

## “Transport Corporation of India Limited 9M

### Investor Conference Call FY 2026”

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**MODERATOR:**                      **Ms. SIMRAN SHARMA : INVESTOR RELATIONS**

**Mr. Vineet Agarwal**

What happened, Ashish? Let's start.

**Mr. Ashish Tiwari**

There's a problem with the mic; we are just fixing it.

**Ms. Simran**

Good evening, ladies and gentlemen.

**Mr. Ashish Tiwari**

I think she will take some time, again there is a problem. So, thank you very much all participants for joining us today for quarter three- and nine-months investor call. I hope that you will have a copy of investor presentation. It is also available on our website. Before we begin with, I would like to have a disclaimer that some of the statements and discussions we would have probably on a power looking and we are just they may not coincide with the actual results. Now I will invite Mr. Vinit Agarwal, Managing Director, TCI for his opening remarks and then followed by the investor presentation. Over to you, sir. Thank you.

**Mr. Vineet Agarwal**

Ashish, can you put up the presentation?

**Mr. Ashish Tiwari**

Yeah.

**Mr. Vineet Agarwal**

Good evening, ladies and gentlemen, and thank you for joining us on quarter three call. Sorry for the delay, I think there are some technical glitches. But nevertheless, just to start, I think we had a moderate

quarter as was expected, though some volume pickup was there across the system because of the GST changes that happened in September end. I think some of that carried forward to the third quarter as well. So, I would, I think many of you are already aware of the company. So, I would not get into specific details for at the quarter level. So, I'll just skip to the next slide, please.

Yeah, I think you are well aware of the industry developments as well as the company we have, we offer a wide range of solutions with a strong multimodal network. I think all these things are helping us as we speak, even with the budget, we've seen that the infrastructure focus of the government for the last two years, three years is tremendous for the logistics sector.

There's also coastal shipping that has been specifically mentioned in the budget, which is essentially increasing the share from 06 to 12% in 20 years from now. But that is also would mean that we give a flip to the logistics industry as a whole and specifically for us because we are well positioned in that. The company offers a very wide range of services under a single window.

Next slide, please. And focused on very large and diverse kind of industries, areas where we see high potential also on the right-hand side, where there is growth momentum across various levels in these diverse industries. Again, TCI the advantages of a single window solution, operating cost efficiencies and some levels of economies of scale, but bespoke services is something that we are seeing is really working for many of our clients.

Of course, in the guise of bespoke, it is also standardized solutions, but it is also there is a level of customization that happens for our clients. From a multi-modal perspective, we've been growing quite rapidly. An interesting development on the rake side is that we did 2133 rakes in the nine months compared to 2500 in the full year last year.

So, there has been a substantial jump in rail movement in terms of container handling also. We had about 121,000 in nine months versus 154k last year. As well as cars handled also, we've almost reached the same level as we did in the full year last year. So, net volume increase has been there across the system.

And we are also, this focus on multi-modal is helping us to drive volumes, but also shift towards GHG, reducing GHG emissions, and we've saved about 140,000 tons of carbon. I won't mention much about it, but technology is a very base for us going forward. Next slide, please. We're presenting across some of the very high growth sectors, as we are seeing now, and the linkages for us, because many of these customers might start with one type of product, and then we can move to other solutions also.

In terms of the numbers now, we've had 22 consecutive quarters of Y-O-Y growth. And the company, we have about 250 odd crores of cash. And I think the whole idea around diversification of our businesses is helping us to ensure this growth trajectory. Now I'll talk about the freight business. As we know that freight business has been going through some challenges, and the numbers are reflecting that we expect another one or two quarters more of these challenges and then things should start looking up.

We have also reversed the trend in terms of LTL to FTL, and the number is starting to creep up. So, margins are flat and slightly lower, but the trends are looking to be better in the next two quarters. So, we are quite hopeful that this will start, in terms of some of the changes that we've made in the system, we should start reflecting in the numbers going forward. The ROCE are compressed also clearly because of

the margins. Working capital is a little on the tighter side there, as receivables are slightly tighter from on the FTL side. Supply chain solutions have done well in the quarter; we have grown at about 15% on the top line. Margins are a little bit on the flatter side because of essentially the investments that we are making in the business, not only on the Capex side, but also on the CAPEX side, creating bench strength, etc. for several new contracts that are in the pipeline.

So, some of the contracts have started, but have not come to full stream and hence we have not got the results of that entirely. So, margins are slightly lower comparatively, but usually Q4 is when we see slight improvement in margins also. So, it should bring the ROCE back to the 20 plus percent range. We are seeing good traction continuing.

We have solid pipelines in place in terms of growth opportunities and specifically in the warehousing space, segments like FMCG, Quick Commerce, etc. We have all picked up in this last quarter also because of the GST cut. But most importantly, automotive sector is doing very, very well. On the Seaways side, things remain good with the fuel prices being on the lower side until the end of quarter.

However, we are expecting fuel prices to be slightly higher in Q4. Not a major impact on the company per se, but we see that top line should, as over the nine months has been flat, would continue to remain flat or slightly higher. Margins remain in this 40-45% range, of course, slightly better in the last quarter also. But again, this is some amount of seasonality.

All our ships that were under drydock have all come back and two are scheduled for FY27. This continues to do well for us, and we expect the margin structure to be the same for the coming quarter as well. When we come to the joint ventures, the joint ventures have done reasonably well. Concor growing at 20-plus percent, Cold Chain at about 17% and Transystem at about 12%.

The margins are slightly tight on each of the businesses, but again, that's a function of the competitive pressure that almost all businesses are facing now across the board. But the shift in terms of, as we've been always saying, that overall growth trajectory comes from not just the divisions by themselves, but also by the joint ventures and the subsidiaries that we have. Console growth is about 9% on the top line, roughly about 12% on the bottom line for the nine months.

Quarters have been slightly better again. Dividend income came in because of the joint venture in this quarter has also helped. The guidance that we kept of 10-12%, we should be able to get to on a console level and on the 15% odd on the bottom line at the console level should also be achievable. Not very significant changes in terms of the numbers or the ratio.

I think all of them are almost at the same level. We did a little bit of a bump up in terms of the dividend payout ratios, about 15% currently, as in, sorry, the percentage of it was a little higher, but the payout is the same in terms of the overall payout to profits. ESG goals, again, we are very focused on that, using green trucking, using renewable energy wherever possible, and of course, shifting our customers to multimodal as much as possible.

Some case studies, etc. Some of these you can scan and you can see, we have a lot of information on many of our publications, etc. Outlook remains positive, Q4 remains positive. Some of the trends in terms of stocking is continuing from an auto perspective. Of course, things are not as robust as it was in September, October, and even a little bit in November. But still, there is movement across the board,

Whether it is two-wheeler, three-wheeler, four-wheeler, commercial vehicle, tractors, earthmoving equipment, we're seeing some movement in all these segments. Overall, in terms of Capex, the budget was about 450 crores. I think we've reached about 266 crores. We should get between 350 and 375 crores for this fiscal. And we're looking at a similar kind of budget for the next year also. We're very happy to answer any questions you have. Thank you.

**Mr. Ashish Tiwari**

Yeah, this ends the presentation. I would request you to raise your hand and just tell your name and where you are. Simran, if you can, like, continue it if you have fixed the mic problem.

**Ms. Simran**

Yes, sir. Am I audible to everyone?

**Mr. Ashish Tiwari**

Yes, please go ahead.

**Ms. Simran**

Okay. Thank you, sir, for sharing your valuable insights. Ladies and gentlemen, we will now begin with the question-and-answer session. If you have any questions, please use the raise hand feature. When called on, please start by stating your name and organization before asking any question. We have Mr. Krupa Shankar with us. Sir, please go ahead.

**Mr. Krupa Shankar**

Hi. Good afternoon. And thank you for the opportunity. Krupa Shankar is here from Avendus Spark. We need a couple of questions on, first on the Seaways business. I just wanted to get a sense on the margins side of things. The expansion is quite good. And I just wanted to see the momentum, which can continue in the coming quarter as well. And while in the press conference, or rather in the media coverage, you mentioned that it will drop in the next year. Any specific reasons why you believe there will be a very steep decline?

**Mr. Vineet Agarwal**

No, I'm not saying there's going to be a steep decline, Krupa Shankar. But I think it could be just the fact that there is, I think, one is the fuel prices should go up, would go up a bit. Secondly, I think there could be increased competitive pressure. Third is that new ships will start coming in FY27. So, there'll be higher depreciation and interest on those as well.

So, all those will add to some amount of margin compression. But again, the range is still quite decent. So, I've been maintaining anything above 25-30% is good. So, I think we'll remain at 30-ish percent even after that.

**Mr. Krupa Shankar**

Got it. And for 4Q, do you expect that margin will be like 3Q levels?

**Mr. Vineet Agarwal**

I can't say for Q4 entirely, but you know, all the ships are in play right now. So, it should continue to help. But I would not really say that entirely on Q3 levels. But yeah, I think perhaps closer to that.

**Mr. Krupa Shankar**

Got it. Second question was about the supply chain business. While we have seen a really strong momentum with respect to automotive segment, we just want to get a sense around the growth engine you had indicated in the previous calls also that you were getting more orders from e-commerce. So, just wanted to get a sense that are you expecting sort of a 15-20% growth going ahead given the momentum and the auto cycle in favor? Is that something which is a conservative expectation?

**Mr. Vineet Agarwal**

Well, not a conservative expectation. I mean, we are quite confident about the 15% range plus minus a few percentage points for growth in the next fiscal all score for supply chain. I think not just the automotive, but the other areas as you mentioned are also picking up quite rapidly. So, that will continue and we are also gathering more market share from our competitors because we have this holistic solution of road plus rail and using yards etc. across the country. So, net-net, I think we should be able to maintain this 15%.

**Mr. Krupa Shankar**

Got it. Lastly, I just wanted to get a sense. There are two new rake additions coming in next year. When are they expected?

**Mr. Vineet Agarwal**

I think closer to the end of the calendar year, if I'm not mistaken.

**Mr. Krupa Shankar**

Got it. So, most of the benefits would come in from FY28 onwards on that.

**Mr. Vineet Agarwal**

Yeah.

**Mr. Krupa Shankar**

Thank you. That's it from my side.

**Mr. Vineet Agarwal**

Speaking, the benefits are more strategic rather than monetary to that extent because we are already hiring a lot of rakes from the government, from the railways on a regular basis. So, we own only three rakes right now, but the number of trips we are doing is in excess of 500 per month, per quarter. So, essentially, they're all coming from the Indian railways, the other wagons that they have. So, by having

These two additional rakes would be firstly, they were looking at a new model where we can actually carry more vehicles on it at a double deck level. Secondly, they would just be strategic for some customers where we are able to provide them capacity and service when the Indian railways are not able to. So, they will not have a specific large monetary impact.

**Mr. Krupa Shankar**

Got it. Thank you for answering my questions.

**Mr. Vineet Agarwal**

Thank you.

**Ms. Simran**

Thank you, sir. We have the next question from Mr. Sunil Kothari. Sir, please go ahead.

**Mr. Sunil Kothari**

Thank you. Thanks for the opportunity. Sunil Kothari from Unique PMS. Sir, you mentioned in your opening remarks about the next one or two more quarters of challenging freight division, and you mentioned the competition in all the JV related businesses. So, if you can explain a little bit in detail, how is the competition from where are that competition coming in and how prepared we are to overcome those competition and coming back to a respectable profitability?

**Mr. Vineet Agarwal**

So, competition pressure is not just in the JV, but across the board. I would say that, you know, whether it is freight, supply chain, seaways, cold chain, railways, everywhere there is competitive pressure. I think India being an attractive destination for companies. So, we are seeing that the investment also is increasing into capacity building or just essentially looking at logistics as an attractive field, whether it is not just by domestic companies, but also by overseas companies.

So, there is competitive pressure across the board, and it will continue to remain. We as a company are continuing to diversify into new value-added areas, niche areas where we can protect our margins better and also provide services which are wider ranging so that if we are not able to make as much money, we are able to do it in different areas, different segments.

So, that's the general comment on the freight side. Yes, the challenge is essentially how we can rework our existing structure and we are working on some ideas there as well as implementing some things. But since we were at a, you know, I would say a cycle for us which has not worked positively, that cycle must complete completely till we don't hit the positives, more positives.

So, some of that is internal, some of that is external with the MSME sector still being slightly on the weaker side. So, all those improvements in the next two, three quarters is when we'll see growth coming back to this business.

**Mr. Sunil Kothari**

Specifically on this trans-systems JV, because it has a very sizable contribution toward consolidation numbers, their profit is substantially down.

**Mr. Vineet Agarwal**

No, it's not substantially down, it's slightly down. But I think we are, as I said, you know, there are customers challenges sometimes or the other. So, I think, and it's also on a growth phase, that company. So, these are normal, a little bit plus and minus, but net-net, I think for the full year, we should be close to our last year's profit levels.

**Mr. Sunil Kothari**

Thank you very much, wish you good luck.

**Mr. Vineet Agarwal**

Thank you.

**Ms. Simran**

Thank you, sir. Dear Sirs, we have no raised hand as of now. We can wait for a while.

**Mr. Ashish Tiwari**

Yeah, sure.

**Ms. Simran**

Mr. Deepak is with us. Please put up your question.

**Mr. Deepak**

Yes. Hi Vineet and hi Ashish sir. This is Deepak from Unify Capital. So, firstly, I'll just go segment by segment. On the freight division, we're seeing that despite you taking a lot of efforts on branch addition, and pulling up your FTL mix, the growth and margin seem to be suffering. So, anything more that you guys need to do internally to beef up the growth and the margin profile? And what gives you confidence that after two quarters, the revival would happen in the freight division firstly?

**Mr. Vineet Agarwal**

Yeah, well, you know, I think some of the network expansion and some of those other things have to continue because those are more long-term measures rather than short term. So, of course, that's one side. The second is, I think the market overall market is on the weaker side. So, we are hoping we will start improving now with this GST cut etc., because that's a little bit more of a trickle-down effect that happens with the MSME sector.

The third is we have also made some management changes there. I think that should also start having an impact in the next quarter or so. So, all these things are in progress and gives us more confidence for the next two quarters.

**Mr. Deepak**

Understood. So, given that the competition is quite high in that space, do you think that you need to change your strategy to maybe discount and get volumes? Or is there any strategic shift that you're thinking about to revive the growth in this segment?

**Mr. Vineet Agarwal**

I won't get into very detailed operational systems here, but I think essentially, we are looking at all kinds of, we have looked at different kinds of models, etc. We know that discounting doesn't work in this highly fragmented business, because then you're basically at a falling cost, falling revenue model, where everyone is trying to race to the bottom. So, that doesn't work too much.

And you're working on thin margins. So, if it becomes even thinner, then you can get into deeper trouble. So, that balance is critical. And that's where we are trying to ensure that we can manage it. But two years ago, this division was doing extremely well. I think you can see in 2023-24, also we had 20% of return on capital and year before that was 27%. So, this is a cycle, I think three-year cycle that we get in freight, which is now coming fully to an end. And as well as now we'll see the positive momentum.

**Mr. Deepak**

Okay, understand. Going to the seaways segment, we've seen very good margins, and you've indicated that most of it should continue in Q4. But going back to the media interaction that you had today, the 30% margin that you indicated, are we going to see that number coming as soon as say Q1, Q2, or that shift, that gradual shift to 30% margin would be over time, like say around Q3, Q4 type?

**Mr. Vineet Agarwal**

So, it's 30 to 40% is what I indicated. And that's what will come overtime not in Q1 so fast, but over the year, because as I said, the new ships will get added on depreciation interest, etc. And a few months that it'll take for the ships to be fully utilized and come at full capacity and utilization. So, yeah, so that's the idea was not specifically for any quarter, but for the full FY27.

**Mr. Deepak**

Okay. And this 30% you meant was EBIT margin, right?

**Mr. Vineet Agarwal**

Yes, correct.

**Mr. Deepak**

Okay, understand. And sir, has there been any delay in the ships that we've ordered? Because we were expecting them to come by August around and now, you're expecting them later.

**Mr. Vineet Agarwal**

No, not really. Just one or two months plus minus based on the schedules of ship making there. So, we've always indicated really close to Q3 FY27. So, that's what September, you know, plus minus.

**Mr. Deepak**

Sure. Okay. And so lastly, on your supply chain business, you know, the growth rate on the top line has been good, but margins have been coming off and you've indicated that you're increasing your branch strength.

**Mr. Vineet Agarwal**

Not branch strength, but because what we are doing essentially here is that we are adding capacity from people and systems and processes, as well as some of the warehouses, for example, would have started at the end of the quarter or we don't have the full capacity utilization there. So, I think those factors really play out in terms of initial investments that we are making into the business before the results start coming in fully.

**Mr. Deepak**

Okay. My question was, sir, when should this entire cycle end and the EBIT growth would also mirror revenue growth? When should that phase start for us?

**Mr. Vineet Agarwal**

So, we are at, you know, in terms of the percentages, we'll see someone up and up and down. We've always said that the margin structure is here as a 10 percent, 9 to 10 percent plus minus a few basis points. So, we are I think some years you get a good year because you can kick in some economies of scale. And some years are investment years like this year where your margin gets compressed a bit, but then they start taking off over the year.

So, I think that we'll possibly see some definitive growth in Q4 because it's a good quarter. But going forward is the EBITDA margin at 9.5 to 10.5 percent range is what we expect for this business.

**Mr. Deepak**

I see. Okay. So, got it. And so overall, you've done well in FY27, despite, you know, your ship's going for dry dock and challenging times in freight. Thanks to good margins in the seaways.

**Mr. Vineet Agarwal**

And dividend income.

**Mr. Deepak**

Yeah. So, sir, my question was that since these margins would come off in 27. So, how should we look at, you know, the overall company's earnings growth in the next year, given that the seaways margin would come off?

**Mr. Vineet Agarwal**

So, the margin will not necessarily come off primarily so I have also indicated that. Secondly, I think if as the JVs continue to do well, we should continue to get the dividend income. And thirdly, the other

businesses will start picking up. So, you know, supply chains will start picking up, freight will pick up. So, that will also add positively to the margin. So, overall, I think, you know, the consistency that we have in our diversified operations is what has helped the company. Where, you know, we have had a few years ago when the seaways business was not doing too well, then freight and supply chain was doing well.

And then supply chain was not doing well in one year when few years when freight was doing well. So, you know, the balance that we are getting because of the multiple divisions is what helps the overall growth of the company. So, I think holistically, when you look at the company, this is what is working in our favor in terms of our strategy.

**Mr. Deepak**

Understood. And sir, you mentioned that Transystem JV would come back to the whole year's profitability in Q4. So, which means that Q4 should be exiting on a high run rate. Should we expect the Q4 run rate and the growth that we see this quarter to maintain in the next year and we get to about 8 to 10% growth in that business as well?

**Mr. Vineet Agarwal**

So, there we, I'm not, I don't think we'll get to the full year growth, as I said, perhaps full year margins of last year. I think it will be perhaps lower than that, slightly lower than that, but not having a major impact growth for next year. I think, yes, we can take a 10 plus percent range. There is a lot of cross badging that is happening between Toyota and Maruti.

So, that should help sales. They're also building a new plant in the West, in Aurangabad. So, there's a large opportunity that will play out in 2028 onwards. So, there onwards, we should see volume increase. But as we say, you know, it's business as usual there. So, Toyota continues to do well as a company. And so will the JV.

**Mr. Deepak**

Thank you. Thank you, sir.

**Ms. Simran**

Thank you, sir. The next question is from Mr. Dhruvin. Sir, please go ahead. Mr. Dhruvin.

**Mr. Dhruvin:** Hello. Can you hear me?

**Ms. Simran**

Yes. Yes, sir.

**Mr. Dhruvin**

Thank you for the opportunity, sir. Most of my questions have been answered by you because of the previous speaker's doubt. Just a couple of follow up questions from my side. One would be about our CAPEX schedule. We have a broad plan for FY26. Would you care to elaborate a little bit or spill over to FY27-28 as to the commencement? And how much are we looking to invest in that way?

**Mr. Vineet Agarwal**

I didn't... exactly mean?

**Mr. Dhruvin**

So, we've, in our PPT, given a broad plan as to how FY26 CAPEX is going to be scheduled out. Moving over to FY27 or 28. Can we have some overview as to what the CAPEX amount will be in those years?

**Mr. Vineet Agarwal**

That year, FY27, we don't have the exact numbers, but the ship is going to complete the two ships that we've ordered. They're going to come in. We will make the full payments for those ships. So, that itself will be about 200 odd crores. And apart from that, the regular investments in warehouses, trucks, rakes, etc. will continue. So, we expect the budget to be closer to 450-500 around the same range. This year, as I said, we'll probably end at 350-375. But yeah, so it will be higher in the next financial year.

**Mr. Dhruvin**

And the revenue and profit growth outlook that we see in the same slide, the 10-12%, that is as on 26 that we have been targeting?

**Mr. Vineet Agarwal**

We did not come out with the guidance for FY27.

**Mr. Dhruvin**

All right. And in each of the segments, is there going to be one segment where we expect like a turnaround in terms of, let's say margins or revenue?

**Mr. Vineet Agarwal**

No, no specific turnaround. I think, you know, our businesses go around gradual shifts, not dramatic shifts. And so, I think gradually we'll see improvement in all the businesses, in the businesses that are a little bit on the lower end.

**Mr. Dhruvin**

All right. So, that's all from me. Thank you so much.

**Mr. Ashish Tiwari**

Thank you.

**Ms. Simran**

Thank you, sir.

**Mr. Ashish Tiwari**

Any other questions?

**Mr. Deepak**

Yeah. Can I ask one more question?

**Mr. Ashish Tiwari**

Yeah, sure, Deepak.

**Mr. Deepak**

Yeah, so thank you. I just wanted to touch upon the competition in all three segments, from the freight to seaways, you know, how do you see the competition panning out? And is it easing because the growth in the sector and economy is on the recovery phase and coming back? So if you can just highlight on the competition part.

**Mr. Vineet Agarwal**

Competition remains intense. I think across, as I said, in the freight business, there is also not just the regular competition from the regional players, but sometimes you see some of the express guys also moving towards the LTA business with their pricing strategy. Then FTL has always been competitive, not just from local players, but also from larger national players.

On the supply chain side, we have a few companies that are there, but there are several regional players, several local players who are dominant in some areas with some automotive companies also. So, they keep expanding, also keep pushing the envelope there. We also see some international players coming in more because of the international contracts that they have.

On the seaways side, there is some amount of competition on the western coast and eastern coast. We have some companies that are, I guess, to some extent, seeing the kind of work that is happening on the coastal side. Some of the growth that our business has seen, I think, is also attracting some competitors there. So, less pressure from, I think, in terms of intensity of competitive pressure between the three segments would be the highest in freight, then supply chain and then seaways.

**Mr. Deepak**

Understood. Got it. Thank you, sir.

**Mr. Vineet Agarwal**

Thank you.

**Mr. Ashish Tiwari**

Thank you.

**Ms. Simran**

Thank you, sir. Dear participants, the floor is open for questions. You may put up your questions.

**Mr. Vikram:** Hello, sir. Vikram here from Phillips Capital. I hope I am audible.

**Ms. Simran**

Yes, sir.

**Mr. Ashish Tiwari**

Yeah, Vikram. Go ahead.

**Mr. Vikram**

Just on clarification, Q3, we had one dry docking in seaways and despite that, numbers were quite good. Is that right? And again, Q4, there won't be any dry docking.

**Mr. Vineet Agarwal**

Yes, that's correct. There was one dry dock during Q3.

**Mr. Vikram**

Understood. And any idea, if you look at from December to currently, what kind of increase is there in bunker price?

**Mr. Vineet Agarwal**

Bunker prices are, as we have shown a graph, for quarter and the nine months, there is a kind of difference of 17 to 18%. So, rates are softer by 18% from last year's levels.

**Mr. Vikram**

Okay. But from December to February, is there any significant improvement or are they still at a range bound level?

**Mr. Vineet Agarwal**

They are still at the same level from that point of time.

**Mr. Vikram**

Okay, understood. Yeah, I think that was from my side. Thank you.

**Mr. Vineet Agarwal**

Thank you.

**Ms. Simran**

Thank you, sir.

**Mr. Ashish Tiwari**

So, I think there is no further question. Thank you so much all participants taking out the time and for this investor call. If you have any further questions, probably you can write me back or you can call me as always. So, now we come to end to this call. Thank you so much and wish you all a happy festival and we will meet in quarter four. Thank you. Take care. Bye.

**Mr. Vineet Agarwal**

Thank you.