Transport Corporation of India Limited

Q2 FY2027 Investor Conference Call

October 30, 2026

MANAGEMENT:	**MR. VINEET AGARWAL**	**: MANAGING DIRECTOR**
	MR. ASHISH TIWARI	**: GROUP CHIEF FINANCIAL OFFICER**
MODERATOR:	**MS. SIMRAN SHARMA**	**: INVESTOR RELATIONS**

Ms. Simran Sharma

Good evening, ladies and gentlemen. We will begin with the session in a while.

Ms. Simran Sharma

Good evening, ladies and gentlemen.

I am Simran, and I would like to extend a warm welcome to everyone joining us for the Transport Corporation of India Limited Q2 FY27 Earnings Conference Call. On behalf of the management, we have with us Mr. Vineet Agarwal, Managing Director, and Mr. Ashish Tiwari, Group CFO.

Before we begin, I would like to inform all participants that they are currently in listen-only mode. Please note that this conference call is being recorded. With that, I now invite Mr. Ashish Tiwari to begin with his opening remarks. Thank you and over to you, sir.

Mr. Ashish Tiwari

Thank you, Simran, and good evening to all of you again for joining this call. We have our presentation which is uploaded on our website as well as sent to the stock exchange. Just a caveat that all the discussions which are there today might have some forward-looking statements, so they may not be coinciding with the actual performance going forward.

Now I will request Mr. Agarwal to quickly have some opening remarks and meanwhile I am putting the presentation. Thank you. Over to you, sir.

Mr. Vineet Agarwal

Thank you. Good evening, everyone, and welcome to our conference call. This has been an interesting quarter with good double-digit growth on the top line, though bottom line did not keep up with that same pace.

I'll talk a little bit more about it. But the general trend and the feeling is that things are moving in sync with the current line of growth that we are seeing in the market. And, of course, we as a business tend to see things a little earlier than what's happening.

And some sectors are showing some signs, for example, a little bit of a pullback that happened in the auto sector, where the auto sector is expecting, or rather people are expecting more discounts around the festive season, so that there is some purchase which has slowed down a little bit. But the dispatches have been OK, not as much as last year.

So we are coming up from a high base when it comes to the auto sector as well. The pre-stocking, pre-Diwali and pre-festival season also was not as robust, but it continued. And those are also reflected in some of our numbers. Let's start with the presentation.

So I think, you know, we can go straight to the. I think many people know already about the company, so I would not go into specifics here. What we would like to hear, just go back, Ashish, please. So this is the whole opportunity played at where we are today from all kinds of areas.

Now, some of these segments, which are verticals, but also act like horizontals for us. Example is chemical logistics, which not only the Chemlog business does, but also Concor. Similarly, cold chain is like a horizontal and vertical for us. Because it is applied in many other industries. So, it is some of these businesses are very large in terms of their market size, but not necessarily good in terms of their margins.

But as we can see, our presence is helping us to provide a bundled service to our customers, which is what I think works quite well on an overall basis. This is an example of a customer that we have in a consumer staple business where we actually moving some of their products via bulk in bulk via rail and then take it to a packing facility and then subsequently delivering it literally to the channels directly.

We don't, of course, go to the final customer, but we go to the B2B customer. And this is an integrated play that we are experimenting with. But the idea is that if we can grow this, we can do it pan India for this customer. It has impacted very positively for the client where they have been able to save freight as well as also moving towards more green logistics.

It has also helped in product security as well as consistency because there's no multiple handling, which has really helped the customer being a very clear and clean product to the market. Our technology aspect is continuing to grow and add more value with now we basically could talk to you about how we have moved from more visibility to creating intelligence into the system and ultimately integrating all the various legs across the board so that customers get a seamless visibility as well as intelligence across the system.

In terms of rail movements were slightly lower than last year in the same first half, but it is still consistent with the high growth as well as the number of TEUs handled is almost the same. Though, if we see volume wise things have moved up slightly. Sorry, value wise things have moved up slightly if they're not moved up so much on the volume side.

Again, we're present in almost all the major sectors and especially the growth led sectors, specifically high tech, electronics, consumption, quick commerce and so on and so forth. Let's go to division wise on the overall performance. Business has grown by almost 14.85 to 15% in the quarter, which is a high growth rate. As I said, some of it has also come because of value growth, not just volume growth.

Volume in some areas are a little muted, but value growth has come up because of the increase in freight rates as well as diesel prices that have led to freight rate increases. Some of it is also new contracts that we've got and they're not necessarily reflecting in the profitability, but they are starting to reflect on the business growth aspect. We have made almost a similar investment in Capex.

The Capex investment is almost as similar as what we've done the full year last year for six months already, and we think this will continue at the budget level. The buyback that we offered of 150 crores, about 7,000 shareholders participated and it was quite successful. Next slide.

Going forward on the freight business, essentially the breadth of the offices, the sector, the network continues with that about 11%. 11 offices have been opened and the LTL share is still at about 37%. It's starting to inch up, but we are also seeing decent amount of growth in the FTL side.

Things have started to pick up a little bit. The EBIT has come down, but as I said, this year is going to be, in terms of the overall margin, a period of rebuilding. That has started and you are seeing the top line growth about 12%, reflecting that also for the half year, 11.5%.

Margins remain lowish to the flattish, but now we are seeing that some of this will start picking up. As you can see, overall from the full year, ROCE, the numbers have also started to pick up. Actually, to go back on the freight side, I think we are seeing enough and more demand coming from certain types of customers on the heavy engineering, on the electrical side of the businesses.

But we also, as I mentioned last time, that there is a leadership change and we are seeing a new drive towards more customers, more involvement across the board. On the supply chain side, the business has grown at about 10%. It is coming off from a slightly higher base, but we've got very strong pipeline in terms of contracts, both on the transportation side, as well as on the warehouse side.

Capital input has gone up significantly because of the continued investment into trucks, warehouses, warehouse equipment, etc. So not the real estate of the warehouse, but on the warehouse equipment and handling systems, etc. So this is a phase of investment for us and I think it will continue at this pace. Margins are slightly up, as you can see, and we again think that some of this growth will continue.

In comparison to some of our competitors, we have a large emission of growth on the warehousing side, whereas some of our competitors have grown because of the inherently internal businesses and rather than external market growth. On the market side, there is definitely some cost pressure. We are seeing that from the new RFQs that are coming in.

But Quick Commerce continues to have a very strong footprint as well as growth trajectory. As I said, there is a slight slowdown on the sales side of the automotive business, but the pre-stocking, etc. continues.

But I think the market is still waiting to increase the offtake to some extent. I think maybe there is a little bit of tiredness, feeling that there are not enough new launches, etc. And more launches are happening on the high-end side.

So, I think some of this is changing. The other thing that perhaps is happening is the confusion in the minds of consumers whether they should shift to EV or not. Because with higher fuel rates, the economics of having an EV improves dramatically. So, I think that sense of whether we should move towards EV or not is something that is ongoing.

We think the growth drivers are quite strong here and we will continue to push for that. In terms of seaways, we will be happy to note that yesterday we took delivery of the first ship, the first 500 TEU vessel named TCI Setu.

It will start now, in the next few days, leave from China and report to India in the next two weeks, three weeks or so. And start operations towards closer to the end of the month after its due formalities. The second addition to the fleet will happen perhaps closer to maybe the beginning of next year in the first week of the first 15 days of the first month of January.

So they should both be on stream. Last quarter was very interesting because the fuel prices really shot up again. The bunker prices, as you can see from the graph, the yellow graph also, which meant that we also increased some pricing.

And that you can see the impact on both the volume as well as revenue growth for about 28%. The EBIT growth was slightly muted because of the increase in fuel costs that hit us a little bit. But as I've been saying that we are coming slowly to the moderate margin structure of about 35-40% EBITDA, maybe 38% also.

But with the new ship coming in, we'll also start experiencing, adding depreciation to our costs. But overall, the business remains, remains very solid. Most of them, all the joint ventures have done reasonably well.

The Concor joint venture grew at about 10.5%. Profitability is the same. Gold chain business grew at about 50% on the back of new contracts, especially on the quick commerce side. Profitability has also jumped up. It is already double of what it was for the full year. Transition profitability is slightly muted. And that has also had some impact on our, on the overall financials of the company.

Because the dividends that we received were slightly lower. The outlook for all these businesses remain good. I mean, Concor should grow at 10-15%. Cold Chain about 40%. Transition about 10-12% or so. In terms of the, the overall financial highlights are standalone grew at about 10% top line.

Console about 12%. And the EBITDA margins are up also slightly. But for the half year I'm talking about, for the quarter, of course, is 14.8% on the console. And about 8.3% on EBITDA. PAT is flat. As I said, the joint venture profits were slightly lower this year.

So, we've not got the full dividends. But we do hope this will start improving in the second half of the year. Operationally, businesses have done reasonably well.

In terms of ROCE, again, the Capex has still to play out. So the impact is there in terms of the overall 300 odd cores of Capex. So hence ROCE is slightly muted for half year. And return on net worth is also muted. As you're aware, the buyback happened earlier this month. Essentially, we had about 150 cores, about 200 cores of cash that we utilized, about 150 odd cores.

Apart from that, the overall buyback was oversubscribed by 2x. And we have the promoter holding has subsequently gone up to 70%. There is a certain amount of debt that we're also starting to take in as the cash reduces in terms of cash flow, etc.

And some tough financing, etc., that we'll need just to keep up with the MEZ type of borrowing till the time we start rebuilding the cash results. In terms of the outlook, the margin guidance on the top line remains at 10% to 12%, as well as on the margin side. Because, again, we are on the first half, second half, as you're aware, is always a better half for us.

In terms of the overall CAPEX, I think we've been guiding at about 500, 550-ish. I think we should get to about that level. The payment for the final payment for the ships will also happen. So, some of that will also start reflecting the overall CAPEX. I'm very happy to answer any questions. Thank you.

Ms. Simran Sharma

Thank you, sir, for sharing your valuable insights. Ladies and gentlemen, we will now begin the question-and-answer session. If you have any questions, please use the raise hand feature.

When called on, kindly start by stating your name and organization before asking your question. Our first question is from Mr. Alok Deora. Sir, please go ahead.

Mr. Alok Deora

Yeah, thanks for the opening comments. So this is Alok Deora from Motilal Oswal. So just had questions on the seaways. So just wanted to understand, this quarter, the margins have been, you know, slightly on the lower side. So what should be the, you know, normalized margins, which can be considered? I mean, we have been speaking about the margins kind of expected to moderate.

So in this quarter, we have actually seen that. So what should be the new normal margin for that segment? That is number one. Number two is now with this ship coming in, as in the first ship coming in November and the second is expected in 4Q. What should be the fair estimate on the seaways revenue for this year and more specifically for next year? And third would be that, you know, how should we also look at the tax rate now?

Because the tax rate would be also linked to the, for the seaways, the tax rate is more on the capacity than PBT. So just just how the effective tax rate could pan out.

Mr. Vineet Agarwal

OK, well, I think the margin structure, 35-ish percent, 40 percent is what we've been guiding and that will possibly happen again. The first ship though will come down in November. Real operations will start by the end of November and then it will take a few months for them to stabilize.

So, there could be some little bit operational losses, etc, that could happen, which will possibly get absorbed into the overall cost that is there. So in terms of overall guidance, I think these are not very large ships. They are about seven and a half thousand tons. So both the utilization of the first ship will be literally for only four months, while the second ship will be literally for two months out of the two years, out of the two ships.

So, guidance wise, the top line, I think, will not exceed. It has grown by about 60-70 percent, but more in line because of value growth of the rates going up. I think this is the kind of – it will not add substantially to the revenue, but I think, see, the volatility in the market is so high right now. It is just unbelievable. We are seeing that the bunker prices have been oscillating nonstop for the past month.

It's just been going up. Of course, international freight rates are at all-time high, or not all-time, but a very high rate. I was made aware that the container prices from India to the U.S. has gone up from $3,000-$4,000 to $12,000 a container. So this is having some impact here, and it could fall as fast as also, because there is also simultaneous talk about overcapacity.

So, it has become extremely unpredictable, shipping, in terms of committing. But, you know, business is very strong because we are a domestically focused company. So, I would think that this 15-20 percent kind of growth for the top line and about 10-15 percent for the bottom line should continue with the addition of the new ship. In terms of taxation, I don't think the impact is much. Ashish, maybe you can share.

Mr. Ashish Tiwari

Yeah, so right now the taxation is around 9.5-10 percent. I think it should remain on a similar percentage going forward because of the other taxable businesses, they would also generate more profits.

Mr. Alok Deora

Got it. So, sorry, just a follow-up on the margin side. So what you are essentially saying is that the margins in the Seaways would remain largely in line with what was delivered in the second quarter?

Mr. Vineet Agarwal

Mostly, yes.

Mr. Alok Deora

Got it. Yeah, sure. And, yeah, sorry, please go ahead.

Mr. Vineet Agarwal

No, no, go ahead.

Mr. Alok Deora

Got it. So I was just, one more question I had on the other segments. So in supply chain, the growth has kind of been slightly lower than what was the earlier run rate. So how do we see that kind of shaping up?

Because the base is also catching up now. So, do we see more like a 10-15 percent sort of growth rate ahead or how do we see this materializing?

Mr. Vineet Agarwal

Yes, I mean, we are committed to a 10-15 percent higher on the higher teen side growth for this financial year also. So higher means that about 10 percent of growth, 12, 13, 15, maybe even 14-15 percent. But rightly said, the base is still high.

And last year, there was a lot of movement that happened because of the sudden push towards posting the GST cuts. I think some of that has obviously moderated this year in terms of volume. But we have a very strong pipeline when it comes to both the auto sector and warehousing.

So, yes, the growth should continue in the teens.

Mr. Alok Deora

Sure. Just I will take one last question. So when you said 15-20 percent growth on revenue and 10-15 percent growth on PAT, that is for FY28 you are indicating, right?

Mr. Vineet Agarwal

No, 10-15, these are all current, 10-12 percent on both top line and bottom line.

Mr. Alok Deora

And what should be for 28 once these two ships are totally into the system?

Mr. Vineet Agarwal

I think more on the 12-15 side, more on the higher side for sure.

Mr. Alok Deora

And EBITDA could be much higher because the profitability will be more seways driven?

Mr. Vineet Agarwal

No, no, but the overall CAPEX is also high. So, trucks, railway rakes, we are also in the process of adding one more rake this quarter. So, all that and of course, there's a hard infrastructure that is being built also.

And of course, the shipping business. So all that combined with EBITDA, it will definitely go up.

Mr. Alok Deora

Sure, sure. That's all for my side. Thank you.

Mr. Vineet Agarwal

Thank you.

Ms. Simran Sharma

Thank you, Sir, The next question is from Mr. Abhinav. Sir, please proceed with your question.

Mr. Abhinav

Hi, thanks for the opportunity. Abhinav from Aequitas Investments. My first question is regarding which of the ships are going for dry dock?

Mr. Ashish Tiwari

So, this year, we had already completed one dry dock, and another ship would be going for, let's say, mid-March next year. So, there would be effectively two dry docks in this financial year.

Mr. Abhinav

Which ships?

Mr. Ashish Tiwari

There are two ships, smaller in size, small ships. One is already completed and another ship is due in the middle of March next year.

Mr. Abhinav

Is it Vijay, the ship? Vijay and Express? Yeah, it's Vijay, yeah.

Ms. Simran Sharma

For the newer ship, the second one, which is going to come in the month of January, what is the route and what kind of traffic or volume should we expect from that?

Mr. Vineet Agarwal

On what, sorry?

Ms. Simran Sharma

On the first ship and the second ship which is about to come, just wanted to understand what route will it be sailing through?

Mr. Vineet Agarwal

So both the ships are looking to move on the west, on the east coast to different locations. There is some opportunities that are coming up on the Colombo sector, some opportunities coming up on the Myanmar, Thailand, Indonesia sectors. So it is, but mostly remains domestic focus.

I think opportunistically we might look at some movement towards some of these countries. But overall, the demand is domestic. There could be some movement between the islands also. So, we have enough demand. It's just a question of deploying in the right sectors for the maximum output.

Ms. Simran Sharma

All right. And in terms of volume, when you see about these two ships, do you think we will be able to attract almost RPQ utilization in the first month itself? Or do you think that this will take some time to reach the peak utilization?

Mr. Vineet Agarwal

It will take some time because, you know, when you are buying a new ship, the whole calibration etc. takes a bit of time. So, you don't really, if it is a 500 TEU ship, we might, containers, we will not load it with 500 containers.

We load it with much less. We are testing the ship on a continuous basis. So, it will take a few months for it to come into full stream. But we are adding roughly about 20% of 17-18% new capacity. So that should help in FY28 numbers.

Ms. Simran Sharma

So, while you say that we are adding 17-18% capacity, how about the revenue for the ship? Because you mentioned it will increase by 10-12%, 12-15%. So can you help me explain why you feel that?

Mr. Vineet Agarwal

Yes, because I'm talking about FY28. The full stream will come up because we have 78,000 deadweight tons right now. So, we are adding two 15,000, two 7,500-ton ships, which is approximately 17-18%. The impact of that will come only on FY28, not in FY27. So, the increase in business for FY27 is about 15-20%. FY28 would be in excess of 20%.

But as I also mentioned in the same breath that there is a possibility with the freight rates coming down, or rather bunker prices coming down, freight rates will also come down. When that happens, the pricing will come down. So it is slightly on the unpredictable side. But our basic thought here is that volumes will go up by 15-20% in line with the capacity expansion.

Ms. Simran Sharma

Got it. And for the ships, I think three of the ships were above, or we had one extension in FY28. So any update on them that what we will be doing for that?

Mr. Vineet Agarwal

Ashish, I think the extension is till FY30, right?

Mr. Ashish Tiwari

Yeah, it is now extended to FY30. And they are there, they are running also. And the ships are all on very good condition as there is regular dry docking and other stuff.

So, we would take an appropriate call as and when it is required. So all those ships which were expired, the operational days were expiring in FY28. That is now extended to FY30 now.

Ms. Simran Sharma

Oh, perfect, perfect. Congratulations. Thank you. Thank you.

Ms. Simran Sharma

Thank you. The next question is from Mr. Ronak Jain. Sir, please go ahead.

Mr. Ronak Jain

Thank you for the opportunity. Ronak from Avendus Park. So my first question, sir, is on the seaways business.

Could you please tell us that in this quarter, second quarter, what has been the YoY increase in the realizations? And what would be the medium-term outlook of these realizations considering the bunker prices stay elevated?

Mr. Vineet Agarwal

So I would talk more about the short-term rather than medium-term. Short-term for us is literally month on month now because of the rates going up and down. So we are, the realization, you know, is that as you can see that even hovering the bunker prices are hovering around roughly about 70-80,000 rupees a ton, which has gone up to now 95,000 to 98,000 rupees.

So that itself is a jump of almost 20% on the bunker prices, which means that we've also increased the freight rates by not almost necessarily the same amount, but about 10-15% whatever the market can absorb. Because remember that there are some markets where if the freight rates on the sea go up too much also, customers can shift to rail or to other modes of transport.

So there's a right balance that we must keep also in the business. Yeah, I hope that answers your question.

Mr. Ronak Jain

Right. Got it. Thank you.

And just one more question on the freight business. What has been the pricing-led growth in Q2, considering that we have around 10-12% ROI growth in the freight business, in the revenue. Out of that, how much would be pricing-led?

Mr. Vineet Agarwal

More than 50%. Half of it is usually priced and half of it is volume. In this case, I think it's been maybe two-thirds of it is pricing and one-third is volume.

Mr. Ronak Jain

Okay. Got it.

Mr. Vineet Agarwal

Thank you. If you recollect the first quarter, I'd mentioned that we had just started the transmission of the freight, of the higher diesel prices to our customers. So that realization has started to happen in Q2.

Mr. Ronak Jain

Okay. Understood. Right. Thank you.

Ms. Simran Sharma

Thank you, sir. The next question is from Ms. Shalini. Ma'am, please go ahead.

Mr. Vineet Agarwal

You're mute.

Ms. Simran Sharma

Ma'am, are you there? So, the next question is from Ms. Priyanka. Please go ahead.

Ms. Priyanka

Hi. Thank you for asking my question.

I'm from SKP Securities. My question is, now that we have taken additional borrowings, so where do we see our debt peaking out for maybe FY28-29 going forward? How will our interest rates move?

Like the finance cost? And given the two shifts that are coming in the second half, where do we see our depreciation cost going in FY27-28?

Mr. Ashish Tiwari

Thank you. Yeah. So right now, the net debts a company has is around 90 crores to 100 crores.

We do have a capex plan of 600 crores. And out of that, probably another 20% or 25% would be from the external borrowing. This is because of leverage and tax advantage.

Next year also, the EBITDA estimation, if we take roughly a 10% increase, so it would be hovering 600 crores. And with, let's say, assuming the same capex, probably it would. So we may not be needing borrowing as such, but yes, because of the timing difference and working capital, we do need some borrowing, which is we already have some arrangements.

It is difficult to tell you how FY28 ending, but FY27 probably would be the net debt around 150 or maybe 200 crores.

Ms. Priyanka

Okay. And sir, regarding depreciation?

Mr. Ashish Tiwari Tiwari

Depreciation is hovering. Again, if you see it's around 2.5% of total top line, probably that would be inching to another 2.6%, 2.7% of total top line because we do have a capex. And yeah, so that might be some 10, 15% increase in the depreciation from the last year level.

Ms. Priyanka

And so for capex going forward, like for FY28, like I think in the last call you mentioned, like you're looking at 1000 to 1200 crore kind of capex for the coming three years. So is that in line?

Mr. Ashish Tiwari

That was in line. And in fact, we may have some more plans. So probably this year 600 crores was more of a spillover from past years because we had a plan of 450 crores last year, and then it was just 300 crores.

And then there is a spillover this year. So probably we would have like new guidance, maybe coming next year, FY28.

Ms. Priyanka

Okay. Okay. Thank you, sir.

Mr. Ashish Tiwari

Thank you.

Ms. Simran Sharma

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

Mr. Pravesh

Yeah. Hi, thank you for the opportunity. My first question is on the Seaways division.

Sir, what would have to happen in this division for the margins to, let's say, go back to their levels at which you are operating in FY19-20 at around 25-26% EBIT margins? Because currently we are making around 34-35, between 30-35%. What will happen?

Mr. Vineet Agarwal

So, several things. One is that the overall cost structure related to fuel is going up. So how much of it are we able to pass on to customers?

The second is that when the fuel prices start coming down, volumes can also come down a little bit sometimes. So we have to be cognizant of that. Third is that there will be higher depreciation because of the new ships and maybe some finance costs also associated with that.

So all these perhaps can lead to suppression in margins. But as I've been saying, 30-ish percent, 30-35%, to 40% is what we think is a reasonable number.

Mr. Pravesh

Okay. And what are the long-term plans of the company regarding this division? Because after a very long time, two new ships have been added.

So, are there any plans to add more tonnage in this division?

Mr. Vineet Agarwal

Yes, absolutely. I think as has been mentioned that we have some tonnage that is going to go away in the next few years. We must continuously build more tonnage on that, not just for replacement but additional.

So, the next three-four years, we are today at 78,000 plus another 15,000 next year. So inching towards a lakh ton. We would like to keep up net.

Net should be a lakh ton when we enter 2930. So when we exit 2930, which means that some ships will go and some ships will get added.

Mr. Pravesh

Okay. And in terms of our freight division, we have been struggling there. There has been some revenue growth in the recent two quarters. But the other competitors in this division have been growing at a quite fast rate and they have been growing their volumes also.

So what is the challenge that we are facing? Also in terms of shifting the volumes towards more LTL side. I mean, when I look at the industry who are doing competitors, who are doing pure LTL, they are able to get more tonnage and more volumes, whether it is VRL delivery or other plates. So where is a problem coming up for us?

Mr. Vineet Agarwal

So we don't compete with delivery, and I think VRL perhaps is competing a little bit more on the delivery side as well as with the express business. I think they are also taking away some of that little bit of the express side because of the high, because perhaps a little lower pricing that they are offering other than the express companies, which I have been seeing for some time. Our volume growth has started to come in.

As I said, this was a transition phase that is going on for this year and we should start seeing this kind of growth. But barring the few LDL players, the overall market is not growing that fast. Also, the pressure on the margins always remains because FTL margins are suppressed and compressed across the board.

So, we are starting to pick up and I would keep looking at these numbers every quarter and keep seeing some growth continuously.

Mr. Pravesh

Just on the diesel pass on mechanism, we also work on the acid light model. So whenever there is a diesel hike taken, do we pass it on to the contractors, the truck operators or do we keep it ourselves? Because if I look at the EBIT margins, they have been flat for the last two quarters, but the revenue has grown.

So, I am assuming that diesel pass through has gone to those truck operators.

Mr. Vineet Agarwal

Also, because we have some portion of the business that is on vendors, etc. Since we don't own any fleet. So those vendor rates have to go up a little bit as their costs also keep increasing.

When we are hiring from the spot market, that spot market automatically adjusts to the market rates. So,then there is no issue. Then that automatically gets passed on to them.

Contracts, these customers have built-in increases. So when we are sourcing from the market, automatically the rates are also higher because of the diesel price hikes.

Mr. Pravesh

Yes, last question. Structurally, as DFC was completed in June, do you see the effect from five-year, five-year perspective, what kind of effect will it have on freight division? Let's say from Mumbai to Delhi, if the freight must go, will it shift substantially to DFC?

What kind of impact will that have on our business?

Mr. Vineet Agarwal

Well, certainly there will be some shift that has already started to happen, but there is also a large amount of volume growth that has been happening. Or rather the volume growth is continuing. So I think that will not stop.

For us, it's not competitive. It's just more we're going to use them and use those services for our business growth. So it's positive overall.

I don't see it for us as negative. But yes, the market impact could be substantial for fleet owners on certain routes who operate on certain routes. Okay, thank you.

Thank you very much.

Ms. Simran Sharma

Thank you. The next question is from Mr. Abhinav.

Mr. Abhinav

Yeah, my question was regarding supply chain solutions division. How do we see demand going forward? Do we see some softness in auto sector?

Mr. Vineet Agarwal

Demand, as I said, we should look at 12-13% type of growth in this year and then higher growth in the next financial year. We have a lot of new contracts that are underway right now. And those will start translating into full revenue streams in the next few months.

So, we are very confident that this will, this kind of Capex also that we've done here will start yielding results. So overall, top-line growth should be in that range and bottom-line growth should be also in that range for the first year or two as we are building capacity.

Mr. Abhinav

Okay.

Mr. Vineet Agarwal

Yeah, that's it.

Mr. Abhinav

Thank you.

Ms. Simran Sharma

Thank you. There are no question at the moment, we can wait for a few minutes to see if any participants would like to ask a question.

Mr. Vineet Agarwal

Okay, I think there are no further questions. So, thank you so much for joining. I think we are seeing good growth in this quarter.

We should continue in the next two quarters. So, we are very confident of achieving our guidance. Thank you again for joining today.

Mr. Ashish Tiwari

Thank you. Simran, you can conclude the call.

Ms. Simran Sharma

Thank you. Thank you, everyone.

Mr. Ashish Tiwari

Thank you. Thank you. And wish you all a happy Diwali in advance.

Thank you. See you in the quarter three call.