%, so perhaps because of the lockdown this time it could be a little bit more but I think that could be a possible anticipated number for the industry as a whole. I cannot specifically comment about us.

**Prateek Kumar:** Sure Sir. I will get back in the queue. Thank you.

**Komal :** Thank you Sir. The next question is from Mr. Romit Nagpal. Sir please go ahead.

**Romit Nagpal :** Hello can you hear me.

**Ashish Tiwari :** Yes Romit, please go ahead.

**Romit Nagpal:** Good evening, I just wanted to check, you mentioned that the ship Capex is going to happen towards the end of the year, we balance 140 odd crore Capex, is it expected to be front loaded or is it more towards the 22-23 numbers.

**Vineet Agarwal:** So the hub center sector are under construction and that construction period is over time obviously it doesn't happen right away. So, over the course of the year we will see some of that Capex incurring. The trucks and the rakes, as we are expecting the rake possibly in Q1 and some trucks acquisition might happen in Q2. So, some of it will get I guess partially front loaded. So it is more or less happening throughout the year versus any front loading specifically.

**Romit Nagpal:** So, what I really wanted to actually get at this is that you are projecting about a 15% growth for the current coming year. Does it factor in this kind of a Capex or not really?

**Vineet Agarwal :** See some of our Capex has more long term orientation, except for the ship which is direct correlation in terms of output Capex to output, that is anyways expected in Q4. So, the impact of that is much, much lesser on the overall targets for 15%, so this is more in terms of the existing capital that we have employed, we should be able to probe at 10-15%.

**Romit Nagpal:** Okay, thanks a lot, that is all from my side.

**Vineet Agarwal:** Thank you.

**Komal:** Thank you Sir, the next question is from Mr. Nitin Agarwal. Sir please go ahead.

**Nithin Agarwal:** Yeah, Hi Vineet, Hi Ashish. This is Nitin Agarwal. First of all, congratulations for your quarter 4 numbers and thank you for this opportunity. And my first question is regarding, you have guided the capex plan for the FY-22, so how would you plan to finance your Capex because what I have seen in this quarter you have reduced your debt aggressively. So, would it be that maintainable in the future?

**Vineet Agarwal:** Yes, of course, we have been reducing the debt means that we have capacity to borrow more. Also, the cash generation is quite high, also with the profitability. So overall, we would think that our half of this will get financed through debt and half of it through internal accruals. So we should not have any problems with that.

**Nithin Agarwal:** Thank you so much Vineet.

**Vineeth Agarwal:** Thanks.

**Komal :** Thank you Sir. The next question is from Mr. Alok. Sir please go ahead.

**Alok:** Hello. Am I audible.

**Vineet Agarwal (01:33:04):** Yes, yes.

**Alok:** Sir, congratulations firstly on the great set of numbers. Sir, just I had one question, how has been the moment in terms of activity in April because if we see lot of indicators it is funding at April as a little longer weaker side in terms of logistics activity probably because of the covid 2$^{nd}$ waver. So how it's been for us? That is number one and also how is the freight rate moment be in, because there is one association, who gave the freight indicators but ground level it suggests that the freight rate has not come off so much also in April as what the media articles are suggesting?

**Vineet Agarwal:** So, April I would think has been more of to a normal side as it is usually there because it is a typical fall after March that happens but then there were all of course issues that started in the middle of April, with lockdowns and cases increasing. So, that did have an impact to some extent. Now, as I said earlier, it has not been a complete lockdown, I think this time the government has not really distinguished so much except for some big cities between essentials and non-essentials. So, regular movement has happened from supply chain perspective, from the regular supply chains of the country. So, I would say a marginal impact on April so far is what we have seen but definitely a larger impact in May.

In terms of freight rates, I think you are absolutely right, the company…sorry the organization really has…I would not say much credibility in terms of really commenting on freight rates across the country because they really don't have a National presence. And I agree with you (Inaudible @1:34:58) come off to that extent as it has been mentioned. In very few sectors it might have come down a little bit but mostly it has been on the higher side only because we know that fuel rates are still high, we know that the capacity expansion has not happened, we know that there is the cost of new trucks is quite high still, so these are lot of factors they have created freight rates to be higher.

**Alok :** Sure sir. Just one last question if I may just add to the previous question. So, Sir, in terms of the supply chain segment, so you know the auto…from the auto segment we have been hearing of production cuts to the tune of 10 to 15% in April and continuing till now. Though our supply chain segment is around 70 to 80% linked to the auto segment and actually depends on how the production is taking place there. So, that segment can we expect some sort of softness in the Q1 and probably till Q2?

**Vineet Agarwal:** Again I cannot comment specifically because Q1 is not over yet and we are seeing that some of the plants have started production, we are also seeing that. As I explained we have various elements of the automotive supply chain we work in, from tractors to other equipment, so those are also moving still. So, I think, overall it is too early to predict it but we have an internal sense of what is happening but I think it will be unfair to give that forward looking statement yet on what will be the real impact and also, there is still a lot of uncertainty.

**Alok:** Sure. Thank you so much Sir, that's all from my side and all the best Sir.

**Vineet Agarwal:** Thank you Alok.

**Komal (01:35:55):** Thank you Sir. Here comes to the end of this earning call. Thank you so much joining and gracing us with your presence. Take care, stay safe and healthy.

**Vineet Agarwal :** Thank you.

**Ashish Tiwari:** Thank you Komal, thank you everyone. Take care and stay safe please.