



“TVS Supply Chain Solutions Limited  
Q4 & FY26 Earnings Conference Call”  
May 26, 2026



**PhillipCapital**  
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**MANAGEMENT:**      **MR. RAVI VISWANATHAN – MANAGING DIRECTOR**  
                                 **MR. VIKAS CHADHA – GLOBAL CHIEF EXECUTIVE OFFICER**  
                                 **MR. R. VAIDHYANATHAN – GLOBAL CHIEF FINANCIAL OFFICER**  
                                 **MR. KARTHIK VENKATARAMAN – HEAD INVESTOR RELATIONS**

**MODERATOR:**      **MR. VIKRAM SURYAVANSHI – PHILLIP CAPITAL INDIA**  
                                 **MR. HARSHIL SHAH – PHILLIP CAPITAL INDIA**

**Moderator:**

Ladies and gentlemen, good day, and welcome to the TVS Supply Chain Solutions for Q4 and FY26 Results Conference Call hosted by Phillip Capital India. 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 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 this 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. Vikram Suryavanshi from Phillip Capital India. Thank you, and over to you, sir.

**Vikram Suryavanshi:**

Thank you. Good morning, and very warm welcome to everyone. On behalf of Phillip Capital, I'm pleased to welcome you all on the earnings call of TVS Supply Chain Solutions Limited. We are happy to have management with us here today for question and answer session with the investment community.

The management is represented by Mr. Ravi Viswanathan, Managing Director; Mr. Vikas Chadha, Global Chief Executive Officer; and Mr. R. Vaidhyanathan, Global Chief Financial Officer. We'll begin the call with the opening comments from the management, followed by interactive question-and-answer session.

With this, I hand over the call to the management for opening comments. Over to you, sir.

**Karthik Venkataraman:**

Hi. This is Karthik here, Head IR. So thank you, Vikram. Good morning, and welcome all of you to TVS Supply Chain Solutions Earnings Call for the quarter and year ended March 31, 2026. I hope everyone had a chance to look at the financial results, which were posted on the company's website and on the stock exchange yesterday.

We have with us today, Mr. Ravi Viswanathan, Managing Director; Mr. Vikas Chadha, Global CEO and MD Designate and Mr. R. Vaidhyanathan, Global CFO. 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 question and answers.

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 over to Mr. Ravi Viswanathan, Managing Director of the company, to make the opening remarks. Over to you, Ravi.

**Ravi Viswanathan:**

Thank you, Karthik, and good morning to all of you. Firstly, let me welcome all of you once again to our earnings call to discuss the performance for the fourth quarter and year ended March 31, 2026.

We have had a spectacular finish to the year, and I'm excited to share with you the highlights of our performance. I'm joined today by my colleague Vaidhy, our Global CFO, who will take you through the analysis of our numbers. And Vikas Chadha, our Global CEO and MD Designate, who will walk you through the business updates. 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 analyst call for the first time, please note that TVS Supply Chain Solutions is a tech led and asset light supply chain solution provider. We have 2 main business segments, namely the Integrated Supply Chain Solutions, or ISCS, and Global Forwarding Solutions, or GFS.

We operate across 4 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](http://www.tvsscs.com/investor-relations)

Coming to the performance of our company. FY26 marked a strong turnaround year for us. We crossed Rs. 11,000 crores in revenue with a growth rate of 10.1%. We achieved an adjusted profit before tax of Rs. 99.3 crores, which is a significant improvement from Rs. 37.3 crores in FY25.

At the outset, I would like to thank our customers and vendor partners, employees and other stakeholders without whom we would not have been able to achieve these milestones. The highlight of this year has been that our growth has been more diversified and broad-based across regions.

In the ISCS segment, revenue from operations grew by 9.6% over last year. Our performance in India has shown strong growth and Europe has had a turnaround performance aided by new business wins and disciplined cost initiatives. This helped in overall performance and improved the profitability. North America business helped improve the top line with a new large project that went live in the second half of last year.

Moving to the GFS segment. Revenue grew by 11.4% over last year, aided by significant growth in India volumes, while global freight rates continue to remain under pressure. Our cost initiatives and volume growth in India helped us minimize the impact of the geopolitical situations.

Now let me come to the quarterly performance. Our consolidated revenue grew to Rs. 3,032 crores, a growth of 21.3% year-on-year basis and 11.7% on a sequential basis. This is the first time that the company has hit Rs. 3,000 crores in a quarter, and it bodes extremely well for us. I'm pleased to share that we have delivered on our commitment that we made in the previous quarter on our quarter 4 growth, particularly in the ISCS segment, which showed a strong year-

on-year growth of 17.5% and the sequential growth of 15.4%, reflecting new wins across all regions.

Regarding the GFS segment in, our freight forwarding business, we have previously indicated that while volume growth would continue, margins would remain under pressure. Accordingly, we witnessed strong volumes on a year-on-year basis, led by India ocean freight. The segment has showed tremendous resilience and has grown by 34.8% on a year-on-year basis.

It is important to call out that the GFS business continues to operate at structurally lower margins and the global freight industry is currently facing a period of uncertainty influenced heavily by war induced trade disruptions across major trade routes.

On the profitability front, for quarter 4 FY26, the adjusted EBITDA was Rs. 222 crores compared to Rs. 161.4 crores which reflected on a year-on-year basis, a growth of 37.5%, a margin improvement of 80 bps to 7.3%. Sequentially, we delivered Rs. 199.3 crores at a growth rate of 11.4%.

For the full year, our adjusted EBITDA stood at Rs. 773 crores up from Rs. 675.3 crores in FY25, reflecting a double-digit growth of 14.5%. Our new business wins accounted for 12.1% of FY25 revenues. This, coupled with our cost initiatives, such as Project One, have clearly yielded results, and we continue to pursue these.

In the last quarter, we entered into a definitive agreement to acquire Swamy & Sons 3PL that strengthens our capabilities in the FMCG and consumption-led supply chain space in India, and deepens our presence in key consumption markets. The transaction was completed this month. This will be margin accretive for our India business in FY27.

We continue to be a tech-led company and early adopters of technology and have integrated AI and robotics in many of our operations. We have also applied a patent for our unified logistics platform which has been accepted.

Let me now hand 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. If I can call it the headline of our performance commentary that one line would be, on a full year basis, revenue grew double-digit by 10.1%, adjusted EBITDA grew double-digit by 14.5% and adjusted PBT grew by 166%.

A few highlights before we get into the detailed financial performance. We delivered a strong performance in Q4 achieving Rs. 30.9 crores of adjusted PBT compared to Rs. 18.0 crores in Q4 FY25, and we also grew sequentially by 23%. On a full year basis, our reported PBT stands at Rs. 274.1 crores including the Invit gain of Rs. 177.2 crores in Q1. We also generated close to Rs. 243 crores of operating cash for the year, reflecting the improved profits as well as efficient working capital management across all the regions. Now I will take you through the detailed highlights of our financial performance for Q4 and the year ended 31st March 2026.

Our consolidated revenue for the quarter reached Rs. 3,032.2 crores versus Rs. 2,498.8 crores in Q4 FY25 and Rs. 2,715.8 crores in Q3 FY26 reflecting a year-on-year growth of 21.3% and a sequential growth of 11.7%. Both the segments have contributed to this growth. The growth in India region came very strongly at 31.4% on a year-on-year basis, aided with strong new business wins as well as significant volume in our side forwarding business.

From a segment perspective, ISCS segment delivered strong year-on-year growth with revenue at Rs. 2,283 crores in Q4 FY26 versus Rs. 1,943.4 crores in Q4 FY25 and Rs. 1,979.5 crores in Q3 FY26 continuing to show growth strong momentum, delivering double-digit growth on a year-on-year at 17.5% and 15.4% sequentially, supported by strong revenue from new business wins and improved profitability.

GFS segment clocked a revenue in Q4 FY26 of Rs. 748.8 crores compared to Rs. 555.4 crores in Q4 FY25 and Rs. 736.3 crores in Q3 FY26 marking a 34.8% year-on-year growth, largely led by the growth in ocean freight volumes in India. Freight rates continue to be under pressure as Ravi mentioned earlier.

For full year, our consolidated revenue stood at Rs. 11,003 crores compared to Rs. 9,996 crores in the previous year at a growth rate of 10.1%. Growth was led by ISCS segment revenue of Rs. 8,238.9 crores, reflecting a 9.6% growth compared to Rs. 7,514.9 crores in FY25.

GFS segment reported revenue of Rs. 2,764.1 crores, reflecting a growth of 11.4% to Rs. 2,480 crores in the previous year. Driven by strong volume growth in ocean freight in India as well as new customer wins. Other income for Q4 FY26 stood at Rs. 10.5 crores, lower than Rs. 13.4 crores in Q4 FY25.

On a full year basis, other income was Rs. 37.8 crores compared to Rs. 33.2 crores in FY25. The movement is primarily due to the interest income from bank deposits. Now moving to the cost structure, freight clearing forwarding and handling expenses increased from Rs. 632.8 crores in Q4 FY25 and Rs. 784.8 crores in Q3 FY26 to Rs. 813.3 crores in Q4 FY26, which is largely in line with the revenue growth in the GFS segment due to the volume growth in the ocean freight.

On a full year basis, freight cost moved from Rs. 2,816.2 crores to Rs. 3,005.7 crores in line with the business growth. Material related costs increased from Rs. 465.5 crores in Q4 FY25 and Rs. 470.5 crores in Q3 FY26 to Rs. 652.7 crores in Q4 FY26. The increase is primarily due to the new business wins in India, an increase in volume in the North America and Europe markets.

On a full year basis, the cost increased from Rs. 1,767.7 crores in FY25 to Rs. 2,049.4 in FY26. The movement in the material costs and other related costs are in line with the change in business mix in the ISCS segment. Employee costs on a year-on-year basis, employee costs increased from Rs. 610.1 crores in Q4 FY25 to Rs. 640.5 crores in Q4 FY26 due to cost inflation and in line with the revenue growth, partially offset by the cost takeout initiatives that we have taken across all the regions.

On a sequential basis, it increased from Rs. 598.6 crores to Rs. 640.5 crores. Full year employee cost increased from Rs. 2,353.4 crores in FY25 to Rs. 2,502.4 crores in FY26 reflecting the

impact of annual inflation in the employee cost for new projects that we undertook during the year.

Subcontracting costs increased from Rs. 360.7 crores in Q4 FY25 to Rs. 393.9 crores in Q3 FY26 to Rs. 406.9 crores in Q4 FY26. This is in line with the revenue growth from new customers. On a full year basis, sub-contracting cost increased from Rs. 1,438.6 crores to Rs. 1,584.7 crores in FY26.

Other expense moved from Rs. 274 crores in Q4 FY25 to Rs. 269.8 crores in Q3 FY26 to Rs. 297.5 crores in Q4 FY26. On a full year basis, it increased from Rs. 953.7 crores in FY25 to Rs. 1,122.1 crores in FY26. The increase was primarily driven by higher rental charge during even short-term lease enters and higher repairs and maintenance in the warehouse ISCS segment.

Depreciation on right-of use assets and interest on lease liability under IndAS 116 increased year-on-year with depreciation increasing from Rs. 94.2 crores in Q4 FY25 and Rs. 106 crores in Q3 FY26 to Rs. 108 crores in Q4 FY26. Interest cost on lease liabilities increased from Rs. 20.8 crores in Q4 FY25 and Rs. 23.2 crores in Q3 FY26 to Rs. 24.8 crores in Q4 FY26.

The increase in the IndAS 116 costs was due to the second site that went live in one of our key projects in North America market in Q4 FY26. On a full year basis, the depreciation of write-off use assets has increased from Rs. 398.5 crores in FY25 to Rs. 403.4 crores in FY26. And the interest cost on lease liabilities has declined from Rs. 87.6 crores in FY25 to Rs. 82.9 crores in FY26.

This is primarily due to initiatives to optimize the lease commitments transition selectively from long-term leases to medium and short term rental arrangements wherever operationally feasible. On the profitability front, our adjusted EBITDA grew by 37.5% year-on-year, with the margins expanding by 80 bps to 7.3%.

This growth was driven by strong performance exhibited by India and Europe region. Sequentially as well, adjusted EBITDA grew by 11.4%, demonstrating the consistency of the underlying earnings trajectory. With respect to segments, ISCS has delivered strong performance in Q4 FY26 with adjusted EBITDA of Rs. 212.8 crores in Q4 FY26 at 9.3% margin, up from Rs. 164.7 crores at 8.5% margin in Q4 FY25 and Rs. 182.9 crores at 9.2% margin in Q3 FY26.

The significant margin improvement in ISCS is mainly on account of the recovery from the Europe business with India continuing to deliver consistent growth and profitability. GFS delivered an improved performance in Q4 FY26 with adjusted EBITDA of Rs. 18.3 crores, a 2.4% margin, up from Rs. 8.7 crores at 1.6% margin in Q4 FY25 and Rs. 17.3 crores at 2.3% margin in Q3 FY26.

The margin improvement reflects the volume growth in India and the result of the cost optimization initiatives that we had undertaken in this segment to partially offset the macroeconomic challenges that Ravi highlighted. The segment continues to face macroeconomic headwinds reflected in the subdued freight rates.

We delivered an adjusted PBT of Rs. 30.9 crores in Q4 FY26 compared to Rs. 18 crores in Q4 last year. On a full year basis, the adjusted PBT increased by 166% from Rs. 37.3 crores in FY25 to Rs. 99.3 crores in FY26, reflecting the results of the growth as well as the operating leverage. Our reported PBT for the quarter stands at Rs. 25.7 crores after the exceptional cost of Rs. 5.2 crores relating to the impact of the new labor code, which is reported as exceptional items.

As I mentioned earlier, operating cash generation stands at Rs. 243 crores, reflecting the improved profitability and the working capital efficiency. With this, I will request Vikas Chadha for the commercial update. Over to you, Vikas.

**Vikas Chadha:**

Thank you, Vaidhy for the analysis. Very good morning, good afternoon, good evening to all of you. Before I touch upon the commercial update, let me first introduce myself. I have 30+ years of progressive leadership experience driving billion dollar plus P&L operations across diverse industries and geographies.

I'm absolutely delighted and thrilled to be part of the TVS Group and I'm looking forward to creating a very healthy shareholder value during my tenure. I would also like to thank Ravi as he retires from TVS Supply Chain Solutions for all his valuable contribution and laying such a strong foundation for me.

Now coming to our business development performance and pipeline strength, it has been phenomenal and it reinforces our growth outlook. In Q4, we recorded new business wins, which is an all-time high in a quarter of Rs. 523.7 crores, representing 21% of Q4 FY25 revenue. For the full year, the new business totaled Rs. 1,206.7 crores, which is 12.1% of FY25 revenue, a clear sign of traction across key geographies.

We are also seeing very strong momentum in the quality of clients that we are onboarding. This year, we added 9 new Fortune 500 customers, taking the total number of active Fortune 500 clients from 91 last year to 100 a significant milestone that speaks of growing relevance of our offerings in the global marketplace.

Our order pipeline remains robust at Rs. 6,100 crores, giving us a view of the road ahead for the coming quarters. Across both our segments, ISCS and GFS, we saw wins from several key and marquee customers. On the ISCS side, we secured mandates from India and major international markets, including a leading Indian electric vehicle manufacturer, top electrical equipment company in India. Multinational provider of home appliances in India, leading Indian value retail chain player, North America base manufacturer of lifting equipment, a global generating and technology solution provider, leading Indian MNC in IT services space, global information technology measures.

These wins reflect the diversity of our expanding customer portfolio, the strength in our tech-enabled execution and the trust our customers continue to place in via supply chain solutions, which acts as a testimonial of our digital capabilities.

Particularly India continued to deliver exceptionally well on business development with multiple large strategic wins across automotive, consumer durables and industrial verticals. These wins will drive revenue growth in the quarters ahead, especially in the ISCS business, where our

positioning continues to strengthen across production, aftermarket and distribution-led supply chains.

On the GFS side, we averaged several marquee customers, including multinational material handling provider, a top global leader in sanitary and bath solutions, global fashion and apparel retailer, a leading Indian tyre manufacturer, leading industrial automation and robotics company. Thank you all for hearing this update.

And with this, we open the floor for Q&A.

**Moderator:** Thank you. We will now begin the question-and-answer session. Our first question comes from the line of Sucrit Patil with Eyesight Fintrade. Please go ahead.

**Sucrit Patil:** I just want to understand, in your point of view, how is the TVS Supply Chain preparing to capture future opportunities in global logistics, warehousing and supply chain technologies, while thoughtfully addressing challenges such as geopolitical disruptions, rising cost and digital transformations. What strategic levers do you see more important for sustaining growth and maintaining the leadership in FY27? Just want to understand your point of view on this. Thank you.

**Ravi Viswanathan:** Thank you, Sucrit. I think it's a great question. I think we've always maintained that we are a tech-led supply chain organization. We continuously keep looking at how technology can differentiate in the marketplace. An outstanding example is a recent engagement that we are involved in paying in North America, where we have engaged fairly sophisticated robotic technology, coupled with digital platforms which bring a significant difference from what the customer was used to, in with an incumbent supply chain provider.

I think the key for us is our last name, which is TV supply chain solutions. Our solutioning brings in a significant differentiator in terms of combining technology along with domain knowledge. And that's what is differentiating us in the marketplace.

With respect to the geopolitical situation, I think it should give all of our investors a lot of confidence that this organization has been incredibly resilient in a year where there have been significant geopolitical challenges. In spite of that, we have recorded growth, which has been, I would say, unprecedented since we listed bourses.

So we continue to focus on the fundamental character of the company, which is to stay close to the customer, build deep relationships, consistently look at how we can cross-sell and add value and bring a technology component to every aspect of our solution. And that's really what is being the big driver for us in the Integrated Supply Chain Solutions space.

And you can see from the results that the ISCS growth has been broad-based across our geographies, whether it's Europe, whether it's in the U.S. or in India, we've been able to get spectacular results. And this is coming on the back of some very strong moves that we made over the last 6 to 8 quarters, which we have been sharing in this platform.

So we continue to be bullish about the ISCS segment. We believe that our differentiation through technology and our deep customer relationships will help us continue our growth momentum. Vikas just told you about how we have expanded our portfolio from 91 Fortune 500 customers to 100, and we continue to keep a very close tab on that.

It's the quality and the depth of our customer relationship, which will differentiate along with the technology, which is infused in all of our solutions. I hope that helps you, Sucrit. I'm happy to take additional questions now or at a later point in time.

**Sucrit Patil:**

My second question to MR. Vaidhyanathan is from a technical point of view, how is the company optimizing its capital structure to balance growth investments in logistical infrastructure and technology while still maintaining the debt structure especially given the capital-intensive nature of global supply chains, can you elaborate on the framework being used for cash flow forecasting, interest rate risk management and working capital efficiency to ensure liquidity while still maintaining the profits? Thank you.

**R. Vaidhyanathan:**

Sure, Sucrit. I think there is a lot to be covered. Okay. First, on capital allocation point of view, I think we have a very clear focus. I think our priority is to allocate more capital for the ISCS business. And as we always said, we are an asset-light business, and we don't invest in any fixed assets. Most of our assets are only for some warehouse related, and we always follow an asset-light model for investment.

And from a working capital point of view, we have an extremely strong cash management as well as working capital management, and we ensure that we have a very tight control on the working capital. And if you look at our overall net debt as of 31st March, it's hovering around Rs. 350 crores, Rs. 370 crores.

And except about Rs. 120 crores, which is long term in nature for a specific project, bulk of our debts are all short-term working capital in nature. I think that is how we manage the cash flow as well as the capital structure. And our ratings has been extremely strong, India AA ratings. And we take a very, very strategic point of view before we allocate any capital to any new business or new projects.

**Moderator:**

The next question comes from the line of Ankur Poddar with Svan Investments. Please go ahead.

**Ankur Poddar:**

Good morning, sir. Congrats on good set of numbers. My first question is regarding our GFS business. So because of the disruptions in the geopolitical situation currently, are we facing any disruptions in our routes where we operate, so that is the rest of the world GFS? And also, if you can throw some light on how our India GFS and the outlook of India GFS business going forward for FY27?

**Ravi Viswanathan:**

Okay. First is, are we in any of the trade lanes, which are in the West Asian zone? The answer is no. But I think, look, this is a network business, Ankur, right? So it's really about something which is a hotspot in West Asia could impact any of our trade routes. So we do see disruptions, especially in the smooth flow of traffic. But having said that, the India business has had tremendous growth in this quarter.

And we remain bullish about the fact that we'll be able to continue on this momentum given the volumes. We are not particularly worried about sea freight volumes at this point in time as we look outward. But what could be very volatile is pricing. Pricing pressures continue, and we need to keep a very close eye on the pricing in this segment. But we continue to remain bullish about volumes from India. And we on a broad base, I would expect GFS to deliver better than how we have delivered in FY26.

**Ankur Poddar:** Okay. Understood. My second question is regarding the ALA MOU that we had signed recently. Is there any update on that? And do we see any visibility coming in, in FY27?

**Ravi Viswanathan:** Probably too early to say, Ankur, but we just recently signed. So we are early days, but you will hear updates from us in the near future on how we plan to get further into that segment. We clearly have identified defense and aerospace as a great opportunity, and that's the reason why that MOU is very relevant. We continue to work very closely with ALA, who are a very niche player in that segment and we are very keen to participate with us in this market and specific markets. So we will give you an update as this evolves. But I would say we have made progress since the MOU. And hopefully, we'll have more to share in the near future.

**Ankur Poddar:** Okay. That's great. And finally, if you could just share the growth outlook for your ISCS business also within India as well as rest of the world. So that's Europe and U.S.

**Ravi Viswanathan:** Sure, sure. Look, I think there a lot of positives. One is the first time we have hit Rs. 11,000 crores revenue Rs. 3,000-plus crores revenue in Q4. And I think most important lead indicator that I will leave with you is the fact that we have new revenues coming from business development made in Q4 which is a record. And Vikas spoke about it, Rs. 524 crores is the revenue that we got from new business wins just in Q4, which represents more than 20% of our Q4 revenues. And that's a very strong lead indicator and a very strong exit as we get out of FY26 into '27.

And I would just say, we have strong wins, which will give us a sufficient tailwind into the first half of the year. And we have a significant pipeline, which are at various stages of conversion and we remain very confident of a double-digit maybe an early teen kind of number for the whole year from an overall perspective. And ISCS will probably be a strong contributor to that.

**Moderator:** The next question comes from the line of Disha with Sapphire Capital.

**Disha:** So, my first question was on the GFS segment. So I've seen the Indian volumes rise drastically for this quarter, what was what were some of the reasons for that? And how has Q1 been so far, sir?

**Ravi Viswanathan:** I'll probably not speculate on Q1 as yet, but let me just say, Q4 is on the back of some significant businesses. I think Vikas spoke in his commentary about a lot of new wins that we had this quarter, the volume growth is coming on the back of that. And we continue to get significant new wins in both ISCS and the GFS segment. So, I would say we're seeing both volume growth for what we call as encirclement or cross-selling within existing customers showing growth, but also new customer wins that are fueling the GFS volume growth.

- Disha:** And we do expect this momentum to continue, right?
- Ravi Viswanathan:** I remain very optimistic, Disha.
- Disha:** And how should we look at the EBITDA margin for FY27? Because we have seen high traction from the ISCS segment as well. So how should we look at the EBITDA margin?
- R. Vaidhyanathan:** Disha I'll take this Vaidhy here. See, on the ISCS, I think right now, you're about 9.3% and we range from between 9.5% to 10% on ISCS from a margin point of view. And as Ravi said, with all the large customer wins and also the operating leverage actions that we have taken I think we'll be somewhere between 9.5% to 10% on ISCS.
- Disha:** And for the overall margins of FY27?
- R. Vaidhyanathan:** Yes. I mean I think it all depends on, as Ravi said, on the GFS trajectory in terms of the freight rates and all that. But I would say somewhere between right now, we are at should be around 7.3% to 7.4% on the adjusted EBITDA. I think a lot depends on how the GFS trajectory moves.
- Ravi Viswanathan:** I would just be cautious about GFS given the geopolitical situation. Like I said, we are bullish about the volumes but we have to keep a very close eye on the rates. It's been very volatile, and we'll keep you updated on this as we progress. We have a very clear understanding of how we will get better leverage on the ISCS business.
- On the GFS I'll still be cautious because it is all about customer relationships, deep customer relationships. We will continue to focus on going deep with our relationship but there is a dependency on pricing, which is volatile. And I will just leave it there because right now, it will be speculation if I get deeper on that.
- Disha:** Yes, yes. Fair enough. And also that you have a robust order pipeline, what sort of conversion are we looking at for FY27? When do we see majority of orders flowing in?
- Ravi Viswanathan:** Our typical conversion like we have said in the past, has been around 22%. So we look at that, hopefully, we keep improving on that. But that's typically what our conversion ratios have.
- Moderator:** The next question comes from the line of Rohit Ohri with Progressive Shares.
- Rohit Ohri:** Couple of questions from my side. First one, being on China plus one and the U.S. firms, which are trying to eye India, if you can take us through, which are the sectors with these guys are actually looking at and which would probably be the strongest relocation candidates where you see momentum or anything on the current pipeline, if you would like to share?
- Ravi Viswanathan:** So, the China plus one. We do see a lot of early traction with our existing customers but none of which has got very deep, but you did see a few examples of things that we did with some multinationals, we have shared some of the media, some of the new things that we're doing especially with a large earthmoving equipment company. So we seek actions across the board. There have been some early wins, but I would still keep looking at that space because capital allocated by those customers towards expansion in India is something which we need to keep a close tab on.

Given the geopolitical environment, especially the U.S. buyers, I would still wait to see whether there's going to be acceleration on that front.

**Rohit Ohri:** Is it possible to share that when you compete with these global 3PL players, what sort of operational capability that we portray that the competitors are still underestimating about TVS?

**Ravi Viswanathan:** And I don't want to talk about what competitors think about us. I think the key strength for us is that we have a very strong relationship with some of the large multinationals. And given that we have a presence in 100 of the top Fortune 500 customer base, it gives us a very strong currency to participate.

Second is we have a very strong brand at TVS, and that legacy is something which helps tremendously. And that, coupled with the fact that we have a very strong India person and India story is really a big driver. So we are on the invitee list of almost every large MNCs foray into India and that's the exciting part for us. India continues to be a very strategic region for us. We continue to see how to continue this acceleration that we see. There are very interesting sectors that we see momentum in one of them is the power sector. This is specifically with alternate power and quite a few multinational companies activities, we are able to now participate.

**Rohit Ohri:** So we did mention about these new businesses that are coming through and the new sectors, which you just alluded in your previous comment as well, along with our aerospace, defence on maybe energy and renewables. But what are these certifications that you think are critical bottleneck in India currently? And how sticky are these contracts or maybe how deeply embedded are they with TVS Supply?

**Ravi Viswanathan:** You are talking about existing contracts that we have?

**Rohit Ohri:** Existing contracts as well as the one which might come maybe in the next 3 years or so.

**Ravi Viswanathan:** I mean the existing contract, the stickiness is what you create. It's really about, I think I spoke about it in my opening commentary on the very deep customer relationships and the flexibility that we have had in terms of engaging with the customer during different cycles of the business environment, especially the volatile environment that we have seen over the last couple of years.

But if you take a look at our relationship and the customers contract, the average length of our customer contract in India is about 4 years to 4.1 years. And that is 5-plus years in North America and almost 7.5 years in Europe. So that kind of shows the stickiness of the engagement that we have.

So the average length of these relationships are fairly long, and it continues to grow on a period-by-period basis. So that's something which I would talk about from an existing customer perspective.

You spoke about certification. Clearly, aerospace and defense is a certification space. And that creates significant both entry and exit hurdles. Our MOU with ALA is really about leveraging on their global capabilities and the certification that they already have with many of the existing suppliers in this space, and that will give us a competitive advantage as we enter the segment.

**Rohit Ohri:** On this aero supply chain services, what sort of lessons do we have from the UK defence logistics, which you think are transferred to India currently?

**Ravi Viswanathan:** I think the key is for us to understand how different organizations work, their processes, the ability for us to participate in large, complex multiyear deals over the last few years gives us that depth and that's something which is a huge differentiator for TVS SCS because I don't think any other Indian player participates in those kind of engagements. So that experience is something which is which is a huge differentiator.

And coupled with the kind of partnership we're trying to engage with a leading global supplier that will put us firmly on a leadership path to participate in some of these spaces in India and beyond.

**Rohit Ohri:** Sir, on the guidance aspect by FY29, FY30, do you think that I know top line is not an issue for us. But then with the sustainable EBITDA margin may be like 12% or 13%, do you think that we can reach somewhere around Rs. 15,000 crores by FY29, FY30?

**Ravi Viswanathan:** I will leave that question to Vikas for the future. But clearly, that is something which we have shared with you in the past, right?

Look. For us, we keep talking about continuously expanding our EBITDA margins. We have said in the past that the benchmark EBITDA numbers are in the early teens, and that's our aspiration. So we think in the medium term, we should get to 10.5%, 11% in ISCS. And we hope that we can push the GFS margin. Maybe this is not the year but in the next 4 to 8 quarters, move it to closer to 5% and hopefully settle at about 6%, 6.5%.

**Rohit Ohri:** Sir, last one from my side. If we were to revisit TVS in maybe FY30, what metrics beyond the revenue would convince the management team that the strategy is actually truly worked?

**Ravi Viswanathan:** So first and foremost, I think we are focused on profitable growth. So profitability is something which is a very key driver. Our trajectory has been good, and we want to continue on this trajectory. So profitable growth is number one. Number two is continue to mine our existing customers to get deeper into our customer relationships, create larger portfolios, which means that we are doing significant cross-sell and upsell. Hopefully, some of the newer segments that we are entering, for example, in India, the acquisition of Swamy & Sons gives us an entry into FMCG and the MOU on the aerospace and defence gives us an opportunity to expand our defense portfolio.

So overall, if I were to look at it 3 years hence, the verticals that we are today entering into if we can drive similar margins and much higher growth rates in those segments clearly would mean success. And of course, deeper engagement with our customers, which we are very confident of now because that's been the essence of the TVS Supply Chain Solutions story an evolution over the last 3 decades.

**Rohit Ohri:** Okay sir. Thank you for answering my question thanks a lot.

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

**Vikram Suryavanshi:** Good morning and congratulations on very strong numbers, sir. Just wanted your comment on our, if you look at segment-wise or profile between India and Europe, it is pretty diversified between automotive, consumer, industrial, health care and other segments. But US business is mostly dominant only 2 segments. So how is the growth outlook there and then diversification possibility in US particular North America market?

**Ravi Viswanathan:** So I think for us, the US, we do operate on a very strong account-centric plan, right.. So we have picked industrial and auto sector as the areas of focus and that has been the biggest growth driver for us. So if you look at US over the last 5 years, it's growing at about 28.3% CAGR. And we really think that the opportunity in the US is with large customers, we should be able to get a significant size of the pie.

Previously, 5 years back US was really a scattered map, but today, we are getting deeper into fewer customers. And we want to grow each of these customers because those are the customers who typically can deliver \$50 million, \$60 million of annual revenue. And if we can create a portfolio of 4 or 5 such customers, that will give us a very, very strong foundation, on which then we can expand the US market.

So our current focus remains on industrial vertical and the auto vertical. There are a lot of opportunities, but we are remaining very focused in mining large customers that we work with are all Fortune 500 customers that we work with in the US and we want to see how we can convert each of these customers into double-digit million closer to \$50 million of business over the next 3 to 4 years.

**Vikram Suryavanshi:** Got it. But apart from this industrial and auto, are there any back-end challenges for us to add newer verticals or it is not a focus area as of now?

**Ravi Viswanathan:** I think it's really about what we want to focus on. I think we want to make sure that the management bandwidth is really focused on mining and deepening the relationship and then saying, if I have a product set is it easy for me to just expand that product set and go into customers who have got similar requirements rather than looking at a larger canvas in which we can operate. And US is a very large country, very, very large spend, but we are, I would say, we need to get to a place where we have a strong foundation, very strong stories and that's the basis on which we will expand. So, we want to remain very focused on the kind of sectors we want to get into in the US. Having said that, if there are opportunities for us to partner with some of our, both tech and non-tech partners, we will keep evaluating it. But our focus is really on, saying look at auto, industrial and adjacencies to that.

**Vikram Suryavanshi:** Understood. And we have very strong new business wins this quarter. So, internally, do you have as a percentage of revenue to target as a new business win as an internal target? And do you also look at the customer churn basically as one of the indicators or any target internally or its more on new business win only?

- Ravi Viswanathan:** The customer churn is something which in this business, especially in the GFS side, you will find that's a constant. But more importantly for us, we have been typically at about 10%, 11% of the previous year revenue which is coming in as new business wins.
- We want to get to a place where we constantly keep increasing that. So, this year, we got that number to 12.1%, so 12.1% of FY25 revenues is what is the new business wins for FY26. So, if we get to about 12% to 15%, I think we know that the engine is working very well, and that would give us the momentum required for us to meet our medium-term targets.
- Vikram Suryavanshi:** Okay. And the last question on integrated final mile, basically you don't give separate numbers, but in terms of understanding, are we seeing improvement in there also materially or it was like an integrated supply chain, which has driven the profitability? Just to get some idea about how things are going?
- Ravi Viswanathan:** Let me just ask Vaidhy to answer that. But from our perspective, we have integrated that business, but you can probably dwell deeper into that particular sub-segment.
- R. Vaidhyanathan:** Sure. Thanks, Vikram, if you remember, I think as part of the IFM, we have taken a lot of corrective actions about four, five quarters back, especially with respect to getting the business back on track, especially with respect to strategic price increases that we talked about in the past, including some of the site consolidation, taking out the excess costs, and all the actions have been completed over the period of the last four to six quarters, I would say, and today, the integrated final mile, which is part of the ISCS business, and a very, very strong path
- Vikram Suryavanshi:** Got it, sir. Thank you very much.
- Moderator:** The next question comes from the line of Kunal Sabnis with Nine Rivers Capital. Please go ahead.
- Kunal Sabnis:** Hi, thanks a lot for the opportunity. First of all, congratulations to the team. All that you have been saying for a while, that turn around has been seen in numbers for the last two quarters. And this quarter has been an improvement over the previous one. So, congratulations for that. I have two questions. First is on the ISCS business, right? It's heartening to see that ISCS has grown Q-o-Q as well, right about 15% and Y-o-Y as well.
- So, going forward, considering you have multiple projects into pipeline and scale up of the North America project plus the wins that have happened. Can we see this actually growing at like 18%, 20%? Is that a possibility going forward, primarily on the ISCS, which is a sticky business and then has higher margins?
- Ravi Viswanathan:** It's a great question, and thank you for your wishes. We continue to focus a lot on the ISCS business. Do we have the pipeline for that kind of growth? The answer is yes. We just need to say, see how we can increase our conversion ratio of some 22%, maybe, to about 23%, 24%, closer to 25%. I always remain optimistic about it. Will it be an 18% growth? I definitely want to expect that.

But I want to also set expectations that given what we can see, we are very confident of double digit, we're very confident of early teens or even mid-teens in that segment. But I'll just leave it there to say that we aspire to get closer to that number that you spoke about. Do we have the pipeline? Absolutely, yes.

If we can convert some of the larger deals and our conversion ratio increases, I don't see that as a difficult thing, but that's the focus of the company, to see how we can increase the conversion rate of our pipeline.

**Kunal Sabnis:** Got it. And considering the top line is growing and the EBITDA overall, you expect to be flat to positive. Your PBT margin from here-on has to sequentially grow, right? I mean, Q-o-Q as well, the PBT margin?

**Ravi Viswanathan:** That is the trajectory for us in terms of PBT. So we have to get the PBT number growing every quarter and very confident that we will do that.

**Kunal Sabnis:** Got it. The last one is on the exceptional items. Is there any reason, why this labor provisioning was not taken entirely in quarter 3, and some has come in this quarter?

**R. Vaidhyathan:** Yes, Kunal. I'll take this, Vaidhy here. See, there was a labor ministry clarification which came in March 16th and after we declared the Q3 results, because of which we had to once again do a reassessment and take an additional provision. And that clarity was not there, when we closed the Q3 numbers. And as you know, there are still a lot of gray areas and there is a lot of interpretations as well. So I think that is what is the reason for that.

**Kunal Sabnis:** Is that entirely taken now?

**R. Vaidhyathan:** As of now, whatever clarifications that have come from this, we have completely taken it.

**Kunal Sabnis:** Perfect. And one last thing is on the impairment of the loss on financial instrument, that's a sizable number as compared to your profit, right? About Rs. 17.6 crores. And that's sort of recurring every quarter. What does this pertain to? And what do we expect for fiscal FY26, I mean how can we project this?

**R. Vaidhyathan:** Yes. This is basically what we keep providing based on the expected credit loss for all the customers and the decisions that we take. I think this trend will more or less be similar because we have a very, very large revenue size, Rs. 11,000 crores. On that, the number is not very material, but we do continue to closely monitor. And most of our customers are all highly rated in the B2B segment, not in the B2C segment. So, there are no creditors, but we continue to take as part of ECL credit loss methodology.

**Kunal Sabnis:** So, you have total booked about Rs. 56 crores for fiscal FY26. This sort of rate percentage to revenue should continue. Is that I understand you correct?

**R. Vaidhyathan:** Probably, I would say slightly lower in FY27 onwards.

**Kunal Sabnis:** It should be lower in FY27. Okay. Great and wish you luck for the future.

- R. Vaidhyanathan:** Thanks Kunal.
- Moderator:** Thank you. Ladies and gentlemen, that was the last question for today. I would now like to hand the conference over to the management for their closing remarks.
- Ravi Viswanathan:** Thank you. Thank you for all of your time, questions and continued interest in our journey. As we look forward to FY27, we see significant opportunities to strengthen our market position, enhance operational resilience and build deeper relationships with our customers.
- We also recognize the challenges that lie ahead from the macro to structural shifts in the global supply chain. Our focus remains very clear, executing on our renewed customer conversion growth story and continuing the disciplined implementation of our cost and productivity initiatives which we have set in motion, scaling segments and driving long-term value creation through disciplined customer-centric growth.
- I would like to personally thank all participants, both present and from the past, for your participation and valuable inputs. As all of you would be aware, this would be my last earnings call. I'm confident that under the leadership of Mr. Vikas Chadha, the company would soar to greater heights. I want to thank you once again for your support, and we at TVS SCS, look forward to engaging with you in the quarters ahead.
- Moderator:** Thank you, sir. I would now like to hand the conference over to Mr. Harshil Shah from Phillip Capital India.
- Harshil Shah:** We thank the management of TVS Supply Chain Solutions for giving us an opportunity to host the call and taking time out for interaction with the stakeholders. Thank you all for being on the call.
- Moderator:** Thank you. Ladies and gentlemen, on behalf of Phillip Capital India, that concludes this conference call. Thank you for joining us, and you may disconnect your lines.
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