



June 4, 2025

BSE Limited 1st Floor, New Trading Ring, Rotunda Bldg., P. J. Towers, Dalal Street, Fort, Mumbai 400 001 Scrip Code: 543965	National Stock Exchange of India Limited Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051 NSE Symbol: TVSSCS
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Dear Sir/Madam,

Sub: Transcript of earnings call with analysts/ investors

Pursuant to Regulations 30 read with Para A of Part A of Schedule III and other applicable provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, we attach herewith the transcript of TVS Supply Chain Solutions Limited ("Company"), analyst call held on May 29, 2025, to discuss the financial results for the quarter and year ended March 31, 2025.

The transcript is also uploaded in the Company's website <https://www.tvsscs.com/investor-relations/>

Kindly take the above information on records.

Thanking You,
Yours faithfully,

For **TVS Supply Chain Solutions Limited**

P D Krishna Prasad

Company Secretary

Encl: As above

TVS Supply Chain Solutions Limited

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“TVS Supply Chain Solutions Limited
Q4 FY '25 Earnings Conference Call”
May 29, 2025

E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 29th May 2025 will prevail



MANAGEMENT: **MR. RAVI VISWANATHAN – MANAGING DIRECTOR –
TVS SUPPLY CHAIN SOLUTIONS LIMITED
MR. R. VAIDHYANATHAN – GLOBAL CHIEF FINANCIAL
OFFICER – TVS SUPPLY CHAIN SOLUTIONS LIMITED
MR. RAVIPRAKASH B. – HEAD STRATEGIC INITIATIVES
– TVS SUPPLY CHAIN SOLUTIONS LIMITED
MR. PRABHU HARIHARAN – HEAD, INVESTOR
RELATIONS – TVS SUPPLY CHAIN SOLUTIONS
LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to TVS Supply Chain Solutions Limited Q4 and FY '25 Earnings Conference Call. This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectations of the company as on date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict.

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 star, then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Prabhu Hariharan, Head IR of TVS Supply Chain Solutions Limited. Thank you, and over to you, Mr. Hariharan.

Prabhu Hariharan: Thank you, moderator. Good morning, and welcome all to TVS Supply Solutions Earnings Call for the quarter and year ended 31st March 2025. I hope everyone had a chance to look at the financial results, which were posted on the company's website and also on the Stock Exchange last night.

We have with us today Mr. Ravi Viswanathan, our Managing Director; Mr. R. Vaidhyathan, our Global CFO; Mr. Raviprakash, our Head of Strategic Initiatives. We commence the call now with opening remarks from our management, along with the business performance update. It will be followed by an open forum for Q&A.

Before we begin, a customary remark, I would like to point out that some of the statements made during this call may be forward-looking in nature and must be reviewed in conjunction with the risks that the company faces. A disclaimer to this effect has been included in the investor presentation.

And I request and hand it over to Mr. Ravi, Managing Director of the company, to make the opening remarks. Over to you, Ravi.

Ravi Viswanathan: Thank you, Prabhu, and good morning to all of you. Firstly, let me welcome all of you to our earnings call to discuss the performance for the fourth quarter and year ended March 31, 2025.

I will share with you the highlights of our performance and my colleague Vaidhy, our Global CFO, will take you through the analysis of our numbers. We look forward to interacting with you as part of the Q&A session.

Let me start first, for the benefit of those participants who might be joining the call for the first time. Please note that TVS Supply Chain Solutions is a tech-led and asset-light supply chain solutions provider. We have two main business segments, namely Integrated Supply Chain Solutions, or ISCS, and Network Solutions or NS segment.

We operate across four continents: Asia, Europe, North America and Oceania, where we offer bespoke and tailor-made solutions in the 3PL space and also offer 4PL services in the select markets. For more details about the company, you may please refer to our website, www.tvsscs.com/investorrelations.

Coming to the performance of our company, FY '25 marked a strong turnaround year. We achieved a profit before tax of INR29 crores, a significant improvement from a loss of INR10 crores in FY '24. Our revenues from operations grew by 9% year-on-year from INR9,200 crores in FY24 (rectified) to INR9,996 crores in FY '25, reflecting a solid execution across markets and segments. These results reaffirm the strength of our strategy and our progress towards achieving our vision of a 4% PBT margin.

In the Integrated Supply Chain Solutions segment, revenue from operations grew by 4.9%. Our performance in North America remained resilient, which continued to be a very strong contributor. In India, our strategic portfolio realignment led to more robust bottom line margins and improved capital efficiency.

In the Network Solutions segment, it's important to call out a key milestone, the integrated Final Mile business turnaround. The business delivered positive profitability in Q4, making a strong recovery. This turnaround was driven by a focused set of initiatives, which included price increases, consolidation of forward stocking locations, rationalization of our manpower and improved operational efficiencies. Many of these actions are ongoing and will continue to support the momentum through FY '26 and beyond.

Coming to the quarterly performance. Our consolidated revenue grew by 3% year-on-year and 2.2% on a sequential basis in Q4. As we had communicated in our last call, Q3 was a soft quarter, primarily due to lower volumes stemming from the holiday season, and we said Q4 was our focus area.

I'm pleased to share that we have delivered on that commitment, particularly to the ISCS segment, we showed a strong sequential growth of 9.2%, reflecting a healthy rebound in volumes in North America.

From the Network Solutions segment, in our GFS business, we had previously indicated that while volume growth would continue, margins would remain under pressure. While we did see volume improvement on a year-on-year basis, the business witnessed a sequential decline in volume, driven by broader macroeconomic headwinds, which all of you are aware, and we expect this volatility to continue through Q1 and Q2. And this is an area which we will be closely watching.

It's important to call out that the GFS business continues to operate at structurally lower margins. The global freight industry is currently facing a period of uncertainty and potential contraction, influenced heavily by policy-induced trade disruptions. In particular, recent developments around U.S. tariffs and container availability are posing significant operational and cost challenges across the industry.

On the profitability front, for the full year, our adjusted EBITDA stood at INR675 crores, reflecting a margin of 6.8%. For Q4 '25, the adjusted EBITDA was INR161 crores with a margin of 6.5%.

We have initiated a series of strategic actions aimed at improving our cost structure and positioning the organization for long-term resilience. These actions include leadership restructuring, headcount rationalization and outsourcing from high-cost to low-cost locations and reduction in overheads and a sharp focus on lowering operational and administrative expenditures across our entities.

These measures have started yielding results, and this has resulted in redundancy costs in FY '25. And these actions will continue through Q2 of FY '26. And these initiatives will yield results from second half of FY '26. Importantly, these actions are aligned with our long-term financial objectives and will set the organization firmly on the path to achieving our committed target of 4% PBT.

With that, let me hand it over to Vaidhy, our Global CFO, who will take you through the financial highlights for the company.

R. Vaidhyathan:

Thank you, Ravi. Good morning, all. Thank you for joining us today. Before I get into the financial highlights, I would like to call out a few key highlights of the quarter. First thing that I would say we delivered a strong performance in Q4 compared to Q3 in terms of profitability. Q4 PBT was INR18 crores as compared to a loss of INR14 crores in Q3.

The second highlight is, as Ravi mentioned, is the IFM business turnaround, which is completed in Q4, and it is operationally profitable. I think there are a few several factors which led to the profitability. One is a significant price increase we got from over 100 customers. We also eliminated a lot of costs, especially with respect to manpower and infrastructure related, and we also exited some of the low-margin accounts.

The third key highlight is as part of our strategic cost takeout initiatives, we have incurred a redundancy cost of INR5 crores in Q4 and INR8 crores on a full year basis. Like Ravi mentioned in his commentary, it is important to note that this program will continue through Q1 and Q2, and we will incur some additional redundancy costs during this period. However, these actions will deliver savings and begin to reflect more visible in our performance from Q3 onwards.

Now I will take you through the highlights of our financial performance for Q4 and the year ended 31st March 2025. From a revenue perspective, we closed Q4 FY '25 at INR2,498.8 crores from INR2,444.6 crores, a growth of 2.2%. This is majorly contributed by the ISCS segment. ISCS segment registered a revenue of INR1,421 crores at a sequential growth of 9.2% over Q3, which was INR1,301.1 crores, largely driven by strong volume from North American market.

In Q4 FY '25, Network Solutions revenue stood at INR1,077.9 crores, representing a sequential decline of 5.7% compared to Q3, driven largely by lower volumes in both ocean and air freight, consistent with our earlier communication about the challenging freight market conditions. On a year-on-year basis, our overall revenue grew at 3% over the same quarter last year, which was INR2,426.3 crores, with both segments growing at 3%.

Coming to the full year highlights. On a full year basis, revenue grew from INR9,200 crores to INR9,996 crores, marking an 8.6% growth. ISCS segment grew by 4.9%, reflecting growth organic wins and improved commercial execution, while the Network Solutions segment posted a strong growth of 13.6%, driven largely by price surge and new customer wins. Other income for Q4 FY '25 stood at INR13.4 crores, slightly lower than INR14.4 crores in Q4 FY '24. For the full year FY '25, other income was INR33.2 crores compared to INR47.9 crores in FY '24. This decline is primarily due to lower interest income from bank deposits.

On the cost side, freight clearing, forwarding and handling charges came down from INR75.1 crores in Q3 to INR632.8 crores in Q4. This decline is in line with the sequential revenue drop in the GFS business and reflects lower volume of both ocean and air freight.

On a full year basis, freight clearing, forwarding and handling charges increased from INR2,328 crores to INR2,816 crores, largely reflecting the higher ocean freight volume in the GFS business on a full year basis.

Material-related costs rose from INR391.4 crores in Q3 to INR469.1 crores in Q4, an increase of INR77.7 crores was largely driven by higher volumes in the ISCS segment, reflecting the sequential growth momentum. On a full year basis, it increased from INR1,661.4 crores to INR1,783.6 crores, driven by increased activity in consistent with the revenue growth seen in the ISCS segment.

Employee cost increased from INR590 crores in Q3 to INR610 crores in Q4, primarily driven by the higher volumes in the ISCS segment and the impact of onetime redundancy costs incurred as part of the ongoing restructuring initiatives, as we explained earlier. Year-on-year increase in employee cost is primarily driven by inflation as well as ramp-up in manpower deployment for new projects, particularly in the ISCS segment.

On the profitability front, adjusted EBITDA improved sequentially from INR152 crores in Q3 to INR161 crores in Q4 with margins increasing from 6.2% to 6.5%. With respect to ISCS segment, the adjusted EBITDA stood at INR122 crores in Q4 at 8.6% margin versus INR133 crores in Q3 at 8.8% -- the margin drop is on account of change in business mix on a sequential basis.

With respect to the Network Solutions segment, the adjusted EBITDA grew from INR44 crores to INR55 crores in Q4. The improved margin from 3.8% to 5.1% due to successful turnaround of the IFM business. We closed Q4 FY '25 on a strong note, delivering a profit before tax of INR13 crores, which is a loss of INR15 crores in Q3. Importantly, after adjusting for redundancy costs, our normalized PBT shows an even stronger improvement from a loss of INR14 crores in Q3 to a profit of INR18 crores in Q4.

From a cash flow perspective, we have generated a net cash from operating activity of INR194 crores for the year. Our capex for the year has been fully funded through internal accruals. I would like to say that I see significant opportunity for us to reduce costs across all the regions. We will aggressively pursue these cost reduction initiatives such as rightsizing, right shoring in FY '26 to improve our overall profitability.

With this, I will hand it back to Ravi.

Ravi Viswanathan:

Thank you, Vaidhy for the analysis. Before we move into Q&A, I'd like to briefly touch upon our business development performance and pipeline strength, which reinforces our growth outlook. In Q4, we recorded new business wins worth INR235 crores, representing 10% of Q4 FY '24 revenue. For the full year, new business revenue totalled INR1,009 crores, which is 11% of FY '24 revenue, a clear sign of traction across key verticals.

We're also seeing strong momentum in the quality of clients we are onboarding. This year, we added 24 new Fortune 500 customers, taking the total number of active Fortune 500 customers to 91, a growth of 19 on a net basis -- sorry, a growth of 13 on a net basis, a significant milestone that speaks to the growing relevance of our offerings in the global marketplace.

Our order pipeline remains strong at INR5,250 crores, giving us confidence in the revenue visibility for the coming quarters. I also want to provide an update on a key development we have shared in our Q3 call. At that time, we had mentioned that we were in the final contracting stages with the Fortune 500 British multinational retail chain for a large transformational engagement, a 3-year INR1,000 crore revenue contract.

I'm pleased to share that the contract has now been finalized. It's a U.K.-wide mandate focused on storage and distribution services. This win underscores our positioning in the market and reaffirms the strength of our integrated supply chain solutions capabilities. We have regained a major customer, a global auto component manufacturer in our freight forward segment in India with significant addition to the trade lanes we serve.

On the pipeline, we have a robust pipeline of opportunities that position us well for continued growth. In India, we are in advanced discussion to conclude a comprehensive 3PL end-to-end solution for a global wind turbine manufacturer. We are actively engaging with a leading Indian chemical manufacturer, a prominent Indian commercial vehicle manufacturer and also one of India's largest conglomerates for a range of warehousing and 3PL solutions. These opportunities reflect both the depth of our capabilities and the increasing trust large enterprises are placing on us to manage their complex supply chain needs.

In summary, our year-on-year revenue growth reflects the resilience of our business. We continue to secure large deals and capitalize on significant market opportunities, leveraging our global capabilities and technology expertise. With a robust order pipeline bolstered by strong customer engagements, we remain bullish about our long-term growth outlook. At this point, I would like to open the floor for any questions.

Moderator:

The first question comes from the line of Disha Giria with Ashika Institutional Equities.

Disha Giria:

So my first question is in regards to the IFM business. Now that the planned turnaround actions have been taken over and you are seeing somewhat of green shoots, how do you expect this business to be going forward?

R. Vaidhyathan:

Yes, Disha. As we said, IFM business has turned operationally profitable in Q4. And going forward, as we start FY '26, we will start seeing a sequential improvement in their profitability.

And the sequential will start improving from FY '26 and will follow up to FY '27, where we see that we will be able to reach our original guidance that we have given for the IFM business.

Disha Giria:

Okay. Secondly, for the GFS business, you briefly mentioned that due to the macroeconomic scenario and the global freight rates and container shortages, there is significant disturbance in the volatility in the freight rates. If I am correct, the freight rates have declined, which was a result that we didn't have that much value growth as what was there in third quarter. So going forward, considering the volatility, while we see green shoots in IFM and a somewhat decline in GFS, how would you guide for the Network Solutions business as a total?

Ravi Viswanathan:

Yes. I think this is Ravi here. Clearly, we are seeing the macro playing out. You're right that the pricing, we saw a decline. But what we are seeing actually in the market today is a whole lot of volatility, including possible price surge. So this is a segment which we'll keep a close watch. It is incredibly volatile. We are actually seeing volumes recovering in Q1, but it is combined with shortages of both containers and vessels because of the trade tariff embargo that is in place.

So there is a madness from China to U.S. So that lane seems to be taking a lot of the traffic. So it is a segment which we are keeping a close watch. I -- unfortunately, I'm not able to provide you any guidance as to where we see it right now. But just to say that we are seeing significant swings even from Q4 to Q1 as we speak. I don't know if that helps, Disha.

Disha Giria:

Yes, surely, that helps. My next question is regarding...

Ravi Viswanathan:

Yes. I just wanted to tell you that while we are seeing the impact on -- we hope we can ride a possible price increase and all of that, but there is the volume fluctuation because of container shortage and all that. But what we are doing internally is what Vaidhy spoke about in terms of enabling significant rightsizing and rightshoring of that business.

And we have already taken significant steps in Q4, and we will continue to do that. And we want to make sure that from a margin perspective, we bring certain level of normalcy in that so that even if the -- if there is ups and downs of volumes, we want to keep the margin on a very tight leash.

Disha Giria:

My next question is regarding our FY '27 guidance. Since we maintained the 4% PBT margin, if I remember correctly, earlier you had said in one of the newspaper articles that the 4% PBT margin would arrive from like INR2 billion in revenue. So would we see that playing out or the revenue figure could be lower than that?

Ravi Viswanathan:

I wish I can put more color to it right now. But given all of that is happening, especially in the GFS segment, where the numbers have been incredibly volatile, I would probably be focus as an organization, Vaidhy and I have discussed and our absolute focus is to bring the company to the 4% PBT trajectory. And we expect that our revenue growth will be significant. Like I said, we have a very strong pipeline, but we will keep watching the GFS space, which is incredibly volatile right now.

But on a directional front, I would say double-digit revenue growth is -- we are very comfortable with. We are on a good trajectory in terms of PBT growth compared to FY '24 and '25. We'll

continue slightly on an exponential trajectory getting into '26, and we want to get into a target 4% PBT number by FY '27.

Moderator: Next question comes from the line of Vaibhav Shah with JM Financial Limited.

Vaibhav Shah: Have we done any change in accounting with regards to the booking of other income and forex gain losses during the quarter?

R. Vaidhyanathan: Yes. So, Vaibhav, we made a reclassification because some of the forex gain was sitting in other income, forex loss was sitting as part of operational. We thought the readers of -- to benefit the readers of the financial statements, we are showing the forex as a separate line item so that it will be easy for the readers to see what is the forex impact in the financial statements. That's a reclassification.

Vaibhav Shah: In the earlier quarter, the forex was sitting in other income, loss or gain?

R. Vaidhyanathan: Yes, we have restated for all the previous quarters as well.

Ravi Viswanathan: But in the previous quarters, the forex gain was sitting in the other income, but the forex loss also sitting in the expenses.

R. Vaidhyanathan: Now we have restated for all the quarters to make it comparable.

Vaibhav Shah: Okay. So going forward, we can take this -- the annual number is around INR33 crores for the other income for FY '25. So that could be a recurring number in the similar range for year forward?

R. Vaidhyanathan: Probably around that range, Vaibhav. I will not be able to give you a guidance on that, but yes, because most of these are surplus money that we park in various bank deposits. And on a case-to-case basis, it will be. I will not be able to give you a specific guidance, but you can take it.

Vaibhav Shah: Okay. Secondly, on the margin side. So you have done quite well in the quarter at 8.6% for ISCS and 4.5% for NS. So for NS, can we take this as a guidance that it should be a similar range or we can see some contraction in maybe first half of the year for FY '26?

R. Vaidhyanathan: As we said, this IFM turnaround is completed. So we expect a sequential improvement going forward from Q1 onwards on the NS segment because whatever the price increases that we have got, the cost correction that we have done in the ISM business that will start delivering the results. So there will be a sequential improvement in the Network Solutions going forward.

Of course, as Ravi mentioned in his comments, the GFS segment is something which we need to watch, but there are certain actions that we have taken to derisk, especially on the cost side. So hopefully, we'll be able to partially offset that.

Vaibhav Shah: So any guidance on the margin front, overall business or on a segmental basis for FY '26 or '27?

- R. Vaidhyanathan:** As we said that ISCS will be more or less similar to the 9.5% to 10% that we have given the guidance earlier. And the Network Solutions will see a sequential improvement in FY '26 compared to FY '25.
- Vaibhav Shah:** Okay, sir. Sir, and lastly, on the ESOP expenses, what was the number for this quarter?
- R. Vaidhyanathan:** It's a very small amount, Vaibhav. It's not very big. It's very, very small.
- Moderator:** Next question comes from the line of Rohan with Nexus Capital.
- Rohan:** So, sir, apologies if you have covered this in the opening remarks. Just can you talk about the Europe region in the ISCS segment? And also what's the update on the delay on the U.K. contract, which we have mentioned last quarter? I'm sorry if this covered. I joined the call a bit late?
- Ravi Viswanathan:** No, that's a good question. We have not covered it. So one of the things that we said was our margins in ISCS segment in Q4 was marginally down. And this is also due to a onetime cost provision of about INR13 crores that we took in Q4 with respect to a large contract that we are partially exiting in the ISCS segment. This is a nonrecurring in nature. But otherwise, I think the ISCS margins remain healthy.
- Rohan:** Sure. And sir, the contract bid on the contract bid on the U.K. contract?
- Ravi Viswanathan:** Yes, that's the contract I was saying. With respect to that contract, we'll be partially exiting that contract, which means a part of the contract, there's a change in the strategy of the customer, and we'll be in-sourcing part of that business of that customer by September of this year, while we retain some portions of that contract. So that is still work in progress, but that is the update on that contract.
- Rohan:** Sure, sure. That's fair. And sir, secondly, can you just share some highlights or more highlights on the recent contract, the retail contract we have won in U.K. I mean, what will be the scope of work, et cetera? I mean just some more detail on the contract?
- Ravi Viswanathan:** It is for a large retail customer where we -- there are a lot of these equipment that they have in their stores. So we manage all of their spare parts across the length and breadth of the country and the ability for us to deliver these spares to their technicians who will then fix or maintain or repair any of these large equipment that they have in their retail stores. So it's a nationwide, I would say, spares storage distribution program supported with a strong tech platform.
- Rohan:** Sure. Sir, any color you can give on the size of the contract?
- Ravi Viswanathan:** I mentioned that it's about a INR1,000 crore contract over a 3-year period. And the contract will come into effect from the second half of this year.
- Rohan:** Fair enough. Fair enough. And sir, lastly, last question is on the U.K. business. We have seen some change in the management. Can you just throw some light on that?

- Ravi Viswanathan:** I think we have mentioned that Andrew Jones, who is the CEO of the U.K. business has resigned. So we have Mr. Jon Croyden, who is heading our IFM business. So what we have done is we have elevated Jon Croyden to look after all of the European business, and he will be reporting into Richard Vieites, who is managing all of U.S. and Europe at this point.
- Moderator:** Next question comes from the line of Ashok Shah from Eklavya Invesco Family Office.
- Ashok Shah:** Sir, we are doing almost a major business outside India, but we have paid around INR202 crores finance cost versus last year INR156 crores. So what's the interest rate and how we are going to reduce this finance cost?
- R. Vaidhyanathan:** Okay. Ashok, I think the interest cost that you see here is driven by two things. One is the Ind AS 116 interest and also the working capital borrowing. So that is why you will see that INR156 crores of interest cost on the P&L.
- Ashok Shah:** So what is the interest rate we are paying?
- R. Vaidhyanathan:** Interest rate, we will not be able to give you the specific number because there are in multiple currencies as well as multiple regions. But I would say bulk of the interest cost that you see there is pertaining to the Ind AS 116 interest and the working capital interest that.
- Ashok Shah:** So we are doing business outside India and major borrowing is outside India or it's from India?
- R. Vaidhyanathan:** Outside India. Mix of both India as well as outside India in proportion to the same.
- Ashok Shah:** Okay. So there is no plan to reduce the interest cost.
- Ravi Prakash:** Sorry, I was just going to maybe -- this is Ravi Prakash. I just mention. See, when you look at - if you look at our gross debt, that number has not changed much. So the interest cost that you see on the P&L has two components, the actual interest we pay to banks and the one that is because of the Ind AS accounting.
- The actual interest we pay to the banks has actually stayed more or less constant between the 2 years. And if you look at the debt number also. That number is -- the actual interest is for the full year, about INR69 crores to INR70 crores, and that has stayed consistent.
- Ashok Shah:** Sorry to disturb you. Sir, my contention is that we are borrowing in India and paying around 8% to 10% interest rate and are doing business in outside India, which has no profitability of around 8% to 10%. So how we are going to tackle it?
- Ravi Viswanathan:** No, we are not borrowing in India. We borrow wherever the money is needed. So for example, if you need money in the U.K., we borrow U.K. interest rates in U.K. If you -- so we don't borrow money in India and transfer it outside. So our -- if you look at our gross debt, which is -- and the interest cost, you will see that actually our interest cost effectively is much lower than what we have in India. We don't borrow in India and actually move the money to overseas. So to clarify your question and to kind of make it very clear.
- Moderator:** Next question comes from the line of Disha Giria with Ashika Institutional Equities.

- Disha Giria:** I just have one question in regards to the earlier participant's question regarding the change in management. If I remember correctly, in the resignation of the previous CEO, he had mentioned something regarding Project Voyager and lack of commitment towards it. So if you could just somewhat explain it once.
- Ravi Viswanathan:** Sure, sure. I think Project Voyager is all about rightsizing and rightshoring, so that's really where the challenge was in terms with the management. So I think these are all part and parcel of a larger business, especially when it comes to overseas, and we are looking at moving work from higher cost to lower cost locations. So I would probably term that as something which Andrew has captured in his mail.
- Moderator:** Next question comes from the line of Karan Sharma with Sharma Securities.
- Karan Sharma:** So sir, just wanted to know overall on company front, what would be our target this year in terms of revenue growth, EBITDA and margins?
- Ravi Viswanathan:** Target, what? Sorry?
- Karan Sharma:** Yes. Overall, on the company front, what will be our target this year in terms of revenue growth, EBITDA and the margins?
- Ravi Viswanathan:** I think, Vaidhy, probably answered. We'll probably repeat that our target on the revenue front is to grow double digit on the revenue. Our EBITDA -- our guidance has been that our...
- R. Vaidhyanathan:** ISCS will be at...
- Ravi Viswanathan:** ISCS will be at about a 9.5% EBITDA number and the...
- R. Vaidhyanathan:** And the Network Solutions will be sequentially better than FY '25.
- Ravi Viswanathan:** And get to the target number by FY '27.
- Karan Sharma:** Okay. Sure, sir. And sir, just another question. Sir, on ISCS India business, we have been talking about slowdown and exit from loss-making contracts. So what trends are we seeing currently? Like are we adding new customers? Or what would be the demand outlook for FY '26, if you can provide something on that?
- Ravi Viswanathan:** Like I said, we have a very strong pipeline. We -- if you look at the pipeline, we are at the final stages of a fairly large engagement when it comes to an end-to-end opportunity with a large wind turbine manufacturer. It's a comprehensive 3PL solution. We are also actively engaged large deals with a leading Indian chemical manufacturer with another large commercial vehicle manufacturer. So the pipeline is very strong, and we are fairly bullish about the growth prospects in India.
- We also spoke about winning back a large freight contract from a large global auto component manufacturer in India. So we have had good wins and also very strong pipeline, which supports the growth momentum and the growth story that we've been talking about. The specific point to we exiting some of the lower profit or low-margin accounts was a design play and a planned one

came to FY '25. And I would say the company has done remarkably well, and we were able to significantly bolster the profitability of the India ISCS business with those measures that we took.

Karan Sharma: All the best for the coming results.

Moderator: Next question comes from the line of Rohan with Nexus Capital.

Rohan: Sir, just wanted, can you please throw some light on the IFM side of business in terms of profitability, what sort of margins we are doing currently? And what would be aspiration in, say, the medium run on a steady-state basis?

Ravi Viswanathan: I'll let Vaidhy answer that, Rohan, but we have not been giving guidance on subsegments. But just to say that the measures that we have taken with respect to price increases to over 100 customers plus all of the measures that we're taking with respect to rightsizing and rightshoring in that business, we have significantly, and I think Vaidhy called out a INR5 crore redundancy costs, which is part of that process. So that will help us grow our margins, and we believe that we are on an upward trajectory, and we will hit our guidance numbers in FY '27.

Moderator: Next question comes from the line of Kunal Sabnis with Nine Rivers Capital.

Kunal Sabnis: I just missed one point, what you mentioned on the U.K. major project. So the project that you mentioned in quarter 3, did you say that you're exiting it?

R. Vaidhyanathan: So a part of the contract, the customer has moved a strategy from moving it from an outsourced operation to an in-house operation. So we are in the process of working with the customer to transition that by September. So we've not exited as yet, but we will move parts of the contract back to the customer location by September end this year. But while we continue to execute some other parts of the contract.

Kunal Sabnis: So that was a large contract, right? So that becomes a small contract after this a change?

Ravi Viswanathan : Yes. So we had called out that as about a INR2,000 crore contract over 10 years. So you can say that in FY '26, we probably will have an impact. So I would say, about INR60 crores to INR70 crores on the revenue. So it will not be material on a INR10,000 crores. But yes.

Kunal Sabnis: And with respect to the hit that you take since you had incurred costs, how much would that be in total?

R. Vaidhyanathan: That's about INR13 crores in Q4, Kunal.

Kunal Sabnis: And that should continue for another 2 quarters?

R. Vaidhyanathan: No, that's a onetime cost. That is nonrecurring.

Kunal Sabnis: So that's not recurring. Okay. Perfect. And finally, on the ISCS business, since you expect sort of a double-digit growth, where should this growth come from? And if you could sort of throw some light on when we had spoken last time, the growth in the Indian ISCS business looked very

promising, but that hasn't come through. Obviously, you spoke about your recheck. But when does that start to show up in numbers?

Ravi Viswanathan:

So I think -- let me answer it in two parts. One is we see broad-based growth across U.S., Europe and India. I called out some of the large deals that we have won in the U.K., for example, the INR1,000 3-year contract we have signed with a large retailer. We have a similar engagement - similar size engagements in the U.S.

In India, this year, specifically, we decided to move out of some low-margin accounts. And that's the reason why our revenue addition kind of filled into those exits. But going forward, I think our momentum is strong. I spoke specifically about a large 3PL opportunity with a global wind turbine manufacturer.

Again, these are all significantly large contracts, which hopefully we'll be able to share more details in the coming quarter. We are hopeful of closing a couple of those in this quarter. So momentum on revenue is very strong, Kunal. And we are pretty bullish about the revenue opportunities in ISCS across the three major markets.

Moderator:

Next question comes from the line of Vaibhav Shah with JM Financial Limited.

Vaibhav Shah:

Sir, on the balance sheet side, we have seen some increase in terms of debt in FY '25. So can we expect to be net debt free in FY '27? And how could be the moment in FY '26?

R. Vaidhyanathan:

Vaibhav, if you look at our net debt, I think it is more or less similar to FY '24 levels. We don't see a significant increase in the debt levels. And most of the debts are working capital borrowings. And these debt will continue in FY '26 as far as we know as we expand our business.

Vaibhav Shah:

So we could see a similar number in FY '26 as well?

R. Vaidhyanathan:

Yes, yes.

Vaibhav Shah:

And FY '27, can we see a sharp reduction?

R. Vaidhyanathan:

I think these are all working capital borrowings by nature. They will continue actually. It won't be debt free, I would say.

Vaibhav Shah:

Okay. But at a net debt level, we should be broadly net cash?

Ravi Prakash:

Yes. So Vaibhav, let me -- Ravi Prakash here, maybe I just get. Look, the way to read it is we've been keeping our net debt at a very constant level while delivering two things: consistent revenue growth and investing in capex. So I think the way to read it is that growth is being funded quite efficiently. That's the way I would look at it, right?

So there will always be some bit of working capital debt because of always there will be a bit of a timing mismatch between your receipts and your payments. But we'll manage it in a very narrow band. That's what we've always been messaging.

Moderator:

Next question comes from the line of Sanjeev Damani with SKD Consulting.

- Sanjeev Damani:** Sir, actually, certain terminologies, I could not follow. If you kindly just tell me what is NS segment, what is GFS segment and what is IFM segment? If you can kindly help me.
- Ravi Viswanathan:** We'll do that. It's all there on the website if you need more details, Sanjeev, but NS stands for Network Solutions, and there are two subsegments, namely Global Forwarding Services, which is GFS and IFM, which is the Integrated Final Mile. So those are the two subsegments under the NS segment. Okay.
- Sanjeev Damani:** IFM is integrated fiber?
- Ravi Viswanathan:** Final Mile.
- R. Vaidhyanathan:** Final Mile.
- Sanjeev Damani:** Final mile. Okay. Anyway. And sir, now my point is that ours is a company which is belonging to TVS Group. So obviously, all TVS business should be with us, that is mobility and some other electrical component and so many things TVS Group is manufacturing. So that whole assignment should be always with us?
- Ravi Viswanathan:** Let me just say this that our total revenue from not just within our own group, but the entire TVS family because now they're all different groups, as you may be aware, is less than 10% of our overall revenue. So -- and that's how it will probably continue going forward. Of course, we will compete and bid and try to win every single opportunity in the TVS family. But these are all competitive bids, Sanjeev. There is -- I would say, we got to work harder than otherwise to make sure we win those deals within the family.
- Sanjeev Damani:** Got it, sir. Got it. Got it. We have to be commercially fit to get those kind of businesses. So that includes, sir, carrying, forwarding, transporting, storing and then redistributing to their distributors or others and warehousing as well. So am I right in my understanding about the business?
- Ravi Viswanathan:** Yes. Broadly, you're right, Sanjeev. Yes.
- Sanjeev Damani:** So is it that we take the whole assignment or any one part also we can take from any customer?
- Ravi Viswanathan:** Absolutely, I would be delighted to take the whole, but that's not the way it works. Across the globe, we probably have customers for whom we do one, two or three of those items that you mentioned. There are a few where it's end-to-end, but very few of them will be end-to-end.
- Sanjeev Damani:** Okay. Sir, can I also know that how much properties we own for warehousing or largely we are dependent paying rent only for the warehousing?
- Ravi Viswanathan:** Yes. So we are an asset-light company. So we get into long-term lease agreements with warehouse providers and fleet providers.
- Sanjeev Damani:** Okay. So we do not own any such big plot of land or warehousing facility for our business neither in India nor abroad?

- R. Vaidhyanathan:** Correct. We don't own any assets, Sanjeev. Most of the -- all the assets are on lease...
- Sanjeev Damani:** Okay. Okay. And regarding transport sector, if at all, freight sector, do we own containers? Do we own trucks, etcetera? Or there also, we hire and get it done?
- Ravi Viswanathan:** Yes, correct. Correct. We don't own any assets. We always hire.
- Sanjeev Damani:** Okay. Okay. Sir, all the very best. I mean you know that shareholders have still not been benefited for quite a long period. after the public issue. We hope that you will be able to reward us all very shortly and wish you all the best. We know you are a very good group and very efficient people and doing very, very good kind of activity business with all ethical means. So we are always looking forward to something big coming from your company, sir. All the best from my side.
- Ravi Viswanathan :** Thank you for your trust
- Moderator:** Ladies and gentlemen, that was the last question for today. We have reached the end of question-and-answer session. I would now like to hand the conference over to the management for closing comments.
- Ravi Viswanathan:** Thank you all for your time, questions, continued interest in our journey. As we close out FY '25, we recognize the challenges that lie ahead from macroeconomic headwinds to structural shifts in global supply chains. But we also see these as significant opportunities to strengthen our market position, enhance operational resilience and build deeper relationships with our customers.
- Our focus remains very clear, executing on the cost and productivity initiatives we have set in motion, scaling segments and driving long-term value creation through disciplined customer-centric growth. We remain absolutely focused on our target of 4% PBT. Thank you once again for your support, and we look forward to engaging with you in the quarters ahead.
- Moderator:** Thank you. On behalf of TVS Supply Chain Solutions Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines.