November 20, 2026

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

Dear Sir/Madam,

Sub: Transcript of earnings call with Analysts/ Investors

Pursuant to Regulations 30 read with Para A of Part A of Schedule III and other applicable provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, we attach herewith the transcript of TVS Supply Chain Solutions Limited ("Company"), Earnings call held on November 16, 2026, to discuss the financial results for the quarter and half year ended September 30, 2026.

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

Kindly take the above information on records.

Thanking You,

Yours faithfully,

For TVS Supply Chain Solutions Limited

PADOOR DORASWAMI KRISHNA PRASAD

Digitally signed by PADOOR DORASWAMI KRISHNA PRASAD
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P D Krishna Prasad

Company Secretary

Encl: As above

“TVS Supply Chain Solutions Limited

Q2 FY '27 Results Conference Call”

November 16, 2026

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

MODERATOR: **MR. VIKRAM SURYAVANSHI – PHILLIPCAPITAL INDIA PRIVATE LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to TVS Supply Chain Solution Q2 FY27 Results Conference Call hosted by PhillipCapital. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone.

Please note that this call is being recorded. Before we begin, a brief disclaimer. This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions, and expectations of the company as on date of this call. These statements are not the guarantee of future performance of the company, and it may involve risks and uncertainties that are difficult to predict. I now hand the conference over to Mr. Vikram Suryavanshi. Thank you, and over to you, sir.

Vikram Suryavanshi: Thank you, Anam. Good morning and very warm welcome to everyone. On behalf of PhillipCapital, I am pleased to welcome you all on the earnings call of TVS Supply Chain Solutions. We are happy to have the management with us here today for question and answer session with the investment community. The management is represented by Mr. Vikas Chadha, Managing Director, Mr. R. Vaidhyanathan, Global Chief Financial Officer, and Mr. Karthik Venkataraman, Head Investor Relations. Before we begin the conference, we will have opening remarks from the management, followed by interactive question and answer session. I will hand over call to Mr. Karthik for opening comments.

Karthik Venkataraman: Thank you, Vikram. Good morning, everyone, and welcome to TVS Supply Chain Solutions earnings conference call for the quarter and half year ended September 30, 2026. I hope all of you had the opportunity to review our financial results and earnings presentation, which are available on the company's website and have been filed with the stock exchanges. Joining us on the call today are Mr. Vikas Chadha, Managing Director, and Mr. R. Vaidhyanathan, Global Chief Financial Officer.

We will begin with opening remarks from the management, followed by an update on the business and financial performance for the quarter and half year. We will then open the floor for a question and answer session. Before we begin, I would like to remind everyone that certain statements made during this call may be forward-looking in nature and should be read in conjunction with the risks that the company faces. A detailed disclaimer has been included in the investor presentation. With that, I would like to invite Mr. Vikas Chadha, Managing Director, to deliver the opening remarks. Over to you, Vikas.

Vikas Chadha: Thank you, Karthik. A very good morning to all of you. Once again, let me welcome you to our earnings call to discuss our performance for Q2 and H1 FY27. Our stellar Q2 results are a direct result of the growth and optimization initiatives that we have been championing across the company over the past several quarters.

I am very pleased to report our highest ever quarterly revenue of Rs. 3,687 crores, a year-on-year growth of 38%. Our PBT doubled to Rs. 50.6 crores from Rs. 24.4 crores in Q2 FY26. Before we get into detail highlights of this quarter's performance, for the benefit of those who

are joining this call for the first time, let me briefly introduce TVS Supply Chain Solutions. We are a tech-led and asset-light supply chain solution provider.

We have two main business segments, namely Integrated Supply Chain Solutions, or ISCS as we call it, and Global Forwarding Solutions, or GFS as we call it. We operate across four continents, covering Asia, Europe, Northern America, and Oceania. We offer customer-specific solutions in 3PL space and also offer 4PL services in select markets. For more information about our company and offerings, please visit the Investor Relations section of our website at www.tvsscs.com/investor-relations.

One more thing before I come to the numbers. Let me spend a moment on the work behind this performance, and this is something that we have been working on for the last few quarters. Central to our achievement, this stellar performance, is the TVS SCS framework, which we have reimagined and embedded in how our teams across the company work today.

The framework brings together our top four priorities: business development, which includes new business and retaining business from our customers, and also looking at new verticals and new partnerships for growth; operational rigor, which looks at productivity and margin delivery; technology innovation, which includes not only our internal technology innovations and AI programs that we are working on, but also integrating customers, integrate ERP solutions, and giving them complete visibility

And lastly, customer satisfaction, our CSAT score, which is also a reflection of the repeat business, new business, and share of wallet increase that we have with our customers. As we pursue new opportunities, we are paying equal attention to how we deliver. This means bringing more rigor to our operations, using technology to improve the solutions we offer, and staying very, very close to our customers so that we can respond to the needs as they evolve.

Over the past quarters, we have been driving initiatives to grow the business and improve the way in which we operate. What is very encouraging is also the growth, how it is coming. We grew across all the regions and both segments, with significant contributions from new and existing accounts. The revenue from new business crossed Rs. 500 crores for the third consecutive quarter.

At the same time, we significantly expanded the work that we are doing with our existing customers. Let me take you through how the two business segments performed in India and across the rest of the world. As I said, growth was broad-based across segments and regions. ISCS revenue grew by 25% year-on-year, and ISCS EBITDA margin improved by 50 basis points to 9.2% over Q2 FY26, underpinning strong top-line momentum and disciplined operational rigor.

In GFS, revenue grew by 79.1% year-on-year, and this is largely driven by structural corrections such as focusing on profitable trade lanes, improving procurement efficiencies, and also a lot of work that we have done in terms of restructuring of the team, which has translated into healthy results. Especially in India, our relentless focus on growth verticals such as renewables, automobiles, has led to a year-on-year growth of 136%. Overall, India continues to be our

standout geography, delivering 64% year-on-year revenue growth with ISCS up 36%. The rest of the world also delivered a solid 29% year-on-year growth, supported by 21% growth in ISCS and 55% growth in GFS. Under the visionary leadership of Siddharth Jairaj, who has taken over GFS business almost a year back, a comprehensive structural revamp of the GFS business has fueled multifold growth, onboarding a wave of new customers.

Also, we have restructured and strengthened the India SCS leadership organization under India CEO Sukumar, which has successfully helped expand volumes with existing customers while continuing to drive cost optimization and deploying tech-enabled solutions. In Q2, our new business contributed Rs. 523 crores of revenue across both the segments, both from new logos as well as expanding from existing customers.

We have also successfully renewed significant customer contracts in Europe with a duration of 2-10 years. On a half-yearly basis, revenue grew 33.6% to Rs. 7,022 crore. EBITDA grew 42.2% to Rs. 500 crore, and PBT grew by 91.4% to Rs. 82.7 crore. I also want to touch upon a few developments in terms of our partnerships and the businesses that we have recently acquired. In August, we signed a strategic MOU with Sankyu Inc., a Japanese logistics and engineering company.

By combining our capabilities in warehousing, transportation, and integrated supply chain management with Sankyu's expertise in engineering, maintenance, and on-site industrial support, we can offer customers a wider range of services across their operations. Sankyu's long-standing relationship with Japanese companies give us an opportunity to take this combined offering to more manufacturers operating across.

Over time, we see the scope to extend this collaboration to markets beyond Asia, Middle East, and Africa. As a part of the MOU, Sankyu has also expressed its intention to acquire 0.5% equity in TVS SCS, which is subject to regulatory approvals, and the regulatory approvals have already been filed, and at this stage, we are waiting for the approval. As you may recall, we also spoke about our joint venture with ALA MENA on the last call.

This JV has been formed, and the JV has achieved EN 9120:2018 warehouse certification, a very important step to develop supply chain solutions for customers in India's aerospace and defense sectors. As I said, we have made progress on the JV share issuance. The shareholders of TVS SCS ALA India approved the issuance in September, and its board approved the allotment on 6th October, after the close of the quarter.

Under this arrangement, TVS SCS will hold 51%, and ALA MENA will hold 49%. Now, we are ready to do business in India with various defense and aerospace customers, and the pipeline is growing, and we are also in touch with ALA for its customers that they are serving in Europe. I am also pleased to share that Swamy & Sons 3PL, which we recently acquired, contributed to a margin-accretive performance during the quarter.

I'll come back in a few minutes to talk about where we are winning new businesses and what we are seeing in the pipeline. Before that, let me hand over to Vaidhyanathan, our Global Chief

Financial Officer, to take you through our financial performance for the quarter and the first half. Over to you, Vaidhy.

R. Vaidhyanathan: Thank you. Thank you, Vikas. Good morning to all of you, and thank you for joining us today. Before I get into the detailed financial performance, I would like to call out few key highlights. ISCS EBITDA margin improved to 9.2% in Q2 FY27, as against 8.7% in Q2 FY26 and 8.1% in Q1 FY27. We recorded the highest-ever quarterly PBT, with PBT crossing Rs. 50 crores in Q2 FY27 and PBT margin at 1.4%, an improvement of 50 basis points on year-on-year basis.

Gross debt increased by Rs. 140 crore, primarily towards funding the additional working capital to drive the significant volume growth in the GFS segment. Now, I will take you through the detailed analysis of our financial performance for the quarter and half year ended 30th September 2026.

Starting with the revenue highlights, at a consolidated level, revenue was Rs. 3,687 crores in Q2 FY27, versus Rs. 2,663 crores in Q2 FY26 and Rs. 3,335 crores in Q1 FY27, posting a strong year-on-year growth of 38.5% and 10.6% sequentially. India geography revenue recorded another healthy quarter, growing by 64.1% year- on- year, backed by new business revenue and volume growth in both ISCS and GFS segment.

From a segment performance perspective, ISCS has recorded a revenue of Rs. 2,488 crores in Q2 FY27, versus Rs. 1,993 crores in Q2 FY26 and Rs. 2,417 crores in Q1 FY27, registering a growth of 24.8% year-on-year and 2.9% sequentially, reflecting new business revenue and deeper engagement with the existing customers.

GFS revenue in Q2 FY27 was Rs. 1,199 crores as compared to Rs. 670 crores in Q2 FY26 and Rs. 918 crores in Q1 FY27, recording substantial growth of 79.1% year-on-year and 30.6% sequentially on the back of significant volume growth as well as upward movement in the freight rates. For the first half, consolidated revenue was Rs. 7,022 crores compared with Rs. 5,255 crores in H1 FY26, a growth of 34%.

ISCS revenue grew by 23.4% to Rs. 4,905 crore, while GFS revenue grew by 65.5% to Rs. 2,117 crore. Coming to the cost side, material-related cost went up from Rs. 446 crores to Rs. 630 crores in Q2 FY27 on a year-on-year basis, in line with the revenue growth. Sequentially, it was down from Rs. 666 crores in Q1 FY27 due to the change in the business mix.

Freight, clearing, forwarding, and handling expenses in Q2 FY27 was Rs. 1,287 crores in Q2 FY27 compared to Rs. 727 crores in Q2 FY26 and Rs. 991 crores in Q1 FY27. The increase in freight clearing costs was largely due to the volume growth in the GFS segment. Employee cost in Q2 FY27 was Rs. 724 crores as compared to Rs. 644 crores in Q2 FY26 and Rs. 676 crores in Q1 FY27. The increase in employee cost was due to the annual cost inflation as well as also in line with the business growth trajectory. Subcontracting cost in Q2 FY27 was Rs. 467 crores as compared to Rs. 369 crores in Q2 FY26 and Rs. 444 crores in Q1 FY27, reflecting the growth in the underlying business.

Other expenses was Rs. 312 crores in Q2 FY27 versus Rs. 298 crores in Q2 FY26 and Rs. 329 crores in Q1 FY27. Total depreciation was Rs. 166 crores in Q2 FY27 as compared to Rs. 137

crores in Q2 FY26 and Rs. 161 crores in Q1 FY27. Interest on lease liabilities was Rs. 27 crores in Q2 FY27 as compared to Rs. 15 crores in Q2 FY26 and Rs. 26 crores in Q1 FY27. The increase in depreciation and interest on lease liabilities is primarily due to the new project in Northern America that we started in last year H2. Coming to the profitability metrics, consolidated EBITDA in Q2 FY27 grew by 50.2% year-on-year, with margin expanding by 60 basis points to 7.3%, driven better performance in both ISCS and GFS segment.

Sequentially, consolidated EBITDA grew by 15.5%, with margin improving by 30 basis points to 7.3%, primarily driven by improvements in the ISCS segment. With respect to the segment performance, ISCS EBITDA in Q2 was Rs. 228 crores at 9.2% margin, up from Rs. 174 crores at 8.7% in Q2 FY26 and Rs. 196 crores at 8.1% margin in Q1 FY27. The year-on-year margin improvement was driven by better business mix and new business revenue.

The sequential improvement in margin was on account of the contribution from all the regions in the ISCS segment. GFS EBITDA in Q2 FY27 was Rs. 47 crores at 3.9% margin, up from Rs. 15 crores at 2.2% in Q2 FY26 and Rs. 38 crores at 4.1% margin in Q1 FY27. The year-on-year margin improvement reflects the results of structural corrections that Vikas explained earlier.

The results for Q2 and H1 FY27 include Swamy & Sons that we acquired in May 2026. This acquisition is margin accretive for us both on EBITDA and PBT. This acquisition was fully funded from our internal accruals. PBT in Q2 FY27 grew to Rs. 50.6 crores as compared to Rs. 24.4 crores in Q2 FY26 and Rs. 32.1 crores in Q1 FY27.

The PBT margin improvement from 0.9% to 1.4% year-on-year, which is reflective of the improvement in the underlying EBITDA. PAT for Q2 FY27 was Rs. 36.5 crores as compared to Rs. 16.3 crores in Q2 FY26, a growth of 123.9%. Coming to the profitability for the first half, consolidated EBITDA grew by 42.2%, reaching a milestone of Rs. 500 crore, with the margin expanding by 40 basis points to 7.1%.

PBT grew by 91.4% from Rs. 43 crores in last year H1 to Rs. 83 crores in current year H1. On the credit rating front, India Ratings reaffirmed our issuer ratings at IND AA in July and also revised the outlook from stable to positive. To sum up the first half, we delivered a revenue growth of 34% and improved the margins in both the segment. This reinforces the confidence in our ability to accelerate profitability growth while continuing to strengthen the long-term fundamentals of the business. With this, I will hand it back to Vikas. Over to you, Vikas.

Vikas Chadha: Thank you, Vaidhy, for taking us through the financial performance. Let me now share a brief update on the business development and our pipeline. As I mentioned earlier, our focus is on winning new customers and expanding the work that we do with the existing ones. We call it the Dual Engine Growth Strategy. As you know, as we get to know our customers' operations better, we can identify what else services, what other locations we can support them, and we saw significant expansion in existing accounts this quarter.

Both new and existing businesses contributed across all the regions and in both the segments. Our business development pipeline stands at Rs. 8,200 crore, up from Rs. 7,500 crores at the

end of quarter one. That was Rs. 6,100 crores as of March 26, giving us visibility into coming quarters, helping us with new business revenue.

Across ISCS and GFS, we have won several new mandates. As I said earlier, the new business exceeded Rs. 500 crores for the third consecutive quarter. We have achieved a hat trick of achieving greater than Rs. 500 crores revenue in new business per quarter. On the leadership side, we are also in the process of building the leadership team, not only in the regions, but also at a corporate level.

Ramanan has joined us as Strategy and Transformation Head, who is going to lead several initiatives that we have been working on the TVS SCS four-pillar framework. Preethi is now the General Counsel of the company, handling legal affairs all across the world. I thank all our shareholders, stakeholders, including our customers, vendor partners, and last but not the least, our employees for their valuable contribution.

I also welcome on board all the new customers whom we have signed up new projects with. Backed by an all-time high business development pipeline of Rs. 8,200 crores and a very steady conversion rate, we are targeting 20%+ revenue growth across both the segments in FY27. Combined with broad-based momentum in ISCS, the structural enhancements that we have done in GFS, which is driving its profitability, strengthening the leadership team, and our ability to deliver tech-led solutions, we are firmly on track to double our profitability in FY27. With that, we are now open to questions. Thank you.

Moderator: Thank you very much, sir. We will now begin the question and answer session. The first question is from the line of Sukrit D. Patil from Eyesight Fintrade. Please go ahead.

Sukrit D. Patil: Good morning to the team. I have two questions. My first question to Mr. Chadha is, your Global Forwarding revenue jumped nearly 80% year-on-year, which is a very considerable rise. And I believe your order pipeline now stands somewhere in the range of Rs. 8,000 crore- Rs. 8,100 crore.

Since global ocean and air freight rates can be swung very sharply, just want to understand a forward view on how you are managing the risk of a sudden drop in shipping rates, slowing down your revenue growth. Also, what steps are you taking to make sure large new contracts start on schedule without early ramp-up delays? That's my first question. I'll ask my second question after this. Thank you.

Vikas Chadha: Thank you, Sukrit. If I understood, your first question is also in two parts. One is about the large contracts, and the second is about GFS. Let me first answer the GFS bit. Yes, you're right. GFS has had spectacular growth in the first two quarters, and nearly 80% in quarter two. I would say that a lot of this growth that we have seen is because of fundamentally how we work, and we have done a lot of restructuring and structural enhancements in the way we work. In terms of the growth, almost two-third of the growth is built out of volumes and not rates, which means that because of the way we are able to offer customized solutions to our customers, we have won a lot of customers.

Also, with our existing customers, because of the nimbleness that we have shown in the market in terms of meeting their requirements, a lot of our volumes have jumped. So even if we were to be in a situation where the rates would go down, two-third of the growth is built out of volumes and not out of pricing. So that's the answer to your first question. The second one is the question that you asked that how do we ensure that large projects are going on time?

This is something that is part of our TVS SCS four-pillar framework in the operational rigour. We have a special team which monitors the large projects and its deployment because they need a separate attention, and this team is directly supervised by me and by Vaidhyanathan.

And we actually prepared a very detailed program of how the project is going to be executed, then we monitor it very, very closely. Of late, all the large projects that we have won, I am very happy to say that they are all proceeding very well. And we continue to monitor the regular progress. In fact, we have leading KPIs on these large projects to ensure that we meet the customer expectation. Also, our customer connectivity on the large project is very high to ensure that we don't miss out on any expectations. So, I hope I have answered both the questions. I know you have a third question as well.

Sukrit D. Patil: Yes, thank you. My second question to Mr. Vaidhyanathan is, while our net profit more than doubled to Rs. 35 crores and EBITDA margins have also improved overall the net profit margins are relatively thin, I believe, at around 1%-1.5% of the revenue. I want to understand, as you scale up revenue over 20% and onboard large global clients, how are you managing the financial risk of working capital getting tied up in customer receivables, and what steps are you taking to bring down debt and interest costs so more of your operating profit can be flowed through straight into your net profit? Thank you.

R. Vaidhyanathan: Sure, Sukrit. I think as a business grows, obviously there will be a requirement for the investment in working capital. And we have a strong cadence in terms of monitoring our receivables as well as the annual revenue, right? I think we have a very, very strong cadence of monitoring the collection targets, the working capital across both the segments, both ISCS as well as GFS.

And obviously, right now, we are in the investment phase, so we are investing in working capital. In terms of cash flow, if you really look at the current year, right, we have generated almost Rs. 234 crores of cash, which is what we have been able to reinvest in the business. And as I said earlier, the whole Swamy & Sons acquisition was fully funded out of internal, and we are not taking any additional debt for the Swamy & Sons acquisition.

And whatever is a small increment in the debt that you see in the current quarter is primarily the working capital, because growth has been phenomenal, both ISCS and GFS, and that is what you would see there in the business, because this debt was taken over and above the cash that we are going to generate. But we have a very, very strong cadence in terms of ensuring that our DSO days, our DPO days are well under control.

Vikas Chadha: Sukrit, I would just like to add one more point here, that we actually do a lot of business with Fortune 500 customers, right? 100 of our customers are there from the Fortune 500. So, a lot of

the customers whom we deal with are large customers, and hence, they are not small customers where our receivables are at risk.

Sukrit D. Patil: Thank you, and best wishes.

R. Vaidhyanathan: Thanks, Sukrit.

Moderator: Thank you. The next question is from the line of Kunal Sabnis from Nine Rivers Capital. Please go ahead.

Kunal Sabnis: Hey, hi. Thanks a lot. Sir, I have three questions. First on the ISCS. In our historical discussions, ISCS, the growth expectation was sort of mid-teens, but now it is growing at a faster clip, right? So, 22% last quarter, 25% this quarter. What has fundamentally changed? And as these are not really short-term contracts, do you expect next 4-6 quarters, it continues to grow at a mid-20s kind of growth rate?

Vikas Chadha: Yes, thank you, Kunal. Thanks for the question. Yes, ISCS has had a very good growth in quarter one as well as quarter two. The reason behind this is that we have grown both in India as well as globally. It is not only that our growth has been in India, which has been very spectacular, but also at a global level in Europe and U.S., our growth has been phenomenal.

We have won several new contracts in Europe with large customers, and some of these are, as you mentioned, very large and long-term contracts. Including, you will also remember that we had invested last year in a U.S. project, which is now turning into revenue. A lot of this growth is all across and very, very broad-based.

To answer your second part of the question, which is that how sustainable is this, because it is broad-based and because it is appearing in all the countries, I would say it is very sustainable. For this year, as I have already mentioned that I am very confident about achieving greater than 20% growth in ISCS segment alone. GFS will also obviously achieve.

Going forward in FY28, at this stage, I would not like to make a forecast, but definitely high double digits, mid-teens or high teens is something that we would aspire for the ISCS segment in FY28.

Kunal Sabnis: Got it. Thanks. The second question is on GFS, partially answered in the previous participant's question. A two-third contribution to growth from volumes is pretty impressive since your revenue sort of doubled. Could you detail a bit more than what you did in your opening remarks about the structural change that you have done in this? That's the first part of the question.

The second is, your revenues have grown, and you have tried to improve the margins as well. If the freight rates sort of go down a little bit, what happens to your margins? Do they sort of improve optically, or how will that move?

Vikas Chadha: Okay, thank you, Kunal, for your question. I think the structural bit that I had, it is largely around three parts. The first is we have done a lot of work in terms of how we are structured and how we have empowered our teams at the regional level.

This restructuring has made us very nimble and very close to the customer, and hence our ability to get business from them, and I will touch upon some of the other parts also which will make it more clear, has become very, very high. In this volatile world, it is very important that you stay close to the customer and understand their requirements, and that is what we have done in terms of how we have structured the business under Siddharth Jairaj.

The second important bit is lanes optimization. There are so many lanes in this world, and obviously there are certain lanes which we believe that we are fairly strong in, and we have optimized those lanes and played a larger bet on those lanes, and hence accordingly we are reaching out to our customer base according to that.

The third is the supplier base, which is very important because we have consolidated a lot of our supplier base also, and now we are dealing with some of the large suppliers in terms of the capacity.

Our ability to engage more in the lane, our ability to get proactively capacity and better rates from the suppliers enhances our ability to get more orders and more volume with our players. That is what is the structural approach that we have adopted. Yes, it is playing very well.

To answer your second part of the question, how rates will impact our margins, you also have to consider that because of the way we are structuring our business, there is a lot of operational leverage that is available with us. Even if the rates soften a little bit, the margins won't get impacted. In fact, we are only looking at further improving the margins from 3.9% where it is to 4.5% to 5%.

Kunal Sabnis: Got it. Thanks. Sir, lastly, just the line item in your P&L, the forex gain and loss, that is sort of a dampener when we look at. That is a large part of PBT, if we look at it that way. Is there a thumb rule with which can we sort of forecast this, just sort of a ballpark as to when does a loss come or when does a profit come? If we can get that, we will get a better handle on the profitability going forward?

R. Vaidhyanathan: Kunal, sorry, I mean, I wish I had the ability to forecast the forex. Unfortunately, we will not be able to do that. But we actively manage our forex risk, Kunal, in terms of hedging the risk and other things. But still, you know how the currency has moved in the first half, right, because of various geopolitical reasons and all that, and that is what is getting reflected here.

But leaving aside, we continuously hedge it, we keep monitoring the risk, for example, taking a forward contract to de-risk the exposure. But what you see here is despite all that, and this is something which unfortunately is not within our control.

Kunal Sabnis: No, no. Sir, what I meant was that since you are structured in Europe, U.S., and India, does a rupee depreciation give you a forex loss?

R. Vaidhyanathan: No. As I said, whatever we are present in Europe or U.S., they are all in the respective currencies, Kunal. For example, the revenue cost, they are all in the respective local currencies. There is nothing forex because of that. The forex that you see here is because of, for example, the GFS,

where we do a lot of international business, where we do business in multiple countries. That is what you see here, which is what we continuously keep hedging.

Kunal Sabnis: Oh, got it. Got it. Okay, great. Thanks a lot. Wish you luck.

Vikas Chadha: Sure. Thanks, Kunal.

Moderator: Thank you. The next question is from the line of Saumil Shah from Paras Investments. Please go ahead.

Saumil Shah: Yes. Hi. Good morning, and congrats on a very good set of numbers. So in the first half itself, we have grown by 34% roughly. So what kind of a growth can we expect in second half?

Vikas Chadha: Yes. Thank you, Saumil. Thanks for the question. Yes, we have grown substantially in the first half, 34%, as you mentioned, and obviously both the segments and across all the regions, this growth has been very, very broad-based. So at this stage, for the full year, I feel very comfortable in saying 20% plus growth across both the segments. And we are very confident that we will continue this kind of a growth trajectory for this particular second half.

Our pipeline is very strong. Our existing volumes are very strong. A lot of the new wins that we have had will translate into further revenue. GFS may not have this kind of a growth, 79%-80% in the second half, but definitely, as I mentioned, greater than 20% growth is very much achievable for the full year, and hence we would expect strong growth in the second half.

Saumil Shah: Okay. To the previous participant, we mentioned GFS, we are targeting 4.5%-5% margins. I mean, are we looking at it in the current half itself? I mean, the remaining half itself?

Vikas Chadha: I would say that this is what is our aspiration. This is what we want to get to, and we are on the right path. I mean, we are at two quarters of 4.2% and 3.9% growth. Because of the structural changes that we have done in the business, it is definitely giving us a lot of operational leverage. I would say this is something that we will achieve definitely in FY28, while we will aspire to get to maybe in the last quarter of FY27 as well. But our aspiration is get to this number in FY28.

Saumil Shah: How is it shaping up GFS business? Because, I mean, last two quarters we are doing really good in that segment. Can we expect similar performance in the current quarter itself?

Vikas Chadha: Was your question on GFS or what?

Saumil Shah: Yes, on the GFS, because last two quarters we are doing really well on this side. So even for the current quarter, can we expect similar contribution from GFS?

Vikas Chadha: As I mentioned that, because of the changes that we have done, we have seen a lot of customer traction and lot of volume increase and the peak business. We expect this to continue going forward. Only the rate bit is something that is not in our control. So we may not be able to achieve 70%-80% kind of a growth, but as I mentioned, greater than 20% growth definitely achievable for the next two quarters.

Saumil Shah: Okay. On our ALA and Sankyu Japan partnership, has it started to contribute to our revenues or by when we can expect it to start?

Vikas Chadha: So both the cases. First of all, let me talk about ALA. The ALA, as I mentioned, the joint venture is operational now. We have got the warehouse certification. We are in the process of doing tri-party agreements with ALA's existing customers. So all that work is in progress. Aerospace and defense is a little long-term business, and hence some of the initiatives, they take a little bit longer time.

But I do expect the business to commence in the fourth quarter. At this moment, in these numbers, there is no revenue that is associated with ALA JV. But I do expect some revenue to commence in the last quarter. But definitely in FY28, we will have a plan for the joint venture. Coming to Sankyu, this is where we have signed a MoU at this particular stage. The details of the business collaboration are in works.

We are working with them in terms of trying to define how we will operate in India. At the same time, Sankyu will also be a strategic investor in the company, and their application is filed with the regulatory authorities for an approval. So the moment they get the approval, the investment will start.

And hopefully, in Q4, we will have the operational boundaries, etcetera, very clearly defined and the business collaboration agreement signed. So post that, we will be starting our business also. So again, FY28, we will have an impact on the P&L, positive impact on the P&L because of the Sankyu partnership. So both ALA and Sankyu will have impact on FY28. ALA will start operations in Q4 FY27.

Saumil Shah: Okay. So both of them could materially contribute by FY28, both the partnerships?

Vikas Chadha: Look, any new partnership that you start, takes some time. And already we have a lot of growth that is going on in our businesses. So materially, I would not say that they will have a big impact, but they will definitely have an impact on the P&L.

But these two will be big growth levers for us going forward. We are setting up foundation, fundamental foundations for businesses that in 3-5 years will be fairly large and fairly accretive to what we do today, which will also continue.

Saumil Shah: Okay. And my final question, we are at 1.4% PBT for this quarter. So by Q4, what kind of PBT levels we can reach?

Vikas Chadha: We are committed to 4% PBT that we had earlier mentioned, and we should be reaching that in the last quarter of FY28. As you can see, there is continuous improvement towards it. There is a very solid upward trajectory. I can only say and assure that this will keep on moving in the right direction, and every quarter by quarter, we will getting closer to our ultimate goal, which will be potentially last quarter of FY28.

Saumil Shah: Okay. For FY27, we are not guiding anything by Q4?

Vikas Chadha: I said we will double the profitability. At this stage, whatever profit we plan to generate in FY27 should be double of what we have achieved in FY26.

Saumil Shah: Okay. FY26, we had some one-off also. Are you considering that as well to double?

Vikas Chadha: No, I am talking about the operational profit. You have to take out the one-time in this, and Vaidhy do you want to elaborate?

R. Vaidhyanathan: I think last year we had Rs. 177 crores of the InvIT gain, and we also had Rs. 91, almost Rs. 105 crores are exceptional actually, if you look at it, right? Almost. What Vikas was trying to say, we exclude these exceptional and one-time income, whatever the operational. Operational was close to about Rs. 97 crores last year.

Saumil Shah: How much, sorry?

R. Vaidhyanathan: Rs. 97 crores last year. Operational profit was about Rs. 97 crores. In the first half, we have already reached close to Rs. 83. Our plan is for full FY 2027, we want to double that actually. Rs. 97 crores, closer to say Rs. 200 crores.

Saumil Shah: Okay. That is PBT level, Rs. 200 crores?

R. Vaidhyanathan: PBT level. Yes, PBT level. Yes.

Saumil Shah: Okay. That is it from my side. Thank you and all the best.

Vikas Chadha: Thank you, Saumil.

Moderator: The next question is from the line of Rudraksh Raheja from ithought Financial Consulting. Please go ahead.

Rudraksh Raheja: Yes, thank you for the opportunity, sir. Two questions from my side. For GFS segment, sir, do we have any volume growth targets? I know the rate is market determined, but on the volume side, do we have a number in mind going forward?

Vikas Chadha: Look, we are winning a lot, and we are winning a lot with new customers and existing customers. We obviously have to keep our working capital, etcetera, into consideration. So, at this moment, whatever our pipeline is, we are very happy with converting that particular pipeline.

So there is no as such. In this market, there is also a lot of capacity unavailability issues, etcetera. So I don't want to commit on any volumes, but yes, with our customers, we are trying to fulfill all their requirements, and the growth in the volumes that we have seen, which is two-thirds of the overall number, is quite sustainable going forward.

Rudraksh Raheja: Got it. Sir, maybe a suggestion on my side that maybe we could report the volume numbers that we do on an annual basis, on a quarterly or maybe half-yearly basis for our GFS business?

Vikas Chadha: I think we take that consideration, that recommendation, and I agree, maybe at a half-yearly basis, we can start looking at it definitely.

Rudraksh Raheja: Understood, sir. Understood. Next question was on the entity side profitability. We report our European numbers mostly under U.K. business, and most of our Asia business comes under the Singapore entity. If I look at the business on that front, which are the entities where our PBT level of profitability has been optimized, and where do you see further improvement in profitability going forward?

Vikas Chadha: Yes. When I said the framework of TVS SCS, the four-pillar framework, the operational rigor includes one of the levers, which is country-wise profitability. This is something that we very, very closely monitor. I am a very firm believer that you always have a room of improvement.

To answer your question, where there is a room of improvement, the answer is in all the countries. Some countries are better than the others in terms of how they are today, and we are definitely working on plan to improve the profitability.

This is one of the inputs into us achieving the 4% PBT target that we have set for quarter four next year. All the countries that we work in, we work in terms of operational efficiency, pricing, to improve our profitability.

Rudraksh Raheja: So, sir, for H1, if I talk about all these regions or entities, are we PBT profitable everywhere? I meant the major entities. I will name them if that is helpful. The first one being the TVS Logistics Investment UK Limited, the other one being the TVS Logistics Investments USA Inc., and the third one being TVS Supply Chain Singapore entity?

R. Vaidhyanathan: Okay. Rudra, Vaidhy here, I think, all the major entities are profitable, I think, which is what is getting reflected in the overall PBT numbers. Of course, as Vikas said, there will be small entities which, where we have to work through and which we are continuing to work. We definitely, the large entities where the growth comes from will definitely be profitable.

Rudraksh Raheja: Got it, sir.

Vikas Chadha: These three will be profitable.

Rudraksh Raheja: Understood, sir. Understood.

Moderator: Thank you. The next question is from the line of Deepak, an Individual Investor. Please go ahead.

Deepak: Yes. Hello. Good morning, all. My first question is the tax side. We have a past to show four quarters, we have tax percentage around 30%-28%. Is it stable from here on? This is the percentage we can take? My first question.

R. Vaidhyanathan: Yes, Deepak, this is Vaidhy here. The effective tax rate is about 30%, and it will be stable. We are working on how do we further reduce this, but I think the 30% we can take it as stable.

Deepak: Okay. My another question is, from this calendar year, we have three new announcement on the company side. One is the acquisition and joint venture and partnership. Is anything further on the cards? If it is yes, on which industry side we are open further?

Vikas Chadha: Yes. Looking at one's portfolio is activity that is part of our business development lever out of the four structural levers that we have, strategic levers that we have. This is a very broad value chain in which we play. We continue to look at the services that we are offering, and within those services, the verticals that we serve.

If we find something which is interesting and something which it is better to acquire rather than build over a period of time, or form a joint venture or a different market, we are open to that. We have a portfolio on which we are working, and it will be premature for me to call it out that we will have another one. But we have a list of portfolio on which we are working in terms of partnerships and acquisitions.

As and when something comes up, we will definitely inform. But right now, since we have three of these strategic initiatives, if I may use the word inorganic, Swamy & Sons, the ALA, and Sankyu, the focus is to make these three fire, and that is where our energies are going in.

Deepak: Okay, Yes. Thank you. That's it from my side. All the best.

Moderator: Thank you. The next question is from the line of Saumil Shah from Paras Investments. Please go ahead.

Saumil Shah: Thanks for allowing me a follow-up. Almost 80% of our warehousing capacity is in India. Are we looking to grow India business only in near future, or are we seeing some good growth opportunities in Northern America or EU countries?

Vikas Chadha: Yes. So if you actually look at our growth that we have achieved in this quarter, we have achieved growth in both India as well as in the rest of the world. In fact, India has grown 64%, while the rest of the world has grown 29%, with ISCS growing 21%. So ISCS growth of 21% in the rest of the world is built on better utilization of our capacity, and we are also building capacity as and when wherever it is required.

So, a lot of the growth in the capacity in India that you see is also because we have added the Swamy & Sons 3PL warehousing capacity into the numbers. So, that is also which has come as a part of the acquisition that we have done. Our focus remains all the big geographic markets in which we play.

India continues to be our standout geography because of all the initiatives that we have been putting in, and it's definitely a focus geography. But that doesn't mean that the other markets are not important to us.

Growing rest of the world 29% doesn't happen automatically, and growing ISCS 21% within that is a function of the focus efforts that we are putting in certain geographies where we have a good play.

Saumil Shah: Perfect. On the margin side, is India at a better margin rate compared to the other continents?

R. Vaidhyanathan: I mean, we don't give the geography-wise margin, but I can definitely tell you that the margins are better overall. We don't give the specific margins, but the margins are better overall.

Saumil Shah: India margins are better?

R. Vaidhyanathan: Yes.

Saumil Shah: Okay. On the ISCS business, our EBITDA are still near 9.2%. How are we looking to expand margins here? Because when we are saying 4% PBT by Q4 of next year, what kind of EBITDA margins are we considering on the ISCS?

R. Vaidhyanathan: As I said, for us to reach a 4% PBT margin, we need at least 150-200 basis points margin improvement in the ISCS actually. Which is what is our target actually.

Saumil Shah: Okay. From 9.2, we are expecting around close to 10.5 or 11?

Vikas Chadha: Correct.

Saumil Shah: Okay. That is it. Thank you.

Vikas Chadha: Thanks, Saumil.

Moderator: Thank you. That was the last question for today. I now hand the conference over to the management for closing remarks.

R. Vaidhyanathan: Okay. Thank you all for joining us today. Appreciate it.

Vikas Chadha: Thank you. Thanks a lot. Looking forward to our further interaction.

Moderator: Thank you. On behalf of PhillipCapital, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.

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