

19<sup>th</sup> August 2024

To,  
The Manager,  
National Stock Exchange of India Limited  
Listing Department, Exchange Plaza, C-1, Block - G,  
Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051.  
**Scrip Code: TOTAL**

**CIN: L63090MH1995PLC091063**

**Subject: Transcript of Earnings Conference Call held on Wednesday, 14<sup>th</sup> August 2024.**

Dear Sir,

Please refer to our Earnings Conference Call scheduled for Wednesday, 14<sup>th</sup> August 2024 at 12:00 PM (IST), as intimated vide our letter dated 06/08/2024.

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of the Q1 FY25 Earnings Conference Call.

You are requested to take the same on record.

Thanking you.

Yours faithfully,

**For Total Transport Systems Limited,**

**Bhavik Trivedi**  
**Company Secretary & Compliance Officer**

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**Total Transport Systems Limited  
Q1 FY25 Earnings Conference Call Transcript  
Wednesday, 14<sup>th</sup> August 2024**

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**MANAGEMENT:**

- ♦ **Mr. Makarand Pradhan - Promoter and Managing Director**
  - ♦ **Mr. Shrikant Nibandhe - CFO and Director**
  - ♦ **Mr. Bhavik Trivedi - Company Secretary & Compliance Officer**
- 

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**Moderator:** Good day, and welcome to Total Transport Systems Limited Q1 FY25 Earnings Conference Call.

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

Before we proceed with this call. I would like to take this opportunity to remind everyone about the disclaimer related to this conference call. Today's discussion may be forward-looking in nature based on management's current beliefs and expectations. It must be viewed in conjunction with the risks that our business faces that could cause our future results, performance or achievements to differ significantly from what may be expressed or implied by such forward-looking statements.

I now hand the conference over to Mr. Makrand Pradhan for opening remarks. Thank you, and over to you, sir.




**Makrand Pradhan:** Good afternoon, everyone. My name is Makrand Pradhan, and I am the Managing Director of Total Transport Systems Limited.

I will now give you a small introduction and then we go on to the economy, how it is faring, then the logistics sector update, and the company operational performance and company financial performance. First of all, thank you Manav for your introduction. We move ahead. Day before yesterday, we had a meeting and Total Transport Systems Q1FY25 Earnings were declared. I trust that you all had a chance to review the investor presentation, and the financial results released on Monday 12th, August 2024 which are accessible on the NSE website.

To begin, I would like to start with an overview of the economic outlook and the update of the logistics sector. The global economy has performed better than anticipated, demonstrating resilience despite ongoing geopolitical challenges. The likelihood of a recession has decreased, and the global economy has adjusted to higher interest rates. The Indian economy grew by 8.2% in the FY24, exceeding predictions. The Reserve Bank of India forecasts the real GDP growth rate of 7.2% for FY25, supported by substantial government investment in infrastructure, a strong manufacturing sector and robust domestic demand. The recently announced union budget aligns with the vision of a self-reliant Bharat focusing on MSME.

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sector, agriculture, manufacturing, job creation and skill development. The budget allocates 11.1 lakh crore for the development of roads, railways, ports and airports. Key initiatives such as economic railway corridors and the PM Gati Shakti are aimed at reducing congestion, lowering logistic costs and enhancing connectivity. The introduction of single window clearance systems and the standardization of data format towards reducing bureaucratic obstacles, minimizing delays and decreasing operational costs in the logistics sector.

Now we are moving on to the logistics sector update. The government of India has implemented several measures to enhance production ability, boost exports and lower logistic cost in international trade. These measures include setting export targets, providing export credit insurance and encouraging banks to offer affordable export credit to MSME exporters. Initiatives such as Truant Customs, pre-arrival data processing, e-Sanchit and coordinated border management have streamlined trade processes, improving transparency and cooperation among stakeholders. Recently, the Uttar Pradesh government has allocated ₹7064 crore for the development of a multi modal logistic hub in Greater Noida's Dadri, spanning 823 acres. This project is part of the broader goal to achieve a \$1 trillion economy. The hub will feature commercial and administrative facilities, a rail yard and additional infrastructure projects. The hub is anticipated to become India's largest logistics center, serving as a key point for container handling, warehousing and other logistics services. The multi modal logistics hub in Dadri will provide seamless rail connectivity, including essential amenities such as rail platforms, customs clearance and cargo segregation areas.

Global shipping rates have increased significantly more than doubling since May 2024. This rise is attributed to factors such as the suspension of the Red Sea route, port congestion at various locations and higher freight rates. The suspension of the Red Sea route has led companies to reroute via the Cape of Good Hope resulting in longer transit times, increased freight and higher insurance costs. These changes have contributed to further congestion and disruptions, presenting challenges for exporters.

Company operational update. In a stable macro-economic environment, Total Transport Systems Limited has consistently demonstrated solid performance across all its business segments. The company remains committed through innovation and excellence and has made substantial investments in infrastructure, fleet management systems and technology. It effectively leverages data analytics to optimize its operations. During the first quarter of FY24, the Multimodal transport segment was the primary contributor to the revenue, accounting for 82% which represents a 29% increase compared to the same period last year. The last mile

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The delivery segment also made a notable contribution representing 17% of the revenue in Q1 FY24 and showing a growth rate of 28% year-on-year.

Although the customs housing segment is the smallest, it maintains the presence with approximately 1% of revenue in Q1FY25. In the consolidation segment, exports led with 65% of the total managing 1,04,315 cubic meters, which indicates effective volume management. The freight forwarding segment demonstrated a strong export focus, contributing 78% with 3,893 TEUs processed, highlighting the company's capability to handle containerized cargo efficiently. Similarly, the Air freight segment, which managed 312 tonnes this quarter excelled in export by handling 84% of the tonnage. This focus on export operations across these segments reflects the company's strategic emphasis on international market engagement and growth. The Abhilaya business segment, a growing last mile delivery solution within Total Transport portfolio has achieved significant milestones as of June 30th, 2024. Since its launch in October 2018, Abhilaya has established partnerships with major e-commerce platforms such as Amazon and Flipkart, showcasing its strong capabilities. Abhilaya's progress is evident in its consistent revenue growth, increased shipment volumes and expanded cargo service coverage. As of June 30th, 2024, Abhilaya covers over 1500 PIN codes with more than 1500 vehicles and is supported by a team of over 4000 associates. The segment's growth is further highlighted by the successful handling of over 9 million shipments this quarter. Abhilaya continues to enhance its market presence, expand its geographic reach and maintain strong operational performance, reinforcing its role as a key player in providing tech-enabled on demand delivery solutions for e-commerce.

The company's financial performance. Total Transport Systems Limited reported a revenue of ₹146 crore in Q1 FY25, from operation an increase of 28.32% compared to ₹113.78 crore in the same quarter last year. This increase shows the company's ongoing efforts to expand its business and meet growing market demand. The company's EBITDA for Q1FY25 was ₹1.39 crore, a slight decrease from ₹1.54 crore in Q4FY24. However, the EBITDA margin remained steady at 0.95%, showing that the company is managing its costs effectively. Total Transport Systems Limited profit before tax for Q1FY25 was ₹0.90 crore, while profit after tax was ₹0.23 crore, showing growth compared to the previous quarter. We will continue to focus on steady profitability. As we move forward, we are committed to maintaining its momentum, improving our financial performance and delivering long-term value to our stakeholders. With this, I conclude my speech and welcome your questions in the Q&A session. Thank you.

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**Moderator:** Thank you very much. We will now begin the question-and-answer session. We have our first question from the line of Madhu Sharma from SK Capital. Please go ahead.

**Madhu Sharma:** Sir my first question is, what measures are being taken to improve EBITDA margin in the upcoming quarter?

**Makrand Pradhan:** Freight levels have gone up, up to 3 crores compared to the last two quarters. We are trying to reduce, which is driving us to now more working capital, it is going stagnant, or it will go up, still wherever possible we are trying to reduce the operational costs, we are trying to reduce the finance costs and other things. Simultaneously, it has increased again since we had an increment in April, employee costs have gone up. So, we are trying our best to do all, focus on these three components, and we are working on the same, but EBITDA cost will increase in the more when we have more volumes coming in, and we are focusing on that same.

**Madhu Sharma:** Okay, sir. And is Total Transport Systems Limited exploring opportunities for global expansion, particularly in emerging markets, and if so, what regions are being targeted?

**Makrand Pradhan:** At this point of time, we haven't plans of going into any other areas globally. We still have lot of business to be done in India, and then we will plan out.

**Madhu Sharma:** Okay, sir. And sir what are the company plans for infrastructure investment, particularly in expanding warehousing capacity and transportation network?

**Makrand Pradhan:** We are cautious about these kinds of investments. We are currently using third party warehouses; till the time we build certain volumes which we think the warehouses can sustain for a long time without any downfalls. We will not be going with for our own warehouses. The other thing is transport, we are using our vehicles for our control business. We do not have plan to go into full flight transport for servicing other customers. Whatever business we control ourselves, we will be using our own transport. So as the business grows up, we will have a requirement of increased trailers, trucks or whatever, delivery van, and then we will see, depending on the increased volume, we will go in for the additional vehicles or additional warehouse fees. But at this point in time, we are not looking at investment in warehousing. We are not looking at a major investment in wage resources.

**Moderator:** Thank you. The next question is from the line of Vikram Suryavanshi from Phillip Capital. Please go ahead.

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**Vikram Suryavanshi:** Sir, you mentioned about logistic park at Dadri, so what kind of advantage or benefit we can take from that? And when it is expected to start, if you can give some input on that?

**Makrand Pradhan:** See at this point of time, we expect that the volumes which are coming from Northern India today are coming in from Patparganj and Tughlakabad. Now these places are problem with the rail being in line in a daily alternate-day basis. The connectivity of the railway also faces a lot of issues in terms of loading, because these warehouses, if you look for LCL in Patparganj and all, are not capable of increasing the capacity at all. When we see that these parks in Dadri and all are coming up, it will be a more professional handling, a lot of exporters from Northern India are bringing the cargo directly to Nhava Sheva for loading or into Mundra for FCL. But going forward, a lot of LCLs and FCLs will be stuffed in this TFS, if the facilities are improved drastically. Today, the storage facilities in Tughlakabad and Patparganj they are not at all conducive for increased growth of the business.

**Vikram Suryavanshi:** Got it, but CONCOR already has one in Dadri. So, will that not be sufficient?

**Makrand Pradhan:** I do not know, because CONCOR is also a Government of India run entity, and I really do not know whether they are going to join hands or not. If we come to know, we can inform our investors.

**Vikram Suryavanshi:** Got it. And my sir last question is on last mile delivery, when we get long term sizable business, what kind of margins we can expect in this business or return?

**Makrand Pradhan:** Last mile delivery we are now, we do mainly for Amazon, Flipkart. Flipkart, certain places we are closing it especially in the Jammu Kashmir and other places where in which the operational challenges are much more there. And we do face other issues of handling the workforce and debits from the principles and those issues. So, we have closed down certain centers in those areas. Further down, the same Amazon we are opening, we got an opportunity to open up in Goa and other places, and some more centers in Mumbai and Maharashtra region. So, that is going to be add to around at the movement we are managing 3.2 million shipments a month, which should go up to 3.8 to 4 million shipments. And the season starts from this Raksha Bandhan onwards, we should be closing around for Diwali time, expected to close more than for this month, of 5 million shipments a month. So, the growth is there, apart from that we are more developed these 3PL Logistics under the brand of Abhilaya, where in which we do the aggregators companies work, and the brand what we handle is like Purple, Nykaa, Amway and Ship rocket and all these places. So, this will actually be close to 2000 shipments per day. Larger

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wins target as of today we are doing it close to 3000, 3500 shipment a day. So, now that the volume goes up, it will definitely be a profit-making activity for us. And once we settle down here, the same we will do the replica in the Bangalore, which we are targeting from January 2025, onwards. So, these are plans for this Abhilaya, and the whole year we should be at this breaking even and show some profit at the PBT level.

**Moderator:** Thank you. The next question is from the line of Tanuj Mehta from JM Financials. Please go ahead.

**Tanuj Mehta:** On the revenue front, if I see that, Y-o-Y we have a substantial increase of 28% around in terms of revenue. But at the bottom line, we are not seeing that is happening in terms of a profit. That is the first question. The second question is, as the international freight rates have been increasing, what is your view on the freight rates in the coming months? And how do you see that down the 3-4 quarter, it will come in our bottom line, that's the first question from an international front?

**Makrand Pradhan:** Done, can I answer you?

**Tanuj Mehta:** Yes, sir.

**Makrand Pradhan:** Okay. Though we have seen good increase in our revenue, this we have not been able to transform it into our profits. And the only reason is the freight levels have not been stable. Freight rates have been changing practically every day, also in some of the sectors, like Africa, like Gulf, every week in other sectors, every 15 days many sectors, most of the sectors. So, when we are doing the forward booking and the forward booking depends on our past performance, which may not necessarily be on a port-to-port basis. So, what happened is, today we booked certain containers, and tomorrow the vessel is light, the shipping companies are reducing the rate drastically to fill up their vessel. So, whatever bookings we have made, we are paying a certain penalty for it, and that is one of the reasons why, actually, it has not transformed into profits. The other thing is, if you see the employee cost has gone up after that and that is because of the increments in the logistics sector, when the freight levels are high, there is tremendous amount of job turnover, and that to a certain extent, we also have to go in line with the market as far as the increments are concerned, and that has also played a very vital role in reducing the profitability. However, now that the freight is getting more stable, I wouldn't say that 100% stable, but not changing every day, every week, there is a possibility that we can slowly get bookings and transform that increase volume into profitability, that.

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answers your first question. Your second question was about the freight levels, and what do you expect. In this quarter, the freight levels will remain stable, up to December, which is what our judgment is. It may vary because the geopolitical situations keep changing, and we are not able to tell you with 100% confidence whether these freight levels will be stable or not. But as of now, the freight has stabilized, but if you are talking about a bottom out of the freight level. It is definitely not going to come till the next year end.

**Tanuj Mehta:**

Okay. But sir compared to, if I say in the logistics sector, the freight rate has almost doubled, so other peers, let's say All cargo and other company, are performing better compared to our company. That's the main concern.

**Makrand Pradhan:**

Yes, of course they are performing better, there is no doubt about it. If you compare LCL business of all cargo and LCL business of our local, talk to you about India local business, then we are doing better than this. If you compare their FCL business with us, we are nowhere close to them. And the reason is, all cargo has been focusing on FCL business, import and export, and they, by virtue of EQ lines contracts worldwide, enjoy much better freight level than what we are enjoying. There is lot of time for us to go up to that level in terms of FCL and make money out of FCL when the freight levels are fluctuating, that is for sure.

**Tanuj Mehta:**

And sir on the domestic front our startup, we can say Abhilaya, as you are saying that Amazon and Flipkart, these two companies, already have a tie up. But as per the rule, only 35% of the market they share with us, rest they manage by them only, their e-kart delivery. So, compared to the margin which we get from, let's say Amazon and Flipkart. Can you shed some light on what the margin percent we have, ratio not exact number, but up and down in terms of the margin which we receive from Ship rocket, let's say other firms which are completely dependent on us. That's the first part on domestic fund. Second part is, as we are having an employee on Abhilaya, so are we planning to shift that employee on a permanent to contractual basis, or depending on performance basis, that's the second part and third part the Abhilaya is completely owned by the company, so we are putting the money, so in future, do we have any plan of franchising it so as to achieve the money from the franchise partner and to lower the expense, that's the third question.

**Shrikant Nibandhe:**

Okay. First is this, the margin levels with Amazon and Flipkart. Amazon gives us close to around range between 10% to 12% in the segment of TDFC where we do the smart warehousing and the deliveries to the shipment. In the case of Flipkart, it comes to around 5% or maximum up to the 6% margins on this thing. But there are some issues happens with the geography, with

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people handing and the area where certain things of probably the missing of the parcels, freight and all these people are not coming on the job. Boys are misbehaving, so those issues are there in certain parts of the country. But where are we now taken the stand, and we get rid of those stations from both the company. So, these are the margin levels what we had. So, there is so much of expansion, or rather volumes are available with both the companies, because they are unable to get correct factors, or rather partners from pan India basis, which they can carry in the substantial number of the shipments. And when this season is at the doorstep, they are desperately looking for good partners to handle the shipment. But we are going cautiously, because of those issues, on the other hand we have to face it. So, these are the margin levels. Though we can scale it up to more than 5 million or 6 million shipments a month, but again there are operational issues and workforce handling issues, which again take a lot of our energy and certain financial burdens also. So, these are the margin levels, and these are the expansion, we are going a little slow on that. Contractually we make all the agreements, or contractual agreements with all the delivery boys, on a per parcel basis. In the season, it gets changed with the performance incentive basis has been driven by the Amazon ship guard. So, when they declare the scheme, same scheme we offer to the delivery boys on the performance basis. So that is up to the season period only. It doesn't go on a yearly basis, or every quarter of the year. We are not planning for franchisee, but we are looking for some probable investors who can invest in more of the 3PL, because 3PL we wish to take it up to Bengaluru and just down line in the Delhi, NCR regions. So, for that, we need certain funds. Again, all this time, we are funding it from Total Transport, now we wish to have some investor to open and do the funding for expansion of these 3PL activities. So, this is what we are looking for, hopefully we will get some success in the coming months.

**Moderator:** Thank you. We have our next question from the line of Rahil Shah from Crown Capital. Please go ahead.

**Rahil Shah:** Just in terms of perspective now, from an investor point of view, how do we assess the situation? You did mention it's pretty unstable, and you are trying your best to improve the margins by reducing the cost and everything. But from a general overall scenario, where is this like industry the sector headed and especially for you, now what are your strategies, and when will you expect some turnaround in the business, and when will we see good profits? So, if you can just provide a general overview?

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**Makrand Pradhan:**

If you see what we did last year and what we will be closing in this year, there will be a tremendous amount of change. We have already intensified our sales activities. We are working very closely on how the containers have been booked. We are also working on certain things where we can get more support from the carriers. All this game depends on how well we get the support. If you look at the volumes that we have and what All Cargo has, the LCL on a pan India basis, our volumes are little higher than this. But when it comes to the FCL, because of our contracts, we are far behind. Now, this situation can never be turned around in a year or two or three. It will take a good amount of four - five years before we go because our Allcargo has been doing FCL for the last 30 years. We have been focusing on FCL for the last one and a half years. So, there is going to be a difference in this sector. Slowly but steadily, we have from the last year to this year we have doubled up our FCL volume. So, you can clearly see that there has been improvement in the sales activities that we have undertaken. We are going ahead with tremendous amount of training sessions for our people on the job training, how corrections can be made, and all those things. So, it is not the area that I can talk of trading is not being done. We are also going in for the software, unfortunately it did not work out the last time we tried to go because there were some problems coming in the software. But going forward, these are being corrected and we see that we have put our customer service, our tele sales, our on the field sales, all are seeing a significant improvement. The other thing, what we are working very closely is on the turnaround time of cargos, which are being monitored, and also to increase the load ability of the container. When I say load ability, how much cubic meter of cargo will go into one container, is what we are working on, and I am proud to say that this load ability is the best in the industry. We have achieved successes. So, there is no one strategy, there is no one way of success, it is overall growth that we are looking at, and we expect that in this fiscal year we will do much better in terms of our revenues and our profitability by the end of this year. And the signs are already there, the profitability would have been high, or it can be seen that the revenues have increased, but because of the increment, which happened in April, the cost has also gone up, and that is the reason, this is a scenario. However, we expect that our volumes will go up further, and we will have better support from the carrier in the coming future, and our results will definitely improve.

**Rahil Shah:**




Sounds encouraging sir, but is it possible for you to quantify any of it at this stage?

**Makrand Pradhan:**

No, we would not like to quantify it at this point of time.

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**Moderator:**

Thank you. Ladies and gentlemen that would be the last question for today. And on behalf of Total Transport Systems Limited, we would like to formally conclude this Q1FY25 Earnings Conference Call. We sincerely appreciate your participation in this event. We will look forward to seeing you next quarter, and we kindly request that now you disconnect your lines. Thank you for your time and engagement.

(This document has been edited for readability purposes.)

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