

28th February 2025

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

CIN: L63090MH1995PLC091063

Subject: Transcript of Earnings Conference Call held on Tuesday, 25th February 2025.

Dear Sir,

Please refer to our Earnings Conference Call scheduled for Tuesday, 25th February 2025 at 11:00 AM (IST), as intimated vide our letter dated 18/02/2025.

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the Q3 & 9M FY25 Earnings Conference Call transcript.

You are requested to take the same on record.

Thanking you.

Yours faithfully,

For Total Transport Systems Limited,

Bhavik Trivedi
Company Secretary & Compliance Officer

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Total Transport Systems Limited

Q3 & 9M FY25 Earnings Conference Call Transcript

Tuesday, 25th February 2025

MANAGEMENT:

- ◆ **Mr. Makarand Pradhan - Managing Director**
 - ◆ **Mr. Shrikant Nibandhe - CFO and Director**
 - ◆ **Mr. Bhavik Trivedi - Company Secretary & Compliance Officer**
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Moderator: Ladies and gentlemen, good day and welcome to the Total Transport Systems Limited Q3 and 9M FY25 Earnings Conference Call.

We have with us today from the Management Mr. Makarand Pradhan – Managing Director; Mr. Shrikant Nibandhe – CFO and Director; Mr. Bhavik Trivedi – Company Secretary & Compliance Officer.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*", then "0" on your touch-tone phone.

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

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

Makarand Pradhan: Good morning, everyone, and I appreciate your presence at today's Total Transport Systems Limited Q3 and 9M FY25 Earnings Conference Call. I trust that you all had a chance to review the Investor Presentation and Financial Results, which are accessible on the NSE website. To begin, I would like to start with an overview of the economic outlook and an update on the logistics sector.

India's economy is set to grow at 6.4% in the year 2026, supported by strong infrastructure spending and policy stability. Inflation is expected to be moderate to 4.2%, while the fiscal deficit is targeted at 4.5% of GDP, ensuring a balanced approach to growth. The government remains committed to capital expenditure, with a 15% increase in infrastructure investments, particularly in port development, shipping, and multimodal logistics, benefiting the entire maritime and freight sectors.

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While tax revenues are projected to grow moderately, with net tax revenue expected to rise by 9%, increased public borrowing of ₹11.8 trillion will support infrastructure expansion. The push for port connectivity and efficiency improvements under national logistics initiatives will be key to sustaining great competitiveness.

On the monetary front, the repo rate is expected to ease to 5.75%, supporting credit availability and reducing borrowing costs. The Indian rupee is projected to average ₹87.6 per USD, while crude oil prices are expected to stabilize at \$80 per barrel, providing cost predictability for maritime trade and logistics. India's port sector continues to expand with increased container traffic and improved operational efficiency, aligning with global trade demand. The current account deficit of 1.5% of GDP is expected to remain manageable, reflecting a stable trade environment.

Logistics sector update - India's logistics sector has shown steady growth in freight and cargo movements over the past three months, primarily driven by increased trade activity at ports and stable transportation costs. GST e-way bill volumes saw a 5.5% month-on-month increase in January 2025, marking the strongest growth since October'23. Port operations remained robust, with overall volumes increased by 6% year-on-year, while container volume surged 15% year-on-year, likely influenced by business expediting shipments ahead of anticipated higher US tariffs. Despite this, on a year-to-date basis, port and container volumes remained relatively moderate, growing by 3% and 6% year-on-year, respectively.

Also, in the container shipping market, we continue to experience price declines with rates falling 10% in the last three months and nearly 50% from their July 2024 highs, reflecting easing supply chain bottlenecks, allowing for greater cost efficiency in ocean transport. Additionally, aviation turbine fuel prices remained stable in January 2025, down 23% from their peak in October'23, helping manage air freight operational expenses. Despite some global uncertainties, India's logistics sector remains resilient, with ongoing infrastructure advancements under the National Logistics Policy and Gati Shakti Program improving efficiency in freight movement. As multimodal connectivity strengthens and port handling capacity expands, the sector is well positioned for sustaining long-term growth and improved trade efficiency in the coming months.

Shrikant Nibandhe:

I am Shrikant Nibandhe, Executive Director and CFO of the company. So, Total Transport, we continued growth in Q3 FY25, building on the momentum from the previous quarter with strong performance across key logistic players.

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In LCL consolidation, export volume remained robust at 67,767 CBMs, ensuring stability in the overall global trade flows. Our efficient consolidation network driving us consistent volume and reinforcing our leadership in this segment. Full load containers freight forwarding saw a 9% QoQ increase in exports, rising from 3,485 TEUs in Q2 FY25 to 3,782 TEUs in Q3 FY25. This reflects the growing demand for full container load shipment. The air cargo freight segment witnessed remarkable growth with export volumes surging 52%, QoQ from 272 tons in Q2 FY25 to 414 tonnes in Q3 FY25. This strong upward trend highlights the company's increasing market share in international air cargo movement. With continued expansion of operational efficiency, Total Transport Systems Limited is positioned with sustained growth capitalizing on rising global trade and evolving logistics opportunities across the country.

Company's financial for Q3 FY25, we have maintained a solid financial performance, demonstrating steady growth across various key metrics. Revenues for the quarter stood at ₹145 crores, reflecting 63.9% YoY growth compared to Q3 FY24. For 9M FY25, revenue reached ₹427 crores, marking a 56.5% YoY increase.

EBITDA for Q3 FY25 grew to ₹5.7 crores, a 2.6x increase YoY, indicating higher operational efficiency. EBITDA margin improved to 3.9% expanding 143 basis points YoY and 176 basis points on QoQ, reflecting better cost management and cost control measures that we have taken for these nine-month periods, EBITDA has reached ₹11.9 crores, which is a 58.7% increase YoY.

During Q3 FY25, profit after tax has increased to ₹3.3 crores, reflecting 2x YoY growth, while PAT for the nine months stood at ₹7.6 crores, a 44.6% YoY increase. The PAT margin improved to 2.3% in Q3 FY25, which is a 44 basis points increase on the YoY, and for QoQ, it's 82 basis points.

This result highlights consistent financial growth backed by operational efficiency and the introduction of new technology, which is helping us to improve our profitability. The company remains focused on sustainable growth and financial discipline to drive long-term value.

With this, I conclude my speech and welcome your questions and any other things you would like to ask us. Thank you very much.

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- Moderator:** Thank you. We will now begin the question-and-answer session. The first question is from the line of Rishikesh from RoboCapital. Please go ahead.
- Rishikesh Oza:** Thank you for the opportunity. Sir, my first question is with respect to the multimodal business, can you guide what sort of revenue growth and volume growth are we seeing for the next financial year FY26? And also, how do we see the realizations going ahead? And also, if you could guide on EBITDA margins as well? Thank you.
- Makarand Pradhan:** Hi. What we are looking at, according to the budget, we are looking at close to 12% - 15% growth in the multimodal business, both for LCL and for FCL we are seeing around 20% - 25% growth. So, this is what we plan to have in the next financial year. Your other question was EBITDA margin, I mean, today it is at 3.9%, and I think we should be able to maintain that in the next financial year also.
- Rishikesh Oza:** Got it. Any comments on realizations, you said realizations are going down for the last two-three quarters, how do we see realizations going ahead?
- Makarand Pradhan:** I think the realizations have improved. Realization lies in correlation with the freight levels.
- Rishikesh Oza:** I think you had made a statement that the rates have been falling for the last few quarters.
- Makarand Pradhan:** But we have been able to maintain because of the new services that we have come up with for LCL.
- Rishikesh Oza:** Okay. But specifically, your realizations, you expect them to be steady for the next few quarters going ahead?
- Makarand Pradhan:** I think so, for the next three quarters at least this should be the same. Until if there is any geopolitical situation changing, then I wouldn't be able to stand by it. But if this goes as per what it is today, I think the realization will be more or less similar.
- Rishikesh Oza:** Got it. I also have a question on Abhilaya, could you also share what sort of revenue targets do we have for Abhilaya? And also, when do we see this business breaking even?

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Shrikant Nibandhe:

Revenue for this financial year, we will be closing close to ₹103 crores top line and there will be losses at the PBT level, too. Mainly these 3PL logistics and some Dark stores that we have started, for which the volumes are not picking up because we have to operate in multiple cities. We are just operating in Mumbai. Because the customer base is more or less the same and they have various shipments at various locations like Mumbai, Bangalore, Delhi, then Hyderabad, Pune and Chennai. So, unless we have to have some other arrangements, it's a very tough situation to increase the volume. At the moment we are doing 3,000 plus shipments a day. But still, we need to do a lot to be in the breaking even.

So, we are curtailing down these 3PL efforts for some time because this requires a lot of, again, the funding arrangements for this. We have to expand in various locations. So, we are focusing only mainly on our vendor business which is Amazon, Flipkart, and other small e-commerce operator companies. And we will be participating with Amazon for their quick commerce deliveries which they are coming up from April onwards. So those are areas we will be focusing on now. And hopefully, curtailing down these 3PL logistics and additional business from Amazon, next financial year definitely we will be breaking even, and anticipating a top line of close to ₹117 crores to ₹120 crores will be achievable.

Rishikesh Oza:

Got it. And just a follow-up on Abhilaya, on a longer-term perspective, what sort of EBITDA margins can this business do on a sustainable basis? And for the same, what sort of revenue levels will the company have to achieve?

Shrikant Nibandhe:

See, the EBITDA margin will be around close to 4%-5% on that basis. This alone, we need to have more funding available to be done to expand the activities, like dark stores we need to start again in various locations. Because this really gives us some revenue but it requires funding and burning for at least a year. And second financial year onwards we can do the breakeven and third we can start making money. So, this is our plan and we are looking for some fund arrangements from either some private equity funds as well as through other sources also. So, hopefully, once that gets done, the top line, if we can plan provided we get a fund, then we can really achieve more than ₹200 crores turnover by next financial year.

Rishikesh Oza:

I believe ₹120 crores you said for FY26 for Abhilaya, and ₹200 crores you are targeting for FY27, am I correct?

Shrikant Nibandhe:

Yes, provided we arrange some funding arrangements with our source or some private equity investor or maybe another investor.

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Rishikesh Oza: Got it. Thank you very much.

Shrikant Nibandhe: Thank you.

Moderator: The next question is from the line of Madhu Sharma from SK Capital. Please go ahead.

Madhu Sharma: What measures are being taken to increase EBITDA margins in the upcoming quarters?

Shrikant Nibandhe: Increase in EBITDA margins, of course, the freight levels were high for the first and second quarter of this financial year, which clearly helped us to, say, sailing rates were high. After that, the operational efficiency what we achieved is to have more density in our consolidation business. The containers what we are stuffing it, earlier used close to 58 cubic meters in the 40 feet container, which we will be now achieving more than 61 cubic meters. So higher density, which is an improvisation of our productivity is helping us to achieve more higher EBITDA margin.

Madhu Sharma: Yes, sir. And given the strong nine months of financial performance, what strategies are in place to sustain this growth in FY26?

Shrikant Nibandhe: The strategies, we are more focusing on the full load containers business at various locations where we have offices on pan-India level, more from the Gujarat side, more from the Calcutta side, I mean, West Bengal side, more from Tamil Nadu and the South India side. So, we are targeting more customers. And with our new deal and reputation, we are getting some more cargoes from various locations. So, focusing more on the full-load containers are really helping us a lot to have more buying or say negotiating capacity with the shipping lines for the better contract rates annually. Secondly, for the air cargo, we have made some strategic partnerships with a few companies here in India, which is adding up to the volume for the air cargo too.

Madhu Sharma: Yes, sir. And sir, about the Abhilaya business, we have seen good growth there. So which regions or which particular sector are we seeing the growth coming in from?

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Shrikant Nibandhe: Growth is majorly mentioned, in fact, there is a bit of growth in this other Flipkart business. Because Diwali was quite good, we achieved more than 4.5 million shipments in that particular month itself, which is again pushing us to give us some profitability also. Furthermore, Amazon, we will be partnering with them for this quick commerce business which we are going to launch in April months. So that will also be giving us support in our activity where we already have our own setup and people are out to move it as a business, which will help us to have a top line as well as give us some decent EBITDA on that business, too.

Madhu Sharma: Okay, sir. Thank you.

Shrikant Nibandhe: Thank you.

Moderator: As there are no further questions from the participants, on behalf of Total Transport Systems Limited, we would like to formally conclude this Q3 and 9M FY25 earnings conference call. We sincerely appreciate the participants in this event and we kindly request that you now disconnect your lines. Thank you for your time and engagement.

(This document has been edited for readability purposes.)

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