

# “Transport Corporation of India Limited Quarter2 Investor Conference Call FY 2023”

## Oct 31, 2022

**MANAGEMENT:**

**MR. VINEET AGARWAL – MANAGING DIRECTOR,**

**MR. ASHISH TIWARI – GROUP CHIEF FINANCIAL OFFICER**

**Simran:** Good evening, ladies and gentlemen, we will begin with the session shortly.

Good evening, ladies and gentlemen, I am Simran moderator for this conference call. Before we begin with, I would like to exchange my warm welcome for joining us today for this quarterly earning call. On board we have with us today Mr. Vineet Agarwal, Managing Director, and Mr. Ashish Tiwari, Group CFO.

At this moment, all participants are in listen only mode, later, we will have a question and answer session. At that time if any participant has any question, he/she can use the raise hand feature given in zoom call and wait for his/her turn to ask 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:** Thank you Simran and good evening to all of you again. Welcome to our quarterly earning call. To start with I would request Mr. Agarwal for presentation on business performance and results, thank you and over to you sir.

**Vineet Agarwal:** Thank you Ashish.

So thank you and good evening everyone. Thank you for joining us today on the quarterly call. We've had a decent quarter in the second quarter. We've reached an all-time high in terms of our turnover. Some impact on the bottom line, but again it's more or less normalized as we speak right now.

So most of these slides will be available online later on, but I want to highlight one or two points specifically related to the growth drivers. Between last meeting and this meeting, the National Logistics Policy was introduced and broadly speaking the intent of the National Logistics Policy is to reduce logistics cost. And what we have sort of taken out of that is three main themes. The first one being that there is a disproportionate share of road transport. So the modal mix will help to reduce cost as well as reduce greenhouse gas emissions. The second is digitization, as more and more organizations become part the digital network we will also see a great deal of formalization. The third, of course, is standardization, which means that there will be more uniform assets that are there, which would possibly lead to better productivity, efficiency, and reduce losses etc in the system.

So all of that will definitely help the growth of the logistics sector and we are very well positioned to take advantage of all these three major themes around the national logistics policy. Notwithstanding all the infrastructure development that's happening related to the PM Gati Shakti Program be it building terminals or ports or the railway corridors etc, are all going to help in these specific goals of a modal mix change that we are seeing. Clearly the other things are also activated from a customer perspective, from a consumer perspective, and of course from the regulatory perspective. All of these things are really making the logistics sector very, very attractive as we speak.

Our company strategy continues to remain the same of everything logistics. This has played out quite well with our customers as well and they recognize the next slide which is the wide range of services that we are providing today, which is unmatched in today's the Indian marketplace and specifically covering a large range of verticals also with customized solutions. We have been investing very heavily into our multimodal network in anticipation of all the activities that have started to happen and will continue to happen, in going forward in terms of the country developing its multimodal network and business.

So as Ashish stay on the slide please, previous slide so on the rail side we have continued to grow the business both on the container transport as well as on the train, automotive transport. Here the number of rakes that we are moving has increased over the last year with close to four rakes per day is what we are now loading across the system. Our six ships are all there and they're also operating in the east and the west coast. Container handled, you might find it to be slightly lower than last year, but this is also because in our CONCOR business things were a little slower in the first half as there was some shift towards road transport. The number of yards that we manage and terminals have remained same, but we are in the process of adding a few more going forward. So the multimodal network has become quite strong and the assets, whether own or leased, rented etc in this space has also grown tremendously in the last five to seven years.

We've been also able to incubate several new areas like chemicals or even the SAARC business. We do move a lot of trains to Bangladesh and Nepal for example. So we are using the verticals and the horizontals across the businesses very, very strategically. So even with SAARC, it's not just road, but its road and rail. Even with cold chain, it is not just transportation, but also warehousing and also with chemicals, we are using all three modes, road, rail and sea for our transportation. So it's a very, very diversified operations and the whole idea is how we can create more strategic boundaries around our businesses so that it creates a long-term stickiness for our clients.

The operations has been always been technology driven and when we continue to rely very strongly on that because again, the businesses today cannot be done with scale if we do not have all these factors related to technology, very, very easily available not just to our team members, but also to our clients. And one of the examples here, if you see the next slide, is essentially what we've created for a large heavy electrical goods company where we've acquired a contract where we are handling from more than 25 locations on a monthly basis, 3-400 trucks as well as providing both FTL and LTL solutions to them.

So the problem statement was, since the volume was so large, how could you really move away from the manual order processing system? So we came out with a BOT solution where the BOT reads the emails that come, or the WhatsApp and it translates into the orders so that we are able to then reach up to the KPI of actually providing a truck on time and then subsequently the tracking starts. That's the creating

more transparency and visibility whether it is related to the on time delivery, on time submission of Bills, PODs etc, proof of delivery so that is available to both the team as well as to customers on a dashboard as a control tower. There is also built-in areas where there are alerts for exceptions or any kind of over in the next few months develop some amount of machine learning. There is also the element of estimating the ETA, which is the estimated time of arrival. That is a, on a small journey, let's say when you ordered something online from a QSR or a food company, Zomato, etc can give you a good ETA because the journey time is very short, but when it's a long journey time, let's say if it's a three day, four day, five day, giving an ETA is quite complicated. There is a lot of variables that come in from traffic conditions to road conditions, to weather conditions, to any kind of other disruptions that can happen can delay the trucks or the movement. So we have written several algorithms around that and we are trying to capture the variables in a better way so that we can predict the ETA as close as possible to the actual delivery time. This has also led to a great amount of improvement in terms of predictability and we also geofence the route of the trucks so that if there's any deviation, it is very easily known. Now a lot of these things existed in the past and we just increased the element of interaction that we are doing with our clients and creating these digital control towers as we speak and we've done this for several clients across the board.

As I mentioned this has been a strong quarter for us from a revenue perspective. It is the highest ever revenue that we've achieved in a quarter level. The overall growth remains very strong across the board and of course, the liquidity position, though the market seems to be a little bit tighter, but we are very comfortable. Our net borrowing remains zero. The net cash positive, we are net cash positive and the overall the trends also look quite stable.

I'll take now, specific divisions. TCI Freight has grown in the last quarter by about 16% from the last year. On the half yearly basis the growth is slightly more. The margins are maintained at the same level, a little bit up and down. First half of the year typically the margins are slightly lower, but they tend to pick up. Our LTL and FTL mix is coming back to track, though it is still not picked up, but it's coming back to the same levels as it was previously. And we do expect the performance to remain stable. We are at this 23, 24% ROCE, which we expect to, continue. As we moved above the 20% mark the business remains quite robust even after the festive season with high volumes and stable freight rates.

On the supply chain side this is the highest ever quarter that we've achieved in terms of revenues and the business has grown by 27% over a quarter over the previous year and about much higher than was estimated because of a very strong push towards automobile transportation. And we've seen the auto sector really come back. The two wheeler segment has not really come back to that extent, but the other segments from earth moving equipment, four wheelers to even tractors have started to show up positive up trend.

The EBIT margins are better than last year and of course up by 37%. EBITDA is slightly lower, but this is just a pickup time that we are seeing and we will catch up in the next two quarters in terms of the margins. The overall ROCE is about 20% and from last year we'll definitely see a much better growth in this coming year. In terms of the Seaways business so the Seaways business had some issues related to the dry docks. So the dry docks took a little longer and since three ships went on for dry docking we saw that some amount of costs have increased here including the depreciation, which has also gone up.

Apart from that the ships were not available for operations in this period, which also affected the top line as well as the bottom line since some of the bottom line is also fixed in nature so that had an impact on the overall margins of the division. Again, as we said in the past that what we were getting in the few months before was a little unusual. We think we are now sliding back to the normal. Now that normal could be between 30% and 40% I think in terms of EBITDA margins and the second quarter, second half of the year, since all the ships will be available, we think it should be much better.

International operations are not there yet, to that extent as it was last year. The movement from Myanmar has reduced to some extent. Fuel prices have come off a little bit, but it still remains quite high over the last year. It's still almost 60% up above the previous quarter, previous year same quarter. In essence, the business remains still very strong and we are quite confident of definitely looking at last year's numbers in terms of at least revenue and maybe a little bit shaving might happen on the bottom line, but overall it still looks very positive.

The joint ventures have had a mixed bag. The CONCOR joint venture has had only a marginal growth of 1.7% and the cold chain business has grown about 13.5% in the half yearly. Some amount is seasonal and some of the new businesses that are coming in cold chain will get added on the next few months. So we are quite positive that we are going to grow much. We will exceed last year's numbers for sure and perhaps 20 to 30% top line on the cold chain in terms of growth and about a 5-10% growth on the CONCOR joint venture. The Trans System joint venture has done exceptionally well with a 76% growth and profitability is also quite robust here. This is in line with the automobile growth that is happening across. In terms of the financial highlights, from a revenue perspective as I say, it was the one of the best quarters that we've had so far. Half yearly also business has grown about 21% at this consol level and even the profit after tax has also grown by 22%. So overall in some areas the margins have come off a bit on the standalone side with the PAT coming down by about 15 odd percent from last year, but as I said some of it is based on the seaways margin, which were unusually high in the last year as well.

All our ratios are in order. Again the ROCE is about 20%. We will maintain that. The RONW etc is also about 20%. Again this is something that we should be able to maintain.

We have given a dividend of 125% in this half year and the cash reserves as I was mentioning remain. We are still net positive in terms of cash manners, very small amount of debt overall. The ratings remain the same.

In terms of future outlook the Capex plan remains as is. However the ship acquisition, which is the big item is... though container rates have come down by 30-40% globally ship prices have not come down by that much. So we are still waiting and watching. We are hopeful that Q4 we are able to get a ship, but if that doesn't happen it'll get pushed to the next year. The other aspects of the construction etc, hub centres, all that will pick up in this quarter and the next quarter so on a reasonable basis without the ships I think we should possibly hit 125-150 crores of Capex. If the ship gets added then the Capex will certainly go up.

We are retaining a guidance of 10 to 15% on the top line and bottom line. Q3 and Q4 of last year were quite strong so we will be with a higher base, but to be slightly on the conservative side we want to maintain at this level.

Thank you so much for joining us today and happy to take any question.

**Simran:** 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, 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 the Alok Deora Sir, Sir please go ahead.

**Vineet Agarwal:** Alok we can't hear you. He just dropped out. So we take the next question.

**Ashish Tiwari:** Simran take the question please.

**Simran:** Next question is from Krupa Shankar. Sir, please go ahead.

**Krupa Shankar:** Good evening. Am I audible?

**Vineet Agarwal:** Yes Mr. Krupa Shankar.

**Krupa Shankar:** Yeah good evening Vineet and Ashishji. Thank you for the opportunity. One question from my side; first on the guidance the 10 to 15% looks really conservative if I look at the last year, second half, if I assume a flattish number as well. That is the only way you will achieve a 10% growth, but then again, you are typically seeing that second half is much better for the logistics sector with the first half. Any reason why you don't want to update your guidance on revenue as well as profitability?

**Vineet Agarwal:** Well revenue, I think we can look at a 15 plus percent also, but on the profitability I think that 10% to 15% seems more reasonable with the Seaways margins coming off a bit. But yes your point is right we can definitely look at a higher revenue growth for the quarter, for the next two months, two quarters.

**Krupa Shankar:** Sure thanks. So one more question on the shipping side while I do understand that addition of new ship is delayed due to multiple aspects, macro related predominantly. What I wanted to also grasp was that, what would be the typical gestation period for addition of new ship because Vineet you've really highlighted earlier that the new ship will be much larger in size vis-à-vis our existing fleet. And with respect to that, even if you add let's say a ship in fourth quarter or towards first quarter of next financial year, what could be a typical time range wherein we could see that that ship will run at an optimal capacity because I'm just trying to factor in the extent of margin impact if I were to see in the second half of this year if you're not going to getting more and more Myanmar routes then of course naturally we are going to see that profitability coming back to your usual levels. And there can be a further impact on Seaways margins if a newer ship also comes in and it's underutilized, just wanted to get your viewpoint over there?

**Vineet Agarwal:** So one is that the ship capacity that we are looking at, the largest tonnage that we have today is I think about 26,000 tons right Ashish?

**Ashish Tiwari:** Yes.

**Vineet Agarwal:** So we are looking at about 30-35000 tonnage ship, which is not extremely large compared to what we have today, but I think what we have to observe is that there is definitely some amount of shortage on the sectors that we operate. Also what will happen next year is that some more ships will go for dry dock. Maybe one or two ships might, I think one ship is planned for dry dock next year. So once that happens there would be some capacity that will come up for some time. So this will cover it. We've seen that typically within a month or two, is when we are able to really utilize it to full capacity. We already have enough cargo that we are currently telling our customers that we cannot carry. We have more than enough cargo available. So I don't think it'll be so difficult to really get cargo later on as well.

**Krupa Shankar:** Got it. That's quite encouraging. And last from my side regarding the automotive train services, rakes which are operating for the supply chain segment, which is for finished goods predominantly to the end market. It looks like a very strong proposition. I think you have been adding trains and they have been running at a quite good optimal capacity utilization if I were to put it. Is there any further addition likely with respect to train and do you see perhaps other sectors using more and more on the domestic front with respect to especially using trains after DFC comes through? Is there some indicative things you have seen in the industry?

**Vineet Agarwal:** So what I can say... seeing this with the auto sector, it started happening in just before COVID and it accelerated during COVID and now we can see a lot of the finished good movement is through trains. This will continue whether it is this sector or some other sectors. In fact in the past we were not moving tractors, but we moving tractors also by rail. We are moving earth moving equipment, the big Backhoes and all those other things by rail as well. So slowly and steadily we are seeing a lot of this shifting towards rail and it will mean that we'll continue to invest into basically a hub and spoke system for the finished goods where the bulk movement happens by rail and then the spoke movement happens by road or in some cases the dealers themselves pick up the vehicles, wherever they are. So that has helped us and I think we'll continue to invest into it. Now, we might add a few more automotive rakes in the next year or two. There is some design chain that is happening at the DRDO and once that is in place, we might look at new trains. These design changes help in getting the higher, the SUV kind of vehicles easily onto the trains. Right now it's really challenging to get them because the height is quite high of these cars and we are seeing that the market is also moving towards, from the smaller type of vehicles to more of the larger type of vehicles. So yes I think this business will continue to grow us.

**Krupa Shankar:** Thank you for the answers. I'll get back in the queue. Thank you.

**Vineet Agarwal:** Thank you.

**Simran:** Thank you sir. The next question is from Prit Nagar Seth. Sir please go ahead.

**Prit Nagar Seth:** Good evening, guys. So one question I wanted to ask you Vineet is that we recently saw a warning given by Blue Dart on the next six months in terms of the business environment. They may be more on the B2C side and on the e-comm delivery side, but how are you seeing the overall industry from that point of view?

**Vineet Agarwal:** We are not seeing any specific kind of issues in terms of the B2B side of businesses. We are not seeing that any inflation impact is very high yet on certain sectors and affecting those sectors. Yes

FMCG sector, you've heard that the volume growth is not too high. That's true. On the consumer durables, we've seen a decent amount of movement during the festival season as well as ongoing and automobiles is quite robust. So I think the next two, three quarters seems to be quite okay. There could be some impact in maybe Q1 or Q2 next year, but it's not yet completely visible. Clearly inflation does have an impact. We have to see how and where that impact will flow into which sector is first. Typically low hanging, low Value items we have had an impact like the two wheeler sector or the FMCG sector in the rural areas, but let's see how things progress in the next few quarters.

**Prit Nagar Seth:** Okay the other question I wanted to understand is that the National Logistics Policy along with the Gati Shakti part right? Now do these policies give any kind of incentives for companies to follow or multimodal part?

**Vineet Agarwal:** No, there's no incentive given. There's no physical incentives given.

**Prit Nagar Seth:** So it's more directional and infrastructural and enabling the systems kind of policy and hoping that companies start utilizing more of these multimodal options because of the linkages that so on so forth. But there's nothing on the fiscal side to drive companies to adopt multimodal?

**Vineet Agarwal:** That's right so there's no fiscal incentive, but there could be some infrastructure development incentives that might come in, that's more specific to the infrastructure sector per se, not directly to companies. So overall not really any direct fiscal benefits, but you're right, that is more directional in nature, but I think some things like ULIP, which is a Unified Logistics Interface Platform are areas where we will definitely see, I'm not saying it's a direct incentive, it's an indirect incentive in the sense that it is prompting companies to use that more and more and the government provides those interfaces, the API etc, and that will help us. So a lot of the development around the ULIP is being done by the government.

**Prit Nagar Seth:** Okay. Lastly are you looking to do any kind of acquisition on the rail side, given that the thrust of the government is quite visible on the rail side and so many policies are structured around that, do you see any specific area on that ground that you would want to acquire, capability?

**Vineet Agarwal:** No, not really. We keep identifying such areas where there could be potential acquisition targets, but we've not found anything specifically.

**Prit Nagar Seth:** Okay, great thank you guys.

**Vineet Agarwal:** Thanks.

**Simran:** Thank you sir. I will request all to please start with your name and organization name. The next question is from Ravi Naredi. Sir please go ahead.

**Ravi Naredi:** Thank you to give me this opportunity. My name is Ravi Naredi from Naredi Investment, Bhilwara. Sir, I am very long shareholder of the company of TCI and TCI Express. Sir, how much aggressive you Capex you do please update in how many years do you do aggressive Capex, which you had tell in your financial PowerPoint program?



**Vineet Agarwal:** In the last few years we've done about 600 crores of Capex and the plan for this year is about 300 crores. Out of it some of it will go into buying a ship, some containers, trucks, and some strategic warehousing assets. Those are underway. As I said, if you're not able to acquire the ship, we should reach between 125 to 150 crores in terms of Capex and most of this will be self-funding unless there are some areas like the buying trucks and ships where we'll certainly think about taking some there. Otherwise, it is quite self-funded.

**Ravi Naredi:** And on page number 24 you had given financial year 23 budget hub centre and a small warehouse 700 and financial year 23 six month extra 93. What is this figure sir, not able to...?

**Vineet Agarwal:** This is in millions with 70 crores and 9.3 crores.

**Ravi Naredi:** 9.3 crores and ship you have written 900 and zero?

**Vineet Agarwal:** Yes we've not acquired a ship yet.

**Ravi Naredi:** Okay. Okay. Okay. And sir, last is TCI Express give five year period margin expansion, can we in similar way, give some view for next five year? I'm not asking you next six month or one year or two year. Can you give some vision?

**Vineet Agarwal:** No, we cannot. I think from a forward looking statement we would like to stick to this financial year, which is a 10 to 15% on the bottom line.

**Ravi Naredi:** But sir, already you are 25% higher than last year six months, and still you're telling...

**Vineet Agarwal:** As I said the next two quarters are quite strong for us, were very strong last year, so there could be some moderation in terms of profitability.

**Ravi Naredi:** Okay thank you.

**Simran:** Thank you sir. The next question is from Sunil Kothari. Sir, please go ahead.

**Sunil Kothari:** Hi, thanks for opportunity. So just one thing that I would like to clarify is out of six, three ships were in dry docking and so I think you must have expended on those dry docking. Can you provide those numbers if possible?

**Vineet Agarwal:** The numbers, the dry docking costs are typically capitalized and so all the cost related to dry docking is always capitalized, so it reflects on the depreciation numbers, but not directly on the expenses numbers always.

**Sunil Kothari:** Okay and secondly say that the margin which has come down the EBIT margin of CVS in quarter two is roughly 26% after at least 29 so what we should consider as a normalized margin when all the six ships are in operation?



**Vineet Agarwal:** As I said, between the 30 and 40% EBITDA margin is more on the stable side. If you saw FY 21, we had 31% EBITDA margin, this is before the increase in shipping rates etc. So I think this 32-40% type of EBITDA should be the more reasonable number.

**Sunil Kothari:** Last question is on a little bit medium term volume positioning in terms of, say, growth, if it's there, what type of volume growth we will be able to handle if given business?

**Vineet Agarwal:** In which business?

**Sunil Kothari:** Maybe for next two, three across TCI what type of volume growth is possible, which we can handle if that is a demand?

**Vineet Agarwal:** Well, handling growth is not a problem at all. I think what happens is the business works on a variable model where we can easily add on capacity. Since we don't need to create capacity in some of our businesses, like our express, sorry, like our supply chain or our freight business. In the Seaways business for volume growth, you definitely need to add more ships and that as I said is part of the plan, but in the other businesses it's not very difficult to handle the volume growth.

**Sunil Kothari:** Okay, Thanks a lot. Thank you.

**Vineet Agarwal:** Thank you.

**Simran:** Thank you sir. The next question is from Alok Deora. Sir, please go ahead.

**Alok Deora:** Yeah, good evening. Am I audible?

**Vineet Agarwal:** Yes. Yeah, sure.

**Alok Deora:** Yeah, sorry for the network issue earlier. Sir just wanted to understand on the ship purchase because we have been talking about it since some time. So any discussions we have had or, and how confident are we because, if the ship does not come through in this year then the growth in 24 would be slightly different on the top line as well as on the bottom line side, considering it's the highest margin segment for us so just your thoughts on that?

**Vineet Agarwal:** Yeah, the growth yes it has some impact on it, but I would say that we are very strongly looking at the opportunity of acquiring. Clearly it doesn't make sense to acquire it at a price, which is just not going to, you acquire it, but you're not going to get any returns out of it, what's the point? So it's better that you get it at the right price and at the right timing. So trust us that we are really, really working very hard to find the right ship. It's been quite tough. The market has just become very, very, it still remains quite tight as it has been for the last one year. Now whether it'll affect growth, maybe a very little

impact in the future, mostly I think we'll be able to capitalize on some of the less dry docks that will be there, plus a certain amount of continuous running of these ships and also continuously looking at more value added cargo, but other than that, the other businesses will definitely pick up as you've seen our supply chain business pick up which was not happening in the previous year or in the previous quarters.

That is exactly the kind of hedge we want to create in our businesses, where if there is an issue with one, we are able to utilize the other division, is able to then capitalize on the opportunity. So then you essentially get a steady state growth versus a very up and down kind of growth trajectory for many of our competitors. So I'm quite confident that the other businesses will also play their role in the next few quarters to keep up the growth momentum.

**Alok Deora:** Sure and also sir just wanted to understand in terms of like in ships what would be the capacity utilization for us? We understand that the revenues were increasing because of the freight rates as well, so at the peak capacity how much revenue we can clock in with the six ships, assuming the current freight rates.

**Vineet Agarwal:** I don't have an exact number because see what happens is that if you get some voyages to Myanmar or to any of the neighbouring countries also that changes some of the revenue mix, right? So overall I think we are looking to hit the same numbers as last year and maybe slightly more than last year comparatively.

**Alok Deora:** Sure just one last question. So how's the freight rates been and also the Myanmar thing is now kind of done with, or it just paused for one quarter, just some light on that sir?

**Vineet Agarwal:** No, it's not done with. It is still on and off. I think sometimes you see things tend to open up, sometimes they don't. So it can come back again. Also typically the monsoon season, which is now is all getting over, is when things slow down also. So now I think the Q3, Q4, we see some pickup and maybe some voyages to Myanmar.

**Alok Deora:** And on the freight rate sir, how is freight rate has been off late in the Seaway segment?

**Vineet Agarwal:** It's come down clearly. Some of it has come down because of the overall, sectorally globally when things start to come down it has some impact, little bit, not too much, but fuel prices came down a little bit, so that has had some impact in the domestic rates coming down a little bit.

**Alok Deora:** Sure. Thank you, sir. I'll come back in the queue if I have more questions? Thank you.

**Vineet Agarwal:** Thank you.

**Simran:** Thank you sir. So the next question is from Prit Nagar Seth. Sir please go ahead.

**Prit Nagar Seth:** Sorry, just one last thing a very significant change in the promoter holding. I think there has been quite a bit of stock I think that you guys may have picked up you and your family. Is this an internal transfer or is it like because I'm not seeing any notification in terms of who sold?

**Vineet Agarwal:** No, this is internal gift that gave, Ashish what is the exact terminology we can...

**Ashish Tiwari:** Basically this is internal transfer which is to our promoter from non-promotor..

**Vineet Agarwal:** From the promoter family it came as a gift to the promoters directly. So they were not classified in the promoters, and that was a gift that gave.

**Prit Nagar Seth:** Got you, got you. Okay thank you.

**Simran:** Thank you sir. So the next question is from Vikas Khatri. Sir please go ahead.

**Vikas Khatri:** Good evening. This is Vikas from Aviral Consulting. Sir on the cold chain side last year we had an investment from global partner. So what's the capacity expansion plan because that market is again growing very rapidly, especially in terms of fleet as well as on warehousing front?

**Vineet Agarwal:** The market is quite strong for us. There we have some good contracts. We have some contracts with QSR companies. We have contracts with now new companies as well. So it's quite robust. We'll see some changes up and down based on what happens with certain contracts. Some of the dark store type of contracts have its own challenges because as I said, many guys don't really are changing the business model quite frequently. So I think going forward we are still very confident that we'll continue to grow and we should be not, we will definitely not grow at the same pace as we grew last year, but definitely we'll see a positive growth rate.

**Vikas Khatri:** And then Capex in cold chain?

**Vineet Agarwal:** It's ongoing. There are certain amount of Capex that happens with terms of new trucks and new facilities that will keep coming up based on contracts.

**Vikas Khatri:** Okay. Thank you.

**Simran:** Thank you sir. The next question is from Aejas Lakhani. Sir, please go ahead. I guess he has left the session. The next we will take the next question from Nidhi Babariya. Ma'am, please go ahead.

**Nidhi Babariya:** Yeah. Hi thank you for taking my question. Can you quantify what was the dry docking expense for the quarter, like what would be the impact, if you can quantify it?

**Vineet Agarwal:** Ashish will we be able to quantify or...

**Ashish Tiwari:** It has been capitalized over 30 months so exactly I do not have a number right now, but within that quarter it's on up to 1.5 to 2 crores kind of number if you talk about the quarter.

**Nidhi Babariya:** Okay, so if it's been capitalized and taken in depreciation my quarter-on-quarter depreciation has been increased by only 1 crore, from 29 crore to roughly 30 crore. So like can we consider that part of it has come in depreciation side, part of it has come in other expense side?

**Vineet Agarwal:** So last year we had a kind of some a reassessment of the life of ship as well. So it was not in the quarter two last year but it happened in quarter three, half of the quarter three and the quarter four. So that way if you compare, I think the numbers will be okay.

**Nidhi Babariya:** Okay. Okay and are total operating margins on a consolidated basis also margins have dropped down on a Y-O-Y and Q-on-Q basis. So would you like to give any guidance how it would look for the next two quarters?

**Ashish Tiwari:** Yeah, so if you see the numbers on the EBITDA side, you would see that numbers are still 40 % last year and for this year as well. It is only kind of EBIT margins which is cause of the depreciation it has impacted. As we talk about the normalization of margins, the EBITDA level itself would be hovering from 30-40% so is the EBIT margins as well and some impact of the dry dock, which the new dry dock would also be there.

**Nidhi Babariya:** Okay. Okay thank you Sir.

**Ashish Tiwari:** Thank you.

**Simran:** Thank you ma'am. The next question is from Aejas Lakhani. This is the last question.

**Aejas Lakhani:** Yeah Hi Vineet, Aejas here from Unified Capital. Couple of questions, one is you've recorded the very good growth in freight, so could you just call out how much was volume led and how much was price led from the 16th?

**Vineet Agarwal:** Again we don't quantify those numbers because for us it's mostly value growth only. What happens in our business is that if you're carrying more LTL cargo, you're really not carrying by the weight. So it has an impact on the volume that you're carrying. And typically the value addition that we provide, as I showed with one of the examples is much higher. So we don't really call out the volume.

**Aejas Lakhani:** Okay and any change in that FTL, LTL mix between two-thirds, one thirds? Any skew was higher towards?

**Vineet Agarwal:** No. Unfortunately we've not been able to grow it but we've got it back to the same levels as last year, but it is in the quarter Q3 and Q4, we should definitely see some pickup. But I think we are quite confident of reaching target in 25.

**Aejas Lakhani:** Got it and the third one is I mean, it's a more fundamental question on Seaway. So when the ship goes for dry docking do you know the exact tenure for which that ship will be in dry dock or is it that once it goes, it could get delayed by a few months here there or just want more colour on that dry docking period?

**Vineet Agarwal:** So we get an estimate from the shipyards etc based on the survey that we do of the ships and they give us an estimate and that estimate based on once they start opening the ship, as once you open the hull you check the hull and all those things, when you start doing all of that, then you see what could be the additional work or if there's less work required. Typically whatever estimate we get is typically 10-20% more time that it takes, but it's not that it takes months and months extra. So if it's like, if they give us our tentative period of say 50 days or 60 days, then it could be say another 10, 15 days more.

**Aejas Lakhani:** Got it. And all the six ships require dry docking once in what time period?

**Vineet Agarwal:** I think its 30 months, right Ashish?

**Ashish Tiwari:** Yeah. So basically it's in the five time so within five year you have to have one major dry dock, some kind of a higher grade. And in 25 months it should be kind of a moderate grade dry dock so that's...

**Aejas Lakhani:** Okay got it. And currently all the, I mean, I remember this year three ships have gone last year If I recollect two ships had gone so is it fair to assume that for the full year next year most of the ships would rather be available for revenues or there is a plan that one more or two more ships may be dry dock?

**Vineet Agarwal:** I think there could be one ship that might be...

**Aejas Lakhani:** One ship. Okay got it. And sorry I think I missed when you, could you call out how freight rates right now? I don't think I could capture that bit.

**Vineet Agarwal:** On where, on the shipping side?

**Aejas Lakhani:** Yes, on the shipping side.

**Vineet Agarwal:** Yeah, it's come off a bit from but fuel prices have come off also so that's why it's slightly lower. And there's also typically monsoon time also things tend to be a little lower.

**Aejas Lakhani:** Got it and no incremental competition is coming up in shipping, right?

**Vineet Agarwal:** No, nothing specific that we've heard yet.

**Aejas Lakhani:** Got it. Thanks and all the best.

**Vineet Agarwal:** Thank you.

**Simran:** Thank you sir. There are no further questions. Now I hand over the floor to Mr. Ashish Tiwari for closing comments.

**Ashish Tiwari:** Thank you Simran moderating this call and again my sincere thanks to all of you who are participating in this call out of a busy schedule. See you in the next one. Thank you so much.

**Vineet Agarwal:** Thank you.