

1st June, 2022

To,
The Manager,
Listing Department,
National Stock Exchange of India Limited
'Exchange Plaza', C-1 Block G, Bandra-Kurla Complex,
Bandra (East), Mumbai – 400051.

SYMBOL: TOTAL

SUB: Transcript of Conference call held on Monday 30 May, 2022

Respected Sir/Madam,

Please find attached herewith the transcript of Conference call held on Monday, 30 May 2022 with the investor.

Kindly take the same on your record.

Yours Faithfully,

For **Total Transport Systems Limited**

Bhavik Trivedi
Company Secretary & Compliance officer

TOTAL TRANSPORT SYSTEMS LIMITED

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“Total Transport Systems Limited Q4 & FY22 Earnings Conference Call”

May 30, 2022



**MANAGEMENT: MR. SHRIKANT NIBANDHE – PROMOTER & CHIEF
FINANCIAL OFFICER, TOTAL TRANSPORT SYSTEMS
LIMITED
MR. MAKRAND PRADHAN - MANAGING DIRECTOR,
TOTAL TRANSPORT SYSTEMS LIMITED
MR. KAUSHAAL BUCH –TOTAL TRANSPORT SYSTEMS
LIMITED
MR. NITIN PHADKE - VICE PRESIDENT (FINANCE),
TOTAL TRANSPORT SYSTEMS LIMITED
MS. ANUSHREE KORE - GENERAL MANAGER
(ACCOUNTS), TOTAL TRANSPORT SYSTEMS LIMITED**

Moderator: Ladies and gentleman, good day and welcome to the Q4 and FY22 Total Transport Systems Limited Conference Call.

This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectations of the company, as on date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing ‘*’ then ‘0’ on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Shrikant Nibandhe – Promoter and Chief Financial Officer from Total Transport Systems Limited. Thank you and over to you, sir.

Shrikant Nibandhe: Hi, good morning, everyone. I wish you all a very warm welcome to Total Transport Systems Limited’s earnings conference call of the fourth quarter and the full year-ended 31st March 2022. Along with me here, Mr. Makrand Pradhan, who is the Managing Director of the company, Mr. Kaushaal Buch, Mr. Nitin Phadke, he is the Vice President-Finance of the company and Ms. Anushree Kore, she is the General Manager – Accounts. They are with me on this conference call.

I would like to share a brief overview of our company before we get into the business and the financial performances. Total Transport established in 1994 in India in Shipping and Cargo market, who is the robust agency network of our partners worldwide, company has made a strong foothold in the logistics markets, not only in the country but worldwide with associates.

Total Transport specializes in logistics business, keeping a focus on our core business activity namely consolidation of export cargoes, deconsolidation of import cargoes, full load containers and air freight from India to various worldwide destinations. NVOCC operator and the company’s consolidated in shipping rated among the top customers for almost all the leading shipping lines operating in the region. The reputation has ensured the company’s competitive rates and space with the major liners for the consolidated shipments on a regular basis. The Company is specialized in the business of the air freight, full load containers, LCL, for in both exports and imports.

TTSL has a sizeable market share in India, mainly in the LCL segment and the company is one of the market leaders in cargo consolidation. In addition to such services, Total continues to focus on timely delivery, diversification of its service portfolios, like end-to-end services offered to the various customers, sustaining long-term relationship with the clients and extending the value-added services over and above with all the logistics chain. The company is equipped with the Multi-Modal Transport operator issued by the Government of India and also registered with the Federal Maritime Commission, FMC licenses, United States of America. This license helps

the Company to scale up the business to the new rise and the various geographic of the worldwide.

This effort has enabled the company to win deep running contracts, as well as the other areas industry as among the best groupage traffic in India. Moreover, the company is well positioned to leverage the changing trends in the logistics industry, it represents the world's fifth largest consolidators network, namely, I-Cargo Alliance having 166 offices in 89 countries.

The company has entered into Joint Venture agreement with Seedeer (Hong kong) E- Commerce Company Limited to form a Joint Venture entity called Seedeer (India) from E- Commerce Private limited to gain access to the worldwide global supply chain activity of Seedeer locally in India. All these services provided by the Total Transport Group helps the company to scale new heights with heights of success, which is enabled by specialized in skill sets, local insights and the experience of its devoted management team.

The company has two 100% subsidiaries namely, CP World Logistics India Private Limited and One World Logistics Private Limited. CP World Logistics is engaged in mainly full load containers and offered one vital logistics solutions to worldwide partners. One World Logistics has entered into a unique business of last mile delivery, since past four years. The subsidiary which is 91% held by the Total Transport Systems Limited built the robust network and world and having the geographical reach across India. The company has built a sustainable and growing logistics business, we mainly do the last mile delivery business with the E-commerce companies like Amazon, Flipkart, Snapdeal, Jio, Tata Cliq and adding up more and more small E-commerce companies also. Since October 2018 the company has started this business and has a substantial growth now, having last mile delivery business, Rural Mile, delivery stations in Tier-2, Tier-3 cities, Rural B2B services plus we are doing now the first mile services for Amazon and Flipkart.

We are delighted to inform you that we have achieved a turnover of nearly Rs. 53.50 crore in last financial year and every day we are getting some incremental inquiries and some more business tie-ups with the new and all famous brands. We are pretty hopeful and expect very significantly top line growth coming in from this business. The company's wide reach and superior logistics capabilities helps it to provide end to end services. Such expertise and superior quality of services had led to increase the confidence of its clients.

Now, coming to our financial performance:

Fourth quarter for financial year 2022, we reported Rs. 172.26 crore revenue during fourth quarter of financial year 2022, a 79.51% increase on year-on-year basis. Our EBITDA margins for the quarter stands at Rs. 3.97 crore, increasing 42.18% year-on-year. EBITDA margin is 2.31% as compared to 2.91 % in last quarter fourth in 2021. Our net profit during this quarter is Rs. 1.7 crore as against Rs. 1.16 crore in the fourth quarter of the financial year 2021. The net profit margins stood at 0.99%. EPS for this quarter is 1.21%. For the full year financial year

2022, consolidated, we reported Rs. 583.23 crore in revenues during financial year 2022 for 85.22% year-on-year rise. Our EBITDA has for the period stands at Rs. 16.42 crore, increasing 448.20% increase of year-on-year. EBITDA margin is 2.81, an improvement of 186% this year. Our net profit during this full year is Rs. 9.08 crore as against the loss of Rs. 1.13 crore in financial year 2021. Net profit margins stood at 156% increase, up by 192 BPS. EPS for this period is 6.38.

This is all from our side, now we are open to take any questions from any investor, any shareholders who wish to ask us about. Thank you very much.

Moderator: Thank you very much, we will now begin the question-and-answer session. The first question is from the line of Mr. Rohan Mehta, an individual investor. Please go ahead.

Rohan Mehta: Good morning, sir and thank you for the opportunity. I had few questions; we see that there is an increase in our FCL business, so if you could just shed some light on how that is happening rightly with the prices that are going up, how FCL business is growing and what plans do we have in, you know what benefits are we getting there? If you could just throw some light on that.

Makrand Pradhan: Hi, this is Makrand Pradhan. You have mentioned about the FCL trade increase and what are we participating on?

Rohan Mehta: Right sir.

Makrand Pradhan: We have definite plans to increase our FCL business. Our budget is to double up our volumes this year for the FCL, if not in actual terms, by the volume of containers but looking into areas where the turnover can be increased. At the same time, the profit margins are high and those areas are shipments into CIS, South America and Africa. So, we have a very definite plan and we have been working on this for the last two, three years and we have attained certain amount of success on this and we are very confident that we should be able to do what we have committed.

Rohan Mehta: Okay, got it, that is great to hear, sir. And CP World, I believe this is the only subsidiary of Total Transport, right sir. So, what percent of revenue comes in from CP World in our Total revenue?

Makrand Pradhan: See, the brand CP World that we are carrying, is for getting business from the CP World network. Most of the turnover that we do is in Total Transport, though we have to keep this CP World alive to be into this business. 3.5% of the revenue is from CP World, that is what we are doing but this is very marginal compared to the business that we get, which we are doing currently in Total Transport.

Rohan Mehta: Okay, got it. And sir in terms of the one more logistic, Abhilaya model; any sort of a, what are your future plans with that model? I mean, what kind of contribution to the revenue is it likely to bring and till when can we see that into the profit overall to the business?

- Makrand Pradhan:** See this One World Abhilaya model, now we, last our four years journey we started this from a turnover of Rs. 2.3 crore, now exist to Rs. 53.50 crore in four years. So, further journey what we have planned is to enter into first mile segment with Amazon and Flipkart, that is give a transportation what we are going to do for them, from their FBAs to various locations. Subsequently, this will help us to start our 3PL logistics services we will be hiring warehouses at various locations India and offer this 3PL logistics to not only Amazon and Flipkart wherever they wish to, but our main focus is to offer same to small E-commerce platform companies, where we are already working for companies here with pharma companies, so that is what our plan is to. Hopefully by this current financial year, we have plans to be, we will come out of the losses and we should be able to post a profit on the PBT level this year.
- Rohan Mehta:** Okay, got it sir. And just one last question I had. Speaking of last mile deliveries, is it managed by the same team or do we have a dedicated team for it and how would we typically sort of target a potential partner or tie-up with a potential partner?
- Shrikant Nibandhe:** Last mile delivery, which runs under the brand One World Logistics, we have its total service team, we have one CEO there and a core management team of almost forty plus people. We have delivery associates of more than 2300 delivery associates, having presence in 14 States in India and plan to expand further in various locations. We are tied up with one good software company, which their software we are using for this entire operation and which have resulted a very good support to have a control on all the locations, with the productivity level rewards on the daily basis. So, this is the team and the core team as well as back-end team, this is the continuous follow up and through the control on all locations with the delivery data and all the inputs we get on everyday basis. That is how the whole control thing is what we do.
- Rohan Mehta:** Thank you, okay sir and how many of the FPs would be owned by the company versus rented?
- Shrikant Nibandhe:** No, we do not own anything. We have just rented few of these and depends on the requirement of Amazon and Flipkart, we open up various warehouses at the locations they wish to have to start the operations.
- Rohan Mehta:** Alright. And just one last question sir, if you can give a ballpark guidance for the next year, in terms of top line and profit margins.
- Shrikant Nibandhe:** For the Total Transport or One World?
- Rohan Mehta:** For Total Transport, the entire.
- Shrikant Nibandhe:** Looking at the current market scenario, with the high freight levels going on and shortage of equipments in various places in the world, we look forward close to around Rs. 670 crore to Rs. 690 crore turnover we should be achieving by next financial year. And the bottom line should be the, we wish to maintain the same at the current level.

- Rohan Mehta:** In terms of a PAT percentage, margin percentage?
- Shrikant Nibandhe:** Yes, maybe probably little high also.
- Moderator:** Thank you. The next question is from the line of Mr. Aniket Redkar, an individual investor. Please go ahead.
- Aniket Redkar:** Hello sir, good afternoon. I have a couple of questions, most of the questions are basically related to the financials. So, as we can see, there in an increase in revenue, up by 79% YoY, so what was the main reason for it?
- Shrikant Nibandhe:** This last year particularly, we handled one of the shipments from one of our agents from Argentina, which was more than 5000 tons of cargo, which we moved out to, from Mundra port as well as Nhava Sheva port, these are full load containers we handled and since there was scarcity of the equipments, we could not able to sell it on the little higher base and manage the equipments also. So, this is basically addition in our top line for the last financial year.
- Aniket Redkar:** Okay, and sir in this year, this Rs. 60 lakh current investment we have, so what is that related to?
- Shrikant Nibandhe:** This we have invested in some of the Mutual funds from the company, we are doing some SIPs from the company's point of view. We have invested certain equities of Blue Chip company, so this is all the investments have been done.
- Aniket Redkar:** Okay, and sir there is fixed assets also increased by Rs. 1.45 crore, so have we purchased any asset?
- Shrikant Nibandhe:** Yes, we have purchased some cars for the directors and we have purchased trailers also for the, our movement of empty containers from various locations to our CFS. So, these are the vehicle what we bought in the last financial year.
- Aniket Redkar:** Okay, and sir if we can see, YoY EBITDA has increased but the margin is as I mean, margin is declined by 60 BIPS, so what would be the reason for it?
- Shrikant Nibandhe:** This is mainly the increase in the rates of, not limited to the liner abrasion of, so operation cost also has gone up and resulting in certain places reduction in the margins. So, overall, our EBITDA margin is quite high compared to the last financial year.
- Aniket Redkar:** Okay, and sir in the balance sheet, as we can see, increase in short-term and the long-term borrowing, but the interest cost has reduced, so I just want to understand.
- Shrikant Nibandhe:** Interest cost reduced mainly by two reasons; first of all, we had a quite tough negotiations with our present bankers, Axis Bank and with our performance and looking at our volumes, they have

given us a certain better interest rates compared to the earlier year, so that has been added thus, less on the interest cost. Furthermore, we have a good improvement in the cashflows, so usage of the future limit was not the 100% or even we could reduce down to the, less than 70% or something like that. So, that also helped us to reduce the interest component for the entire year.

Aniket Redkar: Okay, and sir what is our working capital cycle right now, as we can see that the trade people has increased, so is that impacting our working capital cycle?

Shrikant Nibandhe: It is for our growth but we are able to finance it, we have come down on the number of days of outstanding. Previous I think was 89, today it is about 76. So, we have made certain amount of improvements on getting our money back. The other thing is, the freight levels had gone up to a very large extent, which are now coming down. So, we already have the money in the moving, which we are able to utilize for our growth, we expect that the freight levels might go down a little bit in the coming quarter. So, that is what it is.

Aniket Redkar: Okay, and sir in the full year if we can see, as a percentage of sales, the total expenses has decreased 2%, but our revenues have increased. So, what kind of measures taken for this current year?

Shrikant Nibandhe: This operation cost did not increase but overall other costs in the last year we could able to, I mean there is a decrease mainly because in the Pandemic times office was closed for quite a long time, so people were working from home, so their conveyance, their attendance, office electricity bill was quite on the lower levels. Furthermore, we did not had the international travels and domestic travels also and lesser cost of advertisement and other publicity has also been reduced because shipping papers was not much in you know, in circulation. So, it was an impact of overall of all these three, four headings which have given us the reduction in the cost.

Aniket Redkar: Okay, and sir one more last question. Who are our top five contributing clients?

Shrikant Nibandhe: Top five, we have a company called Shrinath Rotopack Private Limited, DACHSER India Private Limited, Snapchat Shipping Private Limited, ODC logistics Limited and from Delhi we have a CP World Alliance Limited, we have a JWR Logistics Limited, so these are five clients.

Moderator: Thank you very much. As there are no further questions, I would now like to hand the conference over to Mr. Shrikant Nibandhe for closing comments.

Shrikant Nibandhe: I thank you, the entire team of TTSL for their untiring efforts, hard work and dedication which drives the company forward through various market conditions and we become a leader in the consolidation and patrolling industry. I appreciate all of you for participating in our conference call. Please do get in touch with our investor relations team for any further questions or any doubts in your mind. Thank you very much and have a fantastic day ahead.

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