



“TVS Supply Chain Solutions Limited
Q2 & H1 FY '26 Earnings Conference Call”

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LIMITED**

Moderator:

Ladies and gentlemen, welcome to the Q2 and H1 FY '26 Earnings Conference Call of TVS Supply Chain Solutions Limited. 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 do not guarantee the future performance of the company and it may involve risks and uncertainties that are difficult to predict.

As a reminder, all participants' 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.

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

Prabhu Hariharan:

Thank you, moderator. Good morning, and welcome all to TVS Supply Chain Solutions Earnings Call for Q2 FY '26. 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.

We have with us today Mr. Ravi Viswanathan, our Managing Director; and Mr. R. Vaidhyanathan, our Global CFO. We will commence the call now with opening remarks from our management, along with the business performance update. It will be followed up by a Q&A

Before we begin, a customary remarks, 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.

I request and hand it over to Ravi to make the opening remarks. Over to you, Ravi.

Ravi Viswanathan:

Thank you, Prabhu, and good morning, everyone. First, let me welcome all of you to our earnings call to discuss the performance for the second quarter and the half year ended September 30, 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.

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 the Integrated Supply Chain Solutions, or ISCS, and Global Forwarding Solutions, or GFS 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 select markets.

For more details about the company, you may please refer to our website, www.tvsscs.com/investor-relations.

Now let me move on to the performance for the quarter. This has been truly a landmark quarter for us. Not only have we delivered strong year-on-year and sequential PBT growth, but this also marks our best PBT since our public listing, reflecting the impact of focused execution, rigor and operations, and disciplined cost management.

Our consolidated revenue for the quarter stood at INR2662.6 crores, up 6% year-on-year, driven by strong growth in our ISCS segment, particularly in Europe. Adjusted EBITDA stood at INR178.4 crores, maintaining a healthy margin of 6.7%, while PBT improved by 30.8% to INR23.32 crores compared to INR17.83 crores in Q2 last year. Our PAT improved by 54% from INR10.61 crores in Q2 of last year, to INR16.31 crores for the current quarter.

At the segment level, the ISCS business delivered another stellar performance with EBITDA margins expanding to 8.7% in the current quarter from 8.2% in Q2 of last year and from 8.3% in Q1 of the current year. The performance was driven by operational excellence, early impact of our strategic initiatives, including the cost-out programs, rightsizing and right-shoring.

The GFS segment faced headwinds from a challenging macro with revenue flat at INR669.6 crores in Q2 FY '26 was the INR674.4 crores in Q2 FY '25, and margins declining to 2.2% from 4.2% on a year-on-year basis. However, we saw a sequential improvement in revenue growth from INR609.4 crores to INR669.6 crores on the back of improved volumes and a modest increase in EBITDA margins from 2.1% to 2.2%, reflecting the early benefits of our cost and efficiency measures and also signaling early signs of stabilization in this sector.

On a year-on-year basis, we have guided in the prior quarters that the GFS segment continues to operate in a challenging macro with revenue broadly stable and margins impacted by continued rate pressures, despite volume recovery. However, we are continuing our calibrated actions on cost, pricing and efficiency to restore profitability in this segment. We are confident that these actions will help cushion the macro impact and strengthen profitability over the coming quarters.

Our strategic initiative on the transformation front, which Vaidhy and I had elaborated last call, the Project One in the UK and Europe is well on track. The integration is progressing across all layers of the organization, and we are already witnessing operational and commercial synergies.

The program is on track to deliver annualized and in-year savings as per our earlier guidance of INR110 crores to INR120 crores and INR50 crores to INR60 crores, respectively. With a sharper focus, continued cost discipline and improving business mix, we remain confident of sustaining profitable growth and moving closer to our medium-term target of 4% PBT by Q4 FY '27.

Let me now hand it over to Vaidhy, our Global CFO, to take you through the financial highlights in more detail. Over to you, Vaidhy.

R. Vaidhyathan:

Thank you, Ravi. Good morning to all. Thank you for joining the call today. Q2 FY '26 was a strong quarter, marked by margin expansion in ISCS, overall improved profitability and healthy cash generation.

The key highlights for the quarter are, our ISCS segment continued to lead the performance with EBITDA margin expanding to 8.7%, compared to 8.2% in Q2 FY '25 and 8.3% in Q1 FY '26, supported by strong execution, cost efficiency and mix improvement.

PBT grew 30.8% year-on-year to INR23.3 crores, driven by operational discipline and strategic initiatives, which Ravi outlined. This also marked our second consecutive quarter of positive PAT demonstrating the sustained momentum of earnings recovery. We also delivered a strong free cash flow from operation, reflecting the disciplined working capital management and healthy operating profits.

Moving on to the results for the quarter. Our consolidated revenue for the quarter is INR2,662.6 crores versus INR2,592.3 crores in Q1 FY '26, versus INR2,512.9 crores in Q2 FY '25, reflecting a sequential growth of 2.7% and year-on-year growth of 6%. From a segment perspective, ISCS segment delivered a strong year-on-year growth of 8.4% with revenue at INR1,993.0 crores versus INR1,838.5 crores in Q2 of last year and a flat sequential growth.

On the GFS segment, our revenue for Q2 FY '26 was INR669.6 crores with a INR609.4 crores in Q1 FY '26 and INR674.4 crores in Q2 FY '25, marking a 9.9% sequential growth, largely led by growth in volumes in India and the modest recovery of rates. On a year-on-year basis, the revenue declined marginally by 0.7% due to continued pricing pressure offset by the growth in volumes.

Within the GFS segment, GFS India delivered a strong performance in Q2 FY '26 with revenue growing from INR155.7 crores to INR228.3 crores year-on-year, supported by healthy volume growth on the back of strong business development. The GFS India business also delivered sequential improvement from Q1 of INR175.6 crores, partially offsetting the revenue decline in the rest of the world operations, which remain impacted by soft freight demand and pricing]

With respect to H1 FY '26, our consolidated revenue stood at INR5,254.9 crores with a INR5,052.3 crores in H1 FY '25 at a growth rate of 4%. The growth was driven by our ISCS segment with revenue of INR3,925.9 crores, reflecting a 6% improvement compared to INR3,744 crores in H1 FY '25.

The GFS segment reported a revenue of INR1,279 crores, down 2% from INR1,308.2 crores in H1 FY '25, primarily due to the persistent pressure on the freight rates, pricing continues to remain under stress and the macroeconomic uncertainties and tariff volatility continue to impact this segment.

Now moving to the cost structure. Freight, clearing, forwarding and handling expenses declined from INR745.1 crores in Q2 FY '25 to INR727.3 crores in Q2 FY '26 on a year-on-year basis. On a half-yearly basis, it is INR1,407.6 crores in H1 FY '26, compared to INR1,478.3 crores in H1 FY '25. This reduction primarily reflects a change in business mix in the ISCS segment and the GFS segment related expenses remained largely in line with the revenue.

The freight, clearing, forwarding and handling expenses on a sequential basis increased from INR680.3 crores in Q1 FY '26 to INR727.3 crores in Q2 FY '26, in line with the revenue growth of GFS segment.

Material related costs remained largely stable on a year-on-year basis. On a sequential basis, material cost declined from INR487.4 crores in Q1 FY '26 to INR446.3 crores in Q2 FY '26 due to lower volumes on account of change in business mix.

Sub-contracting expenses remained largely stable on a year-on-year basis and On a sequential basis, with INR369.4 crores in Q2 FY '26, INR377.1 crores in Q1 FY '26 and INR366.1 crores in Q2 FY '26.

Employee cost increased from INR576.2 crores in Q2 FY '25 and INR618.9 crores in Q1 FY '26 to INR644.4 crores in Q2 FY '26.

On a half yearly basis, employee cost rose from INR1,153.1 crores in H1 FY '25 to INR1,263.3 crores in H1 FY '26. This increase was primarily driven by impact of annual inflation and employee costs of the new projects that we undertook.

Other expenses increased from INR215.3 crores in Q2 FY '25 and INR256.8 crores in Q1 FY '26 to INR298.1 crores in Q2 FY '26. The rise was primarily driven by change in the sales mix, higher rental charges due to increase in short-term rentals and higher repairs and maintenance in the UK and Europe region.

Depreciation of right of use assets and interest on lease liabilities under IND-AS 116 declined year-on-year with ROU depreciation declining from INR103.9 crores to INR95.8 crores. Interest cost declining from INR22.6 crores to INR14.6 crores.

This is primarily due to our initiative to optimize lease commitments, transitioning selectively from long-term leases to medium and short-term rental arrangements, wherever operationally feasible, resulting in corresponding increase in the short-term rental expenses as outlined above.

In terms of profitability, our consolidated adjusted EBITDA for the quarter stood at INR178.5 crores, representing a margin of 6.7% compared to INR176.7 crores at 7% in Q2 FY '25 and INR173.3 crores at 6.7% in Q1 FY '26.

Within the segments, ISCS delivered strong performance with adjusted EBITDA of INR173.8 crores, at 8.7% margin, up from INR150 crores at 8.2% in Q2 FY '25 and INR164.1 crores at 8.3% in Q1 FY '26. GFS, however, continued to clear the margin pressure with adjusted EBITDA of INR14.7 crores at 2.2% versus INR28.2 crores at 4.2% in Q2 FY '25.

The significant margin improvement in ISCS is mainly on account of the recovery of our ISCS Europe business from H2 FY '25 softness and the strong turnaround driven recovery of our erstwhile IFM business, which is now integrated as part of ISCS Europe.

ISCS India and ISCS North America continues to deliver sustained growth in profitability.

The declining margins in GFS reflects the ongoing headwinds in the GFS segment, particularly driven by the decline in rates due to persistent pricing pressure.

On a sequential basis, both businesses showed improvement, ISCS with continued growth and GFS improving on a sequential basis on a back of volume growth, modest recovery of the rates and strategic cost takeout initiatives which we have taken across the regions.

Our adjusted EBITDA for H1 FY '26 stood at INR351.8 crores compared to INR362.0 crores in H1 FY '25, reflecting a decline of 2.8%, primarily due to the persistent pressure of the freight rates in the GFS segment. Our adjusted PBT before share of profit from TVS ILP was INR23.4 crores, up from INR17.8 crores last year, a growth of 31.9% year-on-year reflecting margin improvement to 0.9% from 0.7%.

On a sequential basis, the adjusted PBT grew by 24.7% from INR18.8 crores in Q1 FY '26. Our reported PAT for the quarter was INR16.3 crores as compared to INR71.2 crores in Q1 FY '26 and INR10.6 crores in Q2 FY '25. Year-on-year growth representing a 53% growth.

With respect to H1 FY '26, our adjusted PBT before share of profit from TVS ILP stood at INR42.3 crores versus INR31.3 crores in H1 FY '25, reflecting growth of 34.9% year-on-year and reflecting the margin improvement to 0.8% from 0.6%. Our reported PBT before exceptional items for H1 FY '26, is INR218.1 crores, including the share of profit of INR178.1 crores from TVS ILP, versus INR31.6 crores in H1 FY '25.

Our reported PAT for H1 FY '26 is INR87.5 crores as compared to INR18.1 crores in H1FY25 .

On the cash from operations, post lease rental expenses for H1 FY '26 stood at INR105 crores, a significant improvement, underscoring our sharper financial discipline and better quality of earnings.

Our net debt as of September is INR285.7 crores as compared to INR 232.2 crores as of March 2025. The increase in net debt is primarily towards capex funding for a major project in SCS North America. With this, I will hand it back to Ravi.

Ravi Viswanathan:

Thank you, Vaidhy, for the detailed analysis. Let me now touch upon our business development efforts and key customer engagements, which continue to support our revenue momentum. On the business development front, we continue to build a healthy pipeline of new opportunities across our key markets.

In the current quarter, we secured new business wins of INR204 crores. representing 8.1% of Q2 FY '25 revenue. These wins reflect the continued customer confidence and the strength of our offerings across all our markets. Our order pipeline remains healthy at INR6,200 crores, giving us solid revenue visibility going forward.

During the quarter, we won several notable contracts. On the ISCS side, we secured mandates from a global leader in building technologies in India. Another contract with one of the top Indian commercial vehicle manufacturer, a large global agricultural equipment company based in the USA, top multinational IT services company in the UK, a leading Europe-based coffee equipment manufacturer, European building materials manufacturers based out of UK, a leading Indian manufacturer of electrical and consumer durables in India, global player in energy

management and automation in India and a top Indian automotive manufacturer apart from several other smaller contracts.

India has especially been a very solid performance on the business development side. It is encouraging that we have got significant wins in Q2, which will help us build on the revenue side on the India business, especially on the ISCS side.

On the GFS side, we added one of the top global automotive component suppliers, multinational industrial technology leader, an Asia-based industrial competence manufacturer global components and packaging solutions provider and the global specialist in textile chemicals. All of these wins reflect the trust leading global and domestic brands place in our capabilities and position us well for continued growth in the coming quarters.

Let me summarize by saying we have delivered another strong quarter of consistent growth in both revenue and profitability. The strong performance of our ISCS segment, operating discipline and substantial cash flow generation demonstrate the resilience of our business model.

On the GFS business, we remain cautiously optimistic given the overall macro environment. Our strategic initiatives, including Project One in the UK and Europe, rightsizing and right shoring across all our regions are on track and will deliver the estimated benefits as outlined earlier and today.

As we move to the second half of the year, our focus remains on sustaining the ISCS momentum, improving the GFS profitability and converting our strong pipeline translating into consistent and high-quality growth.

With continued execution discipline and tight cost management, I'm confident that we are well on track to deliver our medium-term objectives and build a stronger and performance-driven TVS Supply Chain Solutions. Thank you for your continued trust and support.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Disha Giria from Ashika Institutional Desk. Please go ahead.

Disha Giria: Hi, team. Good morning. My first question is regarding the ICS business, while it had 8% percent approximately growth. It's a two part question. Geographically, India in the first half, in fact in this quarter as well has not performed. So firstly, what is the reason behind a flat revenue growth for the India ISCS business? And secondly, in the INR6,200 crores order book pipeline, how much of it is for the India like there are a lot of initiatives mentioned, especially for India, as already called out. So how much of the order book is for the India ISCS business?

Ravi Viswanathan: Let me answer the second question first and then I'll go to the first part of your question. Out of the INR6,200 crores, roughly one-third is from the India business. And like I said, we have had some significant wins in Q2, which will start giving us revenue in Q3. So it goes very well from a revenue growth perspective for India.

If you look at it from a Q2 perspective or from a flattish growth on revenue, we had earlier spoken about the fact that we were exiting a significant amount of what I would call low-

margin accounts in India and many of the business wins that we had filled that gap and some of the projects that we were expecting to start last quarter actually -- got delayed and started only by the end of last quarter.

So those are primarily the reasons why the India business is flat. Just to reassure you, the India business is very healthy, strong pipeline, a lot of good conversions which we can hopefully announce in the next quarter. So we are on track to deliver revenue growth in India.

Disha Giria: Just a follow-up to this. Can we see approximately a 4% to 5% growth going forward for the India business on a quarter-on-quarter basis?

Ravi Viswanathan: We should be in a position to get to about a 4% to 5% linear trajectory. Yes, Disha. I can say that with confidence.

Disha Giria: Second question is in terms of the GFS segment. So this has been performing in a robust manner as compared to the ISCS. Here the India business has been growing hugely. And I wanted to understand how much of it has an impact of tariffs and how much of it is an organic growth.

Ravi Viswanathan: I would think that if you look at the India growth, a lot of the volume growth happened primarily because the shipments before the tariff deadlines were a bit high, but it just tapered off to almost less than normal once the tariff deadlines struck. So there is an impact of tariff. But the GFS business from India on an overall pie of the business is not something which is significant. So that's not changed the trajectory of the company's growth, but you are right in the observation that the GFS business as expected, the India business did see a huge uptick in the volumes in Q2 as we did see a significant amount of shipments going up before the tariff deadline.

Disha Giria: So what is the current scenario right now? Are we towards the normalcy growth rate in volumes or is it a bit still high?

Ravi Viswanathan: I would not hazard a guess, that's why I said we are cautiously optimistic. We will have to see how it pans out, my worry is not about India, but overall the GFS environment and the macro is something which we need to keep an eye on. As you can see, we did see growth in volumes, but there is significant pressure on pricing and if you look at it globally the global forwarding peers are all going through significant stress.

So we are watching this space closely. And as and when we see some of these headwinds at the subsidence, we should be in a better position to leverage, but I think from a company perspective, we are focused on seeing what is it that we need to make ourselves stable in terms of our margin expansion. So there is a significant drop from Q2FY25 to Q2 this year on GFS. I have spoken about it last quarter also that the GFS business does have serious headwinds.

We continue to experience them, but the fact that we were able to see volume increase and a slight betterment of our EBITDA margins for the GFS business is probably an early sign that things could stabilize going forward. By the end of the fiscal year we are hopeful that the GFS business as a whole and the macro should turn.

- Disha Giria:** That just brings me to my last and final question. In the rest of the world, GFS segment, this decline, I mean do we have volume uptick or is it a volume and price decline both?
- R. Vaidhyathan:** Disha, biggest factor is more on the price, Disha Vaidhy here, the decline is more of the price. Volume increase is more on margin, decline is more on the price.
- Disha Giria:** Got it. Thank you.
- Moderator:** Thank you. The next question is from the line of Saumil Shah from Paras Investments.
- Saumil Shah:** Hi, sir. Good morning. Sir as the previous participant asked you that due to these tariffs, our business gets affected. So can you quantify, I mean, how much of our business could get affected due to these tariff issues?
- Ravi Viswanathan:** Saumil, the tariff is probably impacting only a very small portion of the India GFS business. So it doesn't have an overall significant I thought I said that to Disha's question also that it doesn't impact the business of TVS Supply Chain Solutions as a whole. The challenge really is on the GFS segment itself at a macro level.
- And if you look at it across the Board, we benchmarked peers with the leading GFS companies and they are all under severe stress. So this segment is something which we need to keep a watch on. There is a larger macro environment that needs to stabilize. We expect that to hopefully stabilize by Q4 of this financial year.
- Saumil Shah:** Okay. And sir, our new business growth is about INR200 crores for this quarter. So normally, say, for example, we want to grow mid-teens. So how much new business we need to get every quarter. Can you share your thoughts on that?
- Ravi Viswanathan:** So we are roughly about 8% on a year-on-year basis, of the new business contribution. We typically like to keep that number at about 10% to 12%. Like I said, there were some delayed start in some of the programs, but we are confident that we should be able to recover in H2.
- Saumil Shah:** Okay. So maybe if we can get INR300 crores, INR350 crores of new business, then we can grow mid-teens?
- Ravi Viswanathan:** That's a good number to look at, yes.
- Saumil Shah:** Okay. And sir, I mean, the industry best companies are doing 8% to 11% PBT, so what went wrong with us that we are doing so less PBT? Is it that our operational expenses are very high or what is the reason for this, such a low PBT?
- Ravi Viswanathan:** I think you should look at it from a company growth perspective. We are really focused on seeing how we can expand the margins. Like I said, the ISCS segment has delivered a significant margin expansion. Our midterm target is to get to 4% PBT by FY '27 Q4 and we stay focused on that.
- Absolutely, we keep looking at the benchmarks. And once we get to the 4%, we already have plans to see what steps we need to take to go from 4% to 8%. It's a combination of the kind of markets that we operate in, plus the kind of services and the pricing that we are able to command

from the market. And as we continue to evolve our brand, we should be able to get better pricing in the future. But we stay absolutely focused on the fact that we will deliver 4% PBT by Q4 of FY27 and then we will aim for the benchmark numbers as the next step.

R. Vaidhyanathan: Just to add to what Ravi said, I think if you look at last year, our margins were in the range of 0.2%, 0.3%. From there right now, we're trending close to about 1% PBT. You can already see that the benefits of the actions flowing into the bottom line. And as Ravi said, the two, three actions that we have taken in terms of Project One, the benefits from the IFM recovery should help get into the 4% PBT by Q4 FY '27.

Saumil Shah: Right, so we are guiding for 4% PBT for the full year FY '27 or the last quarter?

R. Vaidhyanathan: Q4 FY '27.

Saumil Shah: Okay. Okay. So maybe we are doing currently, say, INR20 crores, INR25 crores of PBT. So by Q4, we too reach at around INR125 crores. So is that achievable?

R. Vaidhyanathan: Yes. I think as I said, one of the biggest drivers is going to be the Project One where the annualized savings will be roughly about INR110 crores to INR120 crores. And as we speak, the project is in the advanced stage of completion. We will start seeing the benefits in Q3, starting from Q3 itself. Second thing is the GFS business.

Right now, because of tariffs and other things, it is going through some kind of a volatility and we are hovering around 2%. But on a steady-state basis, GFS should be around 3.5% to 4% EBITDA margin. And the GFS segment has delivered this 3.5%, 4% margin in the past on a sustainable basis. So once the tariff -- the macro headwinds move on, I think we should be able to deliver that 3.5%, 4% margin, and reach that 4%.

Moderator: The next question is from the line of Karan Sharma from Sharma Securities.

Karan Sharma: So I just have a couple of questions. So we have highlighted in our press release that we aspire to reach \$500 million in top line for our North American business. So can you give the timeline for same? And how is the business environment there, particularly in the U.S. region right now?

Ravi Viswanathan: Yes. Our aspiration is to get to about \$0.5 billion in North America. We have secured a couple of large contracts, which gives us the confidence that we should get into that kind of a trajectory. Right now, let me say we are somewhere, hopefully, on a trajectory to grow it to about 150 to 200 over the next year or so. And then from there, we have a significant pipeline to believe that we should be able to get to \$0.5 billion. I wouldn't want to put a timeline right now, Karan. But clearly, we have plans to get to \$0.5 billion on an organic basis.

Karan Sharma: Okay. One follow-up on the same, how much of our revenue comes from the U.S. as a percentage of our total revenue?

Ravi Viswanathan: Roughly about 10% to 11%, Karan.

Moderator: The next question is from the line of Prisha Rathi from NM Securities.

- Prisha Rathi:** So sir, I have just a couple of questions. Just adding upon previous participants, how is the competition environment in India? Is macro environment a worry? And how do we see the business in H2? Are we seeing volume increase post GST cut?
- Ravi Viswanathan:** Can you just repeat the second part of your question, Prisha?
- Prisha Rathi:** So how is the competition environment in India? Is macro environment a variant and how do we see the business in H2?
- Ravi Viswanathan:** Okay. So I think from an India -- you're talking about India business, right?
- Prisha Rathi:** Yes, yes.
- Ravi Viswanathan:** Like I said, we are fairly confident of growth in the India in H2. We have a very strong pipeline. Like I said, almost 1/3 of the pipeline is from India. We have a couple of very large deals. Hopefully, we should be able to secure 1 of them in the coming quarter. From an overall perspective, I think the reduction of GST rates should make consumption go up.
- So we believe that there should be great opportunities, both on the production side and also on the distribution side. We do work with a lot of the FMCDs. That is the consumer durable side of the business. We expect to see a significant uptick and that should create sufficient volumes for us to grow our India business. So we continue to be confident about growth in India.
- Moderator:** The next question is from the line of Raj Mehta from Wisdom Advisors.
- Raj Mehta:** So my question is on the guidance front. So overall, what will be our guidance for the year and next year? So can you give a breakup in terms of revenue growth and margins for ISCS and GFS segment?
- Ravi Viswanathan:** Did you say margin front?
- Raj Mehta:** Hello, am I audible?
- Ravi Viswanathan:** Yes. Yes. Could you please repeat the question?
- Raj Mehta:** Yes, sure. So overall, what will be our guidance for this year and next year? Can you give a breakup in terms of revenue growth and margins for ISCS and GFS segment?
- R. Vaidhyathan:** Raj, we don't give a quarterly guidance -- if you look at what we are targeting, it's a mid-teen growth in terms of overall revenue across the segment. In terms of margin perspective, if we specifically look at ISCS, I think today we are hovering around 8.5%, and that we should start seeing sequentially improving in Q3 and Q4 because of the benefits of Project One coming in.
- Moderator:** Ladies and gentlemen, this was the last question for today. I now hand the conference over to the management for closing comments.
- Ravi Viswanathan:** Thank you for all your questions. I can see that there is a lot of questions, especially on the Global Forwarding business and the India business. I want to summarize by saying we've had a

good quarter. We've had good growth in the ISCS segment. We have had significant margin expansion in the ISCS segment. We continue to focus on Project One, which will deliver about INR100 crores to INR120 crores of annualized savings with an in-year saving of almost about INR50 crores. So I think we will see the margin expansion continue on the ISCS segment.

On the GFS, we are cautiously optimistic, but I just want to say that we have taken enough measures to ensure that we look at it from a profitability perspective and continue to drive a stable margin base in the GFS business. We would want to get the GFS business back to about 4%, 4.5% EBITDA in the near term. For that, we'll have to see some changes in the macro.

Like I said, the tariff is not a major factor from an overall perspective. But from an India export perspective, we need to keep a watch on it. The India business is healthy. We have a significant pipeline. We have a flattish revenue on the back of some low-margin programs being exited, and we have successfully filled that gap through customer wins that I enumerated. We continue to see significant traction in the India market.

We expect further uptick in volumes in India given the GST change, and that should augur well for the quarters ahead. So looking forward, we are confident of continuing our momentum in the ISCS side with margin and revenue growth and stabilization of the GFS segment. Thank you for your continuous trust and support.

R. Vaidhyanathan:

Thank you.

Moderator:

Thank you, sir. On behalf of TVS Supply Chain Solutions Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.