A SOLUTIONS COMPANY

Date: September 04, 2026

To,
Listing Department
BSE Limited
Phirozee Jeejeeboy Towers,
Dalal Street, Fort, Mumbai – 400001.
Scrip Code: 544865

To,
Listing Department
National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex,
Bandra (East), Mumbai – 400051
Symbol: LEAPIND

Dear Sir/ Ma'am,

Subject: Earnings Call Transcript – Q1 FY27

We are enclosing herewith a copy of the transcript of the Company's Q1 FY27 earnings conference call held on 01st September, 2026. The transcript is also available on the Company's website at https://www.leapindia.net/sites/default/files/2026-09/Earnings%20Call%20Transcript%20Q1%20FY27.PDF

We request you to take the above on record.

Thanking you.
Yours faithfully,
For LEAP India Limited

CHIRAG BHARAT BAGADIA

Digitally signed by CHIRAG BHARAT BAGADIA
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"LEAP India Limited

Q1 FY27 Earnings Conference Call"

September 01, 2026

MANAGEMENT: **MR. SUNU MATHEW – CHAIRMAN, MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER – LEAP INDIA LIMITED**

MR. HRISHI GANDHI – CHIEF GROWTH OFFICER – LEAP INDIA LIMITED

MR. RAJESHAM ALLE – CHIEF FINANCIAL OFFICER – LEAP INDIA LIMITED

MODERATOR: **MS. SOUMYA CHHAJED – GO INDIA ADVISORS**

Moderator: Ladies and gentlemen, good day, and welcome to LEAP India Limited Q1 FY27 Earnings Conference Call hosted by Go India Advisors. 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 conference is being recorded.

I now hand the conference over to Ms. Saumya Chaubey from Go India Advisors. Thank you, and over to you, Saumya.

Soumya Chhajed: Good morning, everyone, and welcome to maiden earnings call of LEAP India Limited. We have on call with us Mr. Sunu Mathew, the Chairman, MD, and CEO; Mr. Hrishi Gandhi, the Chief Growth Officer; and Mr. Rajesham Alle, the Chief Financial Officer. Please be reminded that discussion on today's call may include certain forward-looking statements and must be, therefore, viewed in conjunction with the risk pertaining to the business.

I now request the management to take us through the same and provide some more insights on the quarter and year gone by. Post that, we'll open the floor to Q&A. Thank you, and over to you, sir.

Sunu Mathew: So, thank you. This is Sunu Mathew here, MD, Chairman, CEO. First of all, a big Namaste to all the investors and whomsoever there is in the call. I welcome all of you to LEAP India Limited's maiden earnings conference call.

Let me talk something about FY26. It was an excellent year for LEAP, and our stock market listing actually marked an important milestone in our journey. As this is our first interaction with the investor community after listing, I would like to begin by explaining our business in a very, very simple terms.

We are a supply chain asset pooling company, and these assets basically connects all four pillars of supply chain, namely supplier, manufacturer, third-party logistics, and the retailer. Everybody needs to understand that we are not a conventional transportation company or any kind of a warehousing company.

Our pooling assets form the physical backbone of the supply chain. For the supply chain, if pallets are not there, then supply chain is not there. Whenever any kind of finished products, raw material, or packing material actually moves between warehouses, fulfillment center, and distribution, plastic containers, pallets, MHE equipments actually enable safer, faster, cost-effective, and standardized handling of the same. This is also actually called as unit load.

Our assets enable companies to handle higher volumes by reducing loading and unloading time by up to 80% to 90%. It supports automation through conveyors, robotics, AGVs, thus improving space utilization and the efficiency of the goods which are moving between all four pillars of supply chain.

Now, let me give few real-life examples which we experience in our company. I would like to take moment to give an example of two industries where pallets have actually helped business scale substantially and created significant cost saving. First example I would like to quote is a leading global beverage company which was able to move only 50 to 60 trucks in a day from one plant using the conventional method of loading everything into the truck through labor by hand, and post use of our pallets and forklifts, the number of truck released from the plant has gone to 300-plus per day.

Second example is a global noodle manufacturing company. It has been able to reduce its damages, pilferages, and hence improve profitability using our pallets across its location in India, thereby supporting circular economy and creating stronger stakeholder value.

These developments are creating strong opportunity for us with other companies in the same sector. Now, a punchline statement if I would like to give is like as supply chain becomes complex and more automated, a reliable and standardized pallet is no longer an optional thing. It actually becomes an integral part of the operating system.

Coming to LEAP, we are India's largest on-demand asset pooling company with 90% market share. We manage approximately 14.9 million assets with an asset base exceeding INR1,690 crores. We serve more than 1,000 customers across 10,500 touchpoints, supported by 28 fulfillment center, basically warehouses.

Our portfolio extends beyond pallet to containers, crates, foldable large containers, and material handling equipment. We believe we are absolutely positioned to capitalize on a multi-decadal structural opportunity driven by rising palletization in the country, formalization, and the shift from ownership to pooling of pallets.

To put the opportunity into perspective, palletization in India remains significantly underpenetrated at just 14% to 17% versus 89% to 94% across developed markets such as North America, Europe, Americas, US, Australia, and New Zealand.

Let me take a moment to explain Movement Hire, which is the core value and the services that we provide to our customers. Asset pooling in the country is at a very nascent stage. Globally, each pallet travels 4x on average per annum compared with just 0.4x in India. You can truly imagine what is the runway which is lying ahead of us that from 0.4, we have the opportunity to convert this into 4x.

Of India's estimated 106 million pallets, 82 million pallets are low-quality, one-way pallets and largely unsuitable for pooling. Only 18 million pallets are actually pooling-grade, of which 10 million are currently pooled, and that is the reason we say 9 million pallet is with us, so we have 90% market share.

Pooling converts asset ownership into on-demand service. Customers access the assets they need, where and when they need them without having to invest in ownership or manage tracking, maintenance, retrieval, or reposition.

LEAP takes responsibility for the entire asset lifecycle. When supplier, manufacturer, 3PL, retailer are connected, this entire asset lifecycle like availability, quality deployment, tracking, recovery, repair, and redeployment across its network. When we talk about network, this is actually the real moat for us wherein from A to B and B to A locations, we have enough load to actually pool our assets. LEAP owns approximately 9 million of this pooled asset, representing market share of 90%.

We are absolutely sector-agnostic. Let me explain that as organized the supply chain expands and customers increasingly focus on automation, we expect pallet adoption to broaden across industries. We are sector-agnostic, and our assets are being deployed across diversified industries and serve 1,000-plus customers. Overall, when we look at our nearly 1,100 customers which are there with us, we see that we cover to the tune of 38 sectors put together.

Our business is also very sticky, as we have not lost any customer since inception. Well, we might have decided not to service the customer due to various reasons, but otherwise, we have not lost a single customer.

As we have demonstrated in the past that we take nearly 5% to 9% price increase every year, and this is based on the wood price index which is listed on German Stock Exchange, for next couple of years, we could easily beat the inflation with price increase. Given the better changes in country's infrastructure, better roads, better facility center, automation, our asset position is going to get further stronger.

With labor market getting tighter, as we have seen labor is actually very difficult to find in India, our forklift loading of pallet is much in demand. We believe that adoption will take off, and we are at the forefront in increasing our footprint into various other sectors. Being a market leader, we always strive to develop new industries for palletization. Recently, industries such as dairy, paints, textiles have migrated from traditional methods to pallet pooling.

Now, let me talk a bit about the entry barrier into this business. While we own the asset pool, our deeper competitive advantage lies in the 10,500 locations which are our touchpoints, our fulfillment centers, technology-led tracking, technology-led repair and maintenance capabilities, customer integration, because we connect supplier, manufacturer, 3PL, retailer, so it cannot happen that 4 different type or colors of pallets are used in one integrated supply chain, and ability to retrieve and redeploy assets efficiently at scale. This combination of assets, technology, and network density gives us a unique advantage.

We always say that we are champions to the sustainability criteria. Sustainability is actually embedded in how we operate. Our wooden assets are manufactured using timber sourced from sustainably harvested forest where every tree is cut is actually replenished with 3 more new trees.

We own India's one of the largest fleet of 400-plus lithium-ion electric battery forklift. Let me come to a kind of business financials, which will actually talk about that how our quarter 1 has gone vis-a-vis the last quarter of 2025-2026. I am very happy to actually announce that we have done customer acquisition at a great speed in the first quarter.

We signed 48 new customers from 11 sectors, which is considerably higher than the normal customer acquisition rate. Normally, in a quarter, we actually get 18 to 20 customers. This time, we have got nearly 48 new customers. This gives us additional 100,000 pallet opportunity in this financial year.

Due to extended summer season, I believe the demand from the existing beverages and preform segment persisted in quarter 1 along with the wave of opportunities brought by the entry of major player in cola segment.

Growth of e-com and consumer goods reflected in 3PL customers, such as DP World, DHL, Yusen Logistics, which added another 30,000 pallets. E-com and quick-com wave continues to see rise with 25,000 pallet addition, basically into Zomato and Blinkit. The e-commerce and consumer goods demand, I believe, will continue to rise in quarter 2 and quarter 3 with upcoming Big Billion Day, Ganpati, Durga Puja, Diwali, and all the festive season.

Let's come to agro companies like Garud Nandi Seeds, Kaveri Seeds, and global brands such as Corteva Agriscience have added further 20,000 more pallets. When I'm talking about that these are the industries which are actually performed well, the performance in textile was subdued on account of supply shortages due to the war, and the cost has also increased, so there had been a subdued performance in textiles in the first quarter.

Movement Hire business has been signed with marquee customers like a major Cola Company, Gulf Oil, Bhilosa Textile, Filatex, Vikalol Synthetics. In automotive, we have won the business with Autoliv and Bosch. Movement Hire last year we have actually moved 711,000 pallets, and this year we have increased it by 8% to 766,000 pallet.

Let's come and talk about a bit of MHE business. In MHE business, TARON has added 174 new machines in the first quarter, and we did a revenue of INR35.3 crores with 33% growth over last year. Let me talk about something which is the pillar or of our business, which is the supply chain that runs our company.

So we are an execution-driven business, and our transportation cost as percentage per revenue has reduced from 11% to 10%, and our repair cost has reduced from 6% to 4.7%. Our warehouse cost definitely has gone up by 7% because of one-time settlement for closing down 3 warehouses, but you have to understand that our volume in FMCG and automotive has increased by 20%.

Few new technological developments that we are doing, one, I can bring to the point that we are going to introduce 3D printing solution for inserts, which we develop for automotive companies, textile companies, etcetera. And by next quarter, we will automate our crate cleaning system also.

After giving a brief on the business front, definitely, Rajesham will be able to talk more about the numbers, let me talk about a bit of corporate governance. As a listed company, our focus is firmly on long-term value creation, strong governance, and disciplined growth. We are supported by the experienced board and a very, very strong leadership team which we call MANCOM, which is Management Committee.

Our growth priorities are absolutely clear, deepen existing customer relationships, [inaudible] into new industries, participate across a wider range of supply chain movements, broaden our product portfolio, and selectively enter new markets. We will pursue this opportunities with continued discipline around asset utilization, return on capital, and balance sheet strength.

With that, I will now hand over to Mr. Hrishi Gandhi to explain the multiple growth opportunities available to LEAP and how we intend to translate them into the next phase of value creation.

Hrishi Gandhi: Thank you, Mr. Mathew. And very good morning to all the participants. I think Mr. Mathew has given a very comprehensive background about the palletization, pooling industry. And now, in my speech, I would like to take you through our growth story, how we have evolved over a period of time.

So, I would like to start my discussion with one statement that no nation can move from a developing nation to a developed nation unless and until there is an adoption of pallet part of supply chain ecosystem. And LEAP is taking, that particular lead in introducing pooling of pallet and to reduce the overall supply chain cost.

So, I will explain this growth story in 2 points that how this entire pooling solution is expanding within the supply chain ecosystem and what are the multiple growth opportunities what we are pursuing.

So, in the year 2013, with a focused pooling offering, we started this thing, and over a period of time, we have expanded the territories also, we have expanded the product portfolio to plastic assets and into MHE also. Our growth has been supported by steady expansion of our operating network. We have diversified our customer base, and we have diversified to now 38-plus industries also.

Some of the key operating parameters where I would like to draw attention that as compared to last year Q1, where we were operating at 13.65 million assets, we have added 1.26 million assets. And now, we have closed the Q1 with 14.9 million assets.

A lot of corporates are struggling with growth. However, at quarter-on-quarter, we are adding assets, and we are penetrating into the market through pooling of assets. Our asset utilization has also improved from 88.6% to 89.2%.

So, mind well, our constant effort and endeavor is to improve asset utilization. And we expect in a quarter to come, we will cross this 90% to 91%, and next couple of years' time, it may go up to 92% plus also.

Always our focus at LEAP is to diversify customer base. So last year Q1, we had 900-plus customers from varied industry, and now we have improved to 1,000-plus customers. And constant is to add newer and newer industries, newer and newer customer base. At LEAP, our biggest strength is our network infrastructure.

So we have now moved to 10,000-plus touchpoints. So you hire from anywhere, customer can de-hire from anywhere. And this is the biggest strength if at all any player wants to get into, if at all the competition decide to get into this particular business, they will take couple of decades to build this 10,500-plus touchpoints.

Now, let me share some of the phases of how this pooling ecosystem evolved. So it evolved over a period of 3 cycles. One is education phase, static hire phase, and the Movement Hire phase. Now, the way it has evolved, this pooling business in India, we have crossed the phase of education phase, educating industries about supply chain automation, advantages of pooling, cost reduction, and various other aspects.

Then the static hire adoption takes place, and from that onwards, once the client starts hiring pallet inside the factory, warehouse, and they see the advantage, then the Movement Hire business kicks up. And we can see the advantage of Movement Hire business for last couple of years. And the journey has begun, and the same will continue.

And every year, we improve upon our Movement Hire business. So for any customer, we start first with static hire business. So they take the pallets for using inside the factory for either storage or continuous production or storage of finished product. And then over a period of time, the same evolves to Movement Hire business.

So here, I would like to share two examples okay. So one leading dairy company, which has a pan-India presence, they're very cautious, but then there was a resistance in terms of migration towards automation. But over a period of time, we explain them the advantages of ASRS, which is Automated Sorting and Retrieval System.

And now, they have adopted that. And initially with one location, it started with some few thousand pallet. Now, after seeing the advantages in terms of storage of cargo, evacuation of humongous amount of cargo, safety aspect, less damage to the product, and the cost reduction, and the environment advantages and all that things, now they are pushing to their sister dairies.

They're asking all the dealership to take the palletized cargo. And we have reached out to 86 depots of that. And with the success of this dairy company, our business has gone to eightfold last two years' time, and the other dairies, the smaller dairies also have started approaching us in terms of adoption of pallet.

Another example I would like to share with you all is about a textile industry. Textile industry is a very conventional industry. So over there, tech adoption, there was a great amount of resistance. But now with the joining of new-age promoters and all these things, there also, they are exploring adoption of ASRS automation system. It took some time for us to convince one of the leading textile manufacturers in terms of adoption of pallet, adoption of Movement Hire.

But now, the entire system is working very well, and they can see the great amount of saving into logistics cost, great amount of saving in terms of damage to their raw material. And as Mr. Mathew has mentioned, there are another five, six new textile entities have approached, and we would like to replicate the success of that.

So we integrate with raw material, packing material supplier, manufacturer, 3PL, and to the retailer. That is how we start working with over there. Now, we have broadly five strategies for our future growth. So deep mining of the existing relationship. So if we are successful with one large player into e-commerce, the success story will replicate with the other e-commerce players or quick-commerce players into that.

We replicate the success stories with other players into that. Something similarly, we always work towards development of newer and newer industries, newer and newer territories also. So at LEAP, we take pride that we have one of the largest logistics engineering team. The focus of that team is to provide solution to the newer and newer industries for adoption of pallet, advantages of that, and successfully implementation of palletization.

Now, after capturing this 90% to 95% market share, we are also exploring, and as we have mentioned in our DRHP and RHP, we are pursuing our growth opportunities outside India. We have established our entities in Gulf countries. And due to western conflict, we have adopted a cautious approach.

However, we have established a core infrastructure over there, and very soon, we will go live with our pooling business over there, and customer has rolled out red carpet welcome for us. Before I wrap up my presentation to the group, I would like to provide one clarity about this recent market commentary on the related-party transaction. I would like to assure all our investor friends that LEAP remains committed to transparent communication and high standards of corporate governance.

All related-party transactions are at arms' length and have been audited and disclosed in our RHP and in accounts also. With that clarification, let me hand over this to our CFO, Mr. Rajesham Alle, who will provide the background about the financial performance. Mr. Rajesham Alle.

Rajesham Alle: Yes. Thank you, Hrishi, and good morning, everyone. I will take you through our quarter 1 FY27 performance where we continue to deliver growth in revenue, EBITDA, and cash earnings while maintaining high asset utilization. For quarter 1 FY27, our total income increased 19% to INR2,134 million. EBITDA grew at 21% year-on-year to INR1,141 million, with EBITDA margin expanding by approximately 108 basis points to 53.5%.

This improvement was supported by higher income, cost optimization, and operating synergies. At the bottom line, PAT outpaced the growth, revenue growth by growing up 30% to INR247 million with a PAT margin of 12%, up by 104 basis points, while cash PAT increased to 23% year-on-year to approximately INR812 million supported by strong EBITDA and operating leverage.

We believe this reflects the core financial characteristics we want to reserve as we grow, scale the pool, keep the asset productive, and translate operating growth into stronger capital efficiency. With that, I will hand the call back to the moderator for the question-and-answer session. Thank you.

Moderator: Thank you so much, sir. Ladies and gentlemen, we will now begin with a question-and-answer session. Our first question comes from the line of Akshat Jain with Sixth Sense. Please go ahead.

Akshat Jain: Good morning. Congratulations to the entire LEAP team on a successful listing, and excited to see LEAP's journey from here on as a listed company. I just had a couple of questions. So we've noticed that in the first quarter, assets have grown by 9%, but the revenue has grown by 19%. So going forward, how do we expect the revenue growth to be split between the asset growth and the higher throughput per asset deployed?

Sunu Mathew: So if you look at it, we have grown by say 9% to 12%, and our growth eventually actually comes from churning of our assets. So say last year, we have moved nearly 2.8 million pallets plus. So this year, we will be moving somewhere round about 3.7 million pallets.

In the first quarter, you will see that as compared to the last quarter of -- first quarter of last year, we did 711,000 movements, Movement Hire, and this year we have done in the first quarter 766,000 pallet movement. So it's just hold on. So that is one of the, that could be probably, that is one of the reason that say suppose in beverage sector, we are getting a particular transfer hire pricing. This time, we have been able to move more pallets into textile industries and other industries that has given a growth of 19%.

Looking at the same terms, if you look at our MHE business, MHE business actually has done nearly INR35.3 crores turnover, which is, which actually has put in 174 new machines, and it has also actually grown by 33%. So it is upon the value of the asset that we put in, and that leads to the growth of our business. But technically, there is no much correlation between the number of assets that we are adding and the growth that we are getting.

Akshat Jain: Okay, sure. Thank you.

Sunu Mathew: Thank you.

Moderator: Thank you. Our next question comes from the line of Vijay Shah with Insightful Investments. Please go ahead.

Vijay Shah: Yes. Good morning. Am I audible?

Sunu Mathew: Yes, Yes, absolutely audible.

Vijay Shah: Perfect. Thank you, and congratulations on the new listing. I had a couple of questions, sir. One, can we get any kind of guidance in respect to margins for the rest of the year, especially EBITDA margins?

Sunu Mathew: Okay. Now, if you look at our EBITDA margin since last six to seven years, we have hovered around 47% to 56%. This business is also such that as you keep growing the business, the cost actually comes down. For that, I will give you a small example that if there is a warehouse, it was storing 5,000 pallets, it can go vertical and store 50,000 pallet and 250,000 pallet.

What cost actually gets incurred is the salary of the warehouse people who are actually managing it. There are definitely great chances for us to improve the EBITDA and which we have demonstrated. If you look at our last full-year EBITDA margin, that was somewhere round about 50.7%. This first quarter, it has actually jumped to 53.5%.

So, we very clearly say that 100 to 200 bps on EBITDA margin can be added. This is also a bit varied about the seasonal business. You can see that our volume growth has happened between 18% to 20% in both FMCG and automotive, but still we have been able to control our repair cost, warehouse cost, and transportation cost, and thus we have been able to increase the margin.

But you should not be taking it that every quarter we will be able to increase EBITDA margin by 3% to 5%. That is basically not possible. Say suppose if MHE is doing a bigger business and better business, then there the ROCE is very good, PAT is very good, but EBITDA is a bit subdued in MHE business. It will be a combination of pallets, automotive, and MHE business. But one thing I can very clearly tell you that it will hover around 47% to 56% margin for next couple of quarters.

Vijay Shah: Okay. And second, sir, if we could get some guidance on top-line growth. And I would like to see if you could give us a little sense on the organic growth and also from new geographies what we can get. And how do we look at this opportunity at Middle East? What kind of revenues do you estimate can come in FY27, '28 or even three years down the line, sir.

Sunu Mathew: Okay. First, let me answer to your question about the top-line growth. See, the guidance that we have given is that quarter-on-quarter, we will be clearly going ahead 20% plus growth as far as our revenues are concerned. That is what we have told investors during our roadshows also. As far as our new geography is concerned, now you can see that in the last quarter in the last year, same quarter, we had spent round about INR110 crores on our assets.

But this year, first quarter, we have only spent INR76 crores. What this talks about is that in the Middle East, currently, the turmoil has increased a bit, so we are very, very cautious. We are not deploying that kind of an asset right now, but we believe that it is a very natural extension of our business because GCC is a completely importing country.

There are lakhs of thousands and lakhs of pallet which goes to GCC on a hire, de-hire model. Currently, it is on the sales model. We are converting customers so that we can give the pallets over here and we can actually collect the pallets in GCC. This will actually increase our margins in India also. As and when this war actually stabilizes, I believe it's a great opportunity for us to actually get bigger, better revenues from GCC because of the one important factor.

Nobody actually loads product into the truck. Everything is pallet in and pallet out. All the trucks in GCCs are absolutely operating on palletized mode. There is nothing which is which is ignorance that we have to deal with in GCC. Once the business actually starts, we will be able to see good inroads into the business because our model is that first we give as a static use as Mr. Hrishi Gandhi has explained, and then we get into the pooling.

Pooling is the value that we provide which is already persisting in the GCC model. We will be doing a handsome amount of turnover from GCC. But we have many levers within India if the if the war persists. We have many levers in India to compensate that growth with within the growth of India.

Vijay Shah: Sure. Sir, just one small clarification on this and just to summarize that I understand this correctly.

Sunu Mathew: Yes, Yes, sure.

Vijay Shah: Sir, you said we will see quarter-on-quarter 20% growth. I believe you mean to say Y-o-Y, right?

Sunu Mathew: Y-o-Y, yes, yes. Yes.

Vijay Shah: Got it.

Sunu Mathew: Y-o-Y, quarter-on-quarter, Yes.

Vijay Shah: And sir, if I look at on if I don't look at worry on quarter-on-quarter basis, but I look at on a year-on-year basis, if our top-line growth theoretically will be 20% plus, would you agree that the EBITDA growth should be higher than that?

Sunu Mathew: Absolutely. EBITDA growth will be absolutely higher on that. And I can.

Vijay Shah: I understand there might be quarterly variations, as you explained, depending on the mix and the seasonality of the business. But if I look at it on a full-year basis, the EBITDA margins should tend to go northwards if we have a 20% plus growth, you know, given Absolutely.

Sunu Mathew: Yes. See, our split of the business is like 22% in quarter one, 24% in quarter two, 25% in quarter three, and major chunk comes from quarter four, which is 29%. 1% or 2% here and there variation will be there, but on a yearly basis and for a long period of time, we are definitely anticipating 20% plus growth.

Vijay Shah: Got it. And sir, all this when we are saying 20%, this is all largely India business. Middle East will be an over and above opportunity. Is that fair?

Sunu Mathew: This is this Middle East will be, Yes, Yes, Middle East will be over and above business. That is what we are expecting.

Vijay Shah: And sir, if I may, three years down the line, if you were to guestimate, what kind of revenues can we get from Middle East?

Sunu Mathew: See, three years down the line, we believe that it should be somewhere to the tune of INR150 crores to INR200 crores.

Vijay Shah: Sure. Thank you so much, sir, and all the best.

Sunu Mathew: Thank you, Vijay. Thanks a lot.

Moderator: Thank you. Our next question comes from the line of Vishal Mehta from IIFL Capital. Please go ahead.

Vishal Mehta: Hello. Yes. Hi, Sunu, Hrishi. Congratulations on a very successful listing. A decent set of numbers, I would say. Just a few questions on specifics. Firstly, on the container side, the revenue growth has been relatively modest, right, at 13% vis-a-vis the growth we've seen in other assets. In FY26 also, if you see, our growth over FY25 pro forma was in in container was around 8%-odd types. The asset addition here is also in the range of 3% to 4% kind of a growth. Any slow-down that we are witnessing here in this segment? What is what is the outlook here?

Sunu Mathew: As far as business is concerned, Vishal, we are not anticipating a slowdown, but we are anticipating and we are seeing a huge growth in the container pooling business wherein we have internally also given a very high number target to our internal teams. For example, if component manufacturing companies are asking for four units of crate, we are able to just deliver 1.5 to 2 units. Why? Because the cost of raw material has tremendously gone up since last so many months. If I am getting a crate for INR650, now it is costing INR1,200, INR1,000. My entire ROCE goes for a toss if I acquire new assets.

We are going slow on that, and that is one of the reasons that in the first quarter also you will see that as compared to INR110 crores investment vis-a-vis last year, this year, we have just done INR76 crores. We are just going slow on that. We are asking our asset management team to retrieve it faster so that we can actually pool it. These are an unprecedented time, so we really want to be cautious, and not put too much of money into buying the assets at double the cost.

Vishal Mehta: Okay. So, this is just to do with the RM inflation that we have seen for the containers, otherwise, business is normal.

Sunu Mathew: Absolutely. Business is doing well.

Vishal Mehta: Okay. On the pallet side, I wanted a clarification. From the COGS, if we were to infer the trading revenue, it's almost up 3x, Y-o-Y. So, adjusting for that, then pallet revenue growth would be in the region of 12% to 13% types. Would that be a correct inference?

Sunu Mathew: No, no. See, what happens is that we are not into selling of pallets, okay? At least in India, we are not into selling of pallets. What happens is that we pick and choose our customers: A, wherein they are ready to take quality pallets which we make, okay, and B, we look at a certain margins that we can get it from them.

But the most important criteria that we select to sell pallets is that over a period of time, this should come back to us as a pooling thing. Because you see, 1,100 companies, 1,000 companies as customers that we have, some or the other company gets this idea, that why not I purchase the pallet and then do this business.

We never actually demotivate them. We say that, okay, you want to go purchase the pallet, no problem. You better purchase it from us so that we give you a quality pallet. And when people get tired of handling it, and they keep losing the assets, because asset management is the most integral part, then they come back to us in 6 months to 1 year time. This has happened actually with 10, 12 companies in the past, and this time a very big company has also started -- that we will buy pallets.

And after 4 to 6 months, they have come back and said that, it is very difficult to manage it across 88 locations Pan-India. That is the reason you have seeing an inflated selling number, but otherwise, our focus is absolutely on pooling of pallets. And pooling of pallets also, you can very easily contain that as 17% to 18% growth year-on-year.

Vishal Mehta: Okay. Just one more on MHE. The count of MHEs in the prospectus FY26 end was 4,700-odd. In 1Q, the presentation states 4,500. So, is there a reduction here? And do we also include batteries here? Are batteries charged separately from the customers?

Sunu Mathew: Yes. Yes, you're right. That is their charge separately from the customers, that also comes into the asset. But as far as the machine and the forklift is concerned, we have said that it is 1,440 forklifts that we have in totality, and TARON has actually added 174 new machines into the system. You need to understand that when we talk about 174 new machines, there are few old machines which actually comes back to us also.

The important point that you need to note is that our average turnover from the pooling revenue of MHE was INR9.6 crores, which has actually gone up to INR11.6 crores. That is the average that we are doing every month, and that is the reason, we have done somewhere round about INR35.3 crores in the first quarter, which is actually a 33% jump from the last year, first quarter.

That is how batteries keep fluctuating. Say suppose we have called for certain machines, and we call for two batteries, and then we look at the certain number of machines which, on the basis of the number of years that it has spent in the market, we say that we need to keep a spare battery or a controller. So, all that actually is been taken in our asset pool.

Vishal Mehta: Okay. So, the reduction would be mainly because of these controllers and batteries and not on machines per se?

Sunu Mathew: Yes, not on machines.

Vishal Mehta: From 4,700 to 4,500?

Sunu Mathew: No, no, no.

Vishal Mehta: Okay. Okay. I'll join back in the question queue. I have few more, probably I'll take.

Sunu Mathew: Okay.

Vishal Mehta: Thank you. Thanks a lot.

Sunu Mathew: Thank you.

Moderator: Thank you. Our next question comes from the line of Moulik Shah from Bewealthy. Please go ahead.

Maulik Shah: Hi, Sunu sir. This is Maulik. Good morning. Congratulations on the successful IPO.

Sunu Mathew: Thank you.

Maulik Shah: I just wanted to understand this during in the entire world, this business has been considered as a most complex business. Can you just help us to simplify this that, how this complexity has helped you to turnaround this entire story of growth? And can you please help us to understand how it is run by you?

Sunu Mathew: Okay. Maulik, thank you. This is a very generic question, but I can tell you that, I always wanted to do business which is a bit difficult to replicate, and for that very reason, there are only five companies in the world which has done this business.

There is only one company which is listed, that is Brambles, and that is also listed in Australian Stock Exchange. I was a part of Brambles for 6.5 years in India from 2008 to 2013, and all the offshoots in the world, if you look at it, are actually have actually come out from CHEP.

India needed a different kind of customer servicing, so first I started with the automotive business, and when I got the funding, then only I entered into a capex-driven business which is into pallets. If you look at it, the moat which revolves around this is that how quickly you are able to create your network.

Once you create your network, then it is very easy for you to move the asset. See, this is a very, very execution-driven job. 365 days, 24/7, you have to be absolutely on the foot in order to do this business. This is not a very charming business for companies to actually take because once the load is been delivered, pallet is been considered as nothing.

We have to tell the customers that this is not your pallet and you cannot throw it. We have a SRC model called sorting, repairing, conditioning. We go plant to plant, we have a repaired mobile van. If they even break 20 pallets, we go to each and every location. We repair those pallets. It is a very cumbersome kind of a business, but I believe that my team is absolutely adept.

Slowly and steadily, we have grown, and they are the one who are running this business. Once we have created this moat, that from Chakan to Chennai, we take our load, we take it back, give it to the customer, to the OEM, then again we clean it, again give it to somebody in Chennai and bring it back to Chakan.

If we do not have this moat, then this is a bad business to do. But if you create your network, it took us nearly 1.5 decade to actually create it, and we believe that we will go from strength to strength from here, and there is a great team which is backing me, my MANCOM and all the top managers.

This is a very different level of skill set because nobody understands asset management in the country. We have to recruit people from premier institute and actually put them into the water explaining them how actually we trace and track our asset. This is my generic answer to your question, Maulik.

Maulik Shah: Thank you, sir. Thank you for highlighting, and all the best to your team.

Sunu Mathew: Thank you. Thanks a lot.

Moderator: Thank you. Our next question comes from the line of Mukesh Saraf with Avendus Spark Institutional Equities. Please go ahead.

Mukesh Saraf: Yes, good morning, and thank you for the opportunity. Congrats to Sunu and team. Sir, my first question is on the pallet addition. I think this quarter we're standing at about 9.2 million pallets end of quarters. Trying to understand how what's the target there in terms of this year, where would we want to end the pallet count?

Sunu Mathew: Okay. Mukesh, since last six years, we are continuously adding 700,000 pallets to 1 million pallet into our pool. This is the same target that we have taken, that we will be adding somewhere round about 850,000 pallets net addition into this financial year. Normally, if you look at the first quarter, Mukesh, say suppose we are at we were at 9 million pallets, so we used to be negative 100,000 pallets.

We will come to 8.9 million pallets. But this is the first time because of the Adhik Maas and because of the extension of rainy season, there was an extension into the beverage sector, beer sector, water sector. So that has actually moved from March to April, May. That is one of the reason you will see positive addition of pallets.

Now, as our season starts with Durga Puja, Ganpati and Diwali and New Year, so from here the pallet pooling actually gets a kick start, and if I can tell you something which is related to the current front also, we are ahead of our numbers. These are some of the points, yes.

Mukesh Saraf: Got it. And just in relation to this, like you mentioned about your crates, the cost of acquisition going up with material cost going up there, here as well, we're noticing that lumber costs are going up plus the INR depreciating would also impact your cost of acquisition. How is that playing out right now? Is it significantly higher, the cost per pallet? And will that impact your addition of pallets?

Sunu Mathew: Okay. I would like to bring you to the point that as compared to last year, we have done INR25 crores less deployment in assets. That is a point of pallets also. GCC also, the war is intensifying, so there also we are not putting too much of asset. And also, the automotive part. What we are trying to do, as I have already explained in my previous road shows, you see, we have already got a buffer of 900,000 pallets. So if you look at our utilization, our utilization was 88%, now this time it has gone to 89.2%.

So, 1.5% utilization increase is actually 70,000 to 80,000 pallets which we have not bought. Okay? What we have said, we repaired round about 12 lakh pallets in the first quarter. This year, we have repaired round about 14 lakh pallets in the first quarter. We said that we will repair more and we will purchase less. Having said that, the container cost has increased, but you will see that since last one month, the cost of timber has actually reduced.

Mukesh Saraf: Okay. Understood. Thanks for that. And second question is in your press release, you've mentioned about the continuous integration with CHEP. We did notice that a couple your fulfillment centers have now gone down to 28. I'm assuming that was also part of integration. What more is there in terms of integration, sir? Is there more to be squeezed out of say some of the cost elements or say on the business side of it? What can we expect with the more integration here with CHEP?

Sunu Mathew: I think very a good question on future, Mukesh. I believe we have the opportunity to close two more warehouses which are like 300,000 sq ft warehouses and that can be integrated in the second to third quarter. That is one point. Second point is that we may open up also small warehouses. What is happening, say we have got Sanathan Textiles, we have got Reliance, we have got Sewari, we have got Bhilosa, Alok Industries, so this comes into I'm just giving an example, this comes into the part of Silvassa.

There is a possibility, in order to service them faster and not take the pallets from Bhiwandi to that location, we may start a 40,000 pallet pool out there. This numbers will keep fluctuating, but as far as CHEP's utilization is concerned, we really believe that -- and we are having the plans to actually close down nearly 250,000 sq ft warehouses, two warehouses.

Mukesh Saraf: Okay. Got it. And just last question from my side is on working capital. How does that stand in the end of 1Q, if any sense you can give us?

Sunu Mathew: In working capital, we are currently into a comfortable kind of a situation. Our DSO basically has reduced from 131 days to 119 days. I'm not saying that it is great as far as LEAP is concerned. TARON is continuing to do well at 62, 63 days. We believe that every quarter we will be able to reduce 10 to 15 days into our DSO. In next two to three quarters, we will be up-to-date with our working capital cycle.

Mukesh Saraf: Got it. Thanks a lot for this, Sunu, and all the best.

Sunu Mathew: Thank you, Mukesh. Thanks a lot.

Moderator: Thank you. Our next question comes from the line of Aagam with Aagam Capital Limited. Please go ahead.

Aagam: Hi, sir. Thanks for the opportunity. Sir, two, three questions quick. First question, in the GCC region, on the EBITDA front when you said, so is all the cost and all has it been incurred or yet any more cost we have to incur to set up the GCC business?

On the one comment you said for the revenue growth of more than 20%, EBITDA growth should be more. But you said the margin will keep on fluctuating. So, these two things don't match up. I mean, if the revenue growth comes up and if EBITDA has to outperform, the margin also percentage also has to increase, right?

Sunu Mathew: Okay, Aagam, so first let me talk about the GCC and then I will talk about one second EBITDA. Okay? First, GCC, yes, the cost has been actually incurred. Most of the cost, we have got the MISA license in Saudi, we have got the business-to-do license in ADGM and also in Dubai entity.

Previously, we felt that we will keep one company under one umbrella but geopolitics is continuously changing. Saudi is talking their tune and UAE is talking their tune, so we have separated that and two companies will be operating in in that very region. Our recruitment is not in full phase, but technically we have five people.

We have completed round about 20 discussions with our customers and we will start to move ahead. As far as money is concerned to set up the business, it is not further required. Now, whatever will be required will be something to create asset base out there. Now, as far as EBITDA is concerned, now you see, this is not a mathematical connection.

Say suppose one quarter, I get order from somebody to supply 100,000 pallet. Business will grow, but EBITDA will be less but PAT will increase. Say suppose one quarter, from 15% contribution, MHE business contributes to, say, 17%. Say, I get an order from, say, Coca-Cola for 200 machines or from BALCO, or from Vedanta, or for somebody else. If that happens, the ROCE is fantastic. ROCE improves, but EBITDA gets subdued.

So we have three different lines of business. Yes, if like -- we have done 711,000 pallet pooling last year in the same quarter, this year we have done 766. If you look at the growth opportunity which we are talking 20%, if pooling has happened to a to an extent of, say, only 8%, then EBITDA margin will not go to that an extent.

Say suppose I get repairing of pallets, say this time we have repaired pallet which is called T1 board. When 1.4 ton is kept on the pallet and forklift comes and hits it, the first board which breaks is T1 board, so we spent X amount on repair. Say suppose in a quarter, I get few pallets which is breaking -- which has been broken from the connector board. If a connector board is broken, I have to cut first all the 11 planks which is on top and then I have to repair.

So, repair cost goes high and EBITDA comes down. There are many levers on how this fluctuates. We cannot put a mathematical calculation that if you are growing by 24%, 25%, our value in EBITDA will definitely increase, but our margins can be, say, 50%, 51%, but the value will go up. This is my answer.

Aagam: Absolute term the growth will last, you're saying, right?

Sunu Mathew: Yes, very much. And always, Aagam, since last six years, you look at our numbers, it is between 47% to 56%. If now someone asks me for 200 forklift so I cannot tell Vedanta, I will not give, this is bringing my EBITDA down. It all depends.

Aagam: Broadly, you expect the mix to remain the same or can't say?

Sunu Mathew: Yes, it will remain the same. What has been remaining same for last six to seven years, we have grown further, Aagam, from pillar to post. Slowly and steadily, we have -- now we have got the largest pool of lithium-ion battery in the country. Because if you ask anybody to give a lithium-ion battery, first they will take 50% advance and then they will go to source it. We have 140 machines standing ready to be delivered anywhere.

We have 800,000 pallets ready to be given to any company. Now, automotive, yes, I understand that the cost is humongous right now, so we are not buying too much of crates. There is a bit of slow down, but we actually, Aagam, work on 38 sectors. One or two sectors going down actually does not does not move our EBITDA margins to a great extent.

Aagam: Okay. Okay. And also on the growth front, so I mean, Q4 base is the highest for us, right, as you said?

Sunu Mathew: Pardon? Yes, Q4, yes, yes.

Aagam: Q4, okay. So, for the Q1, you have almost matched Q4 and you have grown 19%. Is 20% being on a very much conservative side? Because the way the run rate is showing, we should cross it, right?

Sunu Mathew: So, Q1 basically contributes 21% to 22%. We have grown by somewhere round about 21.5%. What I'm saying is the market is going in the same direction. See, because of Adhik Maas, all our all our festivals have got stretched by 1 month. But for us, the season for the beverage industry also got stretched because of less rain.

Whether it is beer industry, whether it is water industry, whether it is cola industry, from March, it has actually come to June -- March to April, May. That has actually helped us to actually overdeliver on whatever numbers. But yes, the guidance that we have given to the market is 20%, but we are trying our level best to absolutely outperform and give great create great value for the shareholders.

Aagam: Okay, okay. Thanks a lot. Wish you the best.

Sunu Mathew: Thank you. Thank you.

Moderator: Thank you. Our next question comes from the line of Ajit Motwani with Dymon Asia. Please go ahead.

Ajit Motwani: Yes, good afternoon, team, and congratulations for good set of numbers. I just wanted to understand your two aspects. One was the traction on the Movement Hire, and as well as the rate increases on the on the total asset side.

Sunu Mathew: Okay. Good question. See, Movement Hire, as I have told that last year, we moved round about 711,000 pallet, and this year, we have moved 766,000 pallet, which is basically an 8% increase into as quarter-on-quarter, even though we have grown by 21% on our overall revenue. This is not a desirable area.

This has actually happened because of slow performance in the textile industry. See, all the raw material costs, whether it is for plastic crate, textile, has gone over the roof. Companies which were into this kind of industries actually did not do too much of transfer hire movement, which actually contributes 4% to 5% of our overall Movement Hire turnover.

This is probably one of the reason why Movement Hire was less. We work on a sales force management and Miller Heiman theory. We absolutely believe that the numbers that we have put in for the entire year, which is 3.7 million pallets, we will add round about 800,000 pallets to 900,000 pallets into our pooling model.

We are in just to the target of that. In future times to come, in future quarters, we will definitely keep improving our numbers on Movement Hire. As far as the price increase is concerned, we have taken a 5% to 6% price increase as compared to last year. What you need to understand is that last year, same quarter, we were at a per pallet yield of INR1.45, and this quarter, we are at a per pallet yield of INR1.54.

That is a fantastic jump, and this is how this is how we actually look at our business. We have yes, taken price increase of 5% to 6%, and since this is a very, very sticky business, Ajit, and we have not lost a single customer since we have formed this company. Yes, we might not have serviced the customer due to various reasons, but per se, we have not lost a single customer.

Since this pallet, crates, utility boxes, foldable large container, MHE business, MHE material handling equipment, belts and wedges, everything is provided by us, so we have a solid ground to take 5% to 6% price increase year-on-year, which will absolutely beat the inflation, and this is on a very scientific method on the basis of the stock exchange price of wood which fluctuates, and the base we take is German wood price index.

Price increase we definitely take, and all the agreements that we have is a 3-year to 5-year contract, and this pricing is -- price increase is already mentioned in that. It is not that we have to go and renegotiate price every now and then. This price increase is already mentioned.

Ajit Motwani: Got it. So, as we move into the balance part of the year, then also going forward, do we in the stronger half of the year, do we see -- you will see -- you're saying you'll see better Movement Hire, and that typically is very highly margin accretive, right?

Sunu Mathew: Yes, yes, absolutely, absolutely. That is the right thing, Yes.

Ajit Motwani: And typically, our price increases are, as you said, kind of linked to the index. And so do we take the pricing increases for the balance 9 months as well? Is there a fair enough course.

Sunu Mathew: Yes, Yes, see, see. We have renewed 24 contracts in the first quarter. By default, in the 24 contracts, the price increase will come.

Ajit Motwani: Got it, sir. So, you'll have both these coming in the balance half, both the Move Hire and the price increases.

Sunu Mathew: Very much. Very much. Very much. It all depends upon when the contract is going to come to an end. If the contract is coming to an end in the month of July, so we start 6 months in advance for the pricing negotiations and few points that we add on to the we want to add on to the contract, and once July comes, we sign the contract much before that, and we take a price increase and move on. Technically, we may not be getting the full price increase of 12 months, but at least for the next 7 months, we'll be get that.

Ajit Motwani: Okay. And the pricing increase would be the prevailing prices then, right?

Sunu Mathew: Yes, yes. Prevailing prices are the base for that.

Ajit Motwani: Got it. Sure. Thanks. Thanks for thanks a lot.

Sunu Mathew: Thank you, Ajit. Thanks a lot.

Moderator: Thank you. Our next question comes from the line of Mayank Jha with First Bridge Fund. Please go ahead.

Mayank Jha: Hi, Sunu. Thanks for this call. Just wanted to understand is there any estimate for the synergies that we have got for the from the CHEP acquisition that we have?

Sunu Mathew: Hi, Yes. Mayank, the synergies that we have got is on automotive sector. You will see that previously before CHEP, we used to the overall automotive business used to contribute round about 13.5% to 14% to the total turnover. Now, this has gone to 20%. And we have given targets internally to actually take it to 22% to 25%.

We were number one in to pallet pooling at that point in time, and CHEP was at 20%, we were at 80%. So, the consolidation that has happened has actually put us pallet, number one, and also automotive pooling, number one. Second very important point was that they were very good with their systems, so we have integrated a lot of stuff with their system.

And third very important thing was that they had few molds, few crates, which is very, very difficult to replicate. We have got hold of the mold also, and that is how we have actually gained great amount of strength into our automotive pooling. I believe that component manufacturing is going places in India.

They are doing so very well: Mahle, Behr, Visteon, Lucas, Sundram Fasteners, Minda. These guys have found after COVID, these guys have found even exports and all other businesses. So we can say that component manufacturing has gone to next level in India and it is growing strength to strength, and that is one of the reasons we are totally focused on everything which is related to battery vehicle.

So whether it is a boot, or a shaft, or a hose, or a seat belt, so Autoliv absolutely makes seat belts, we have just won the business with Autoliv and Bosch. So, we are focusing a bit on that. So, A, the mold; B, the concentration of our business into automotive; and C, the 1.4 million pallets which they were having in -- with different customers have also come to us.

Actually, Mayank, this has also helped us to tell us that the depreciation that we take for pallets is 15 years, but actually the life of the pallet is perpetual, 40 years – 50 years -- 55 years. How we are demonstrating it? CHEP was started in 2006, 2008.

It's been 20 years that their pallets are into the system and they are still generating revenue. Like, 1.4-1.5 million pallets have come to us and it is still used by the customers and they're paying the rent. We keep repairing it and it keeps getting new.

So, this is a very important point for all investors to know. When you look at a P/E kind of a model that what is the P/E of this company, then the depreciated value is actually the life of the asset of the product. But in our case, why we say that there is not a single company wherein you can actually compare it and say that it is a P/E that multiple that you should put in, we say that the life is say 15 years, but it actually runs for 45 years to 50 years. We can give international example of Brambles wherein they have 422 million pallets in 56 countries, and Carte Blanche, they have not changed the pallets anywhere in the world.

But in India also to our local investors, we want to prove that we have taken a company which is having a 20-year-old pallet, and still we are generating revenue out of that. So, the moment this business is like 15-year-old pallet can work for 15 years, good business. The moment it becomes 20-year pallet, 25-year pallet, 30-year pallet, then from good, this business moves to great.

Mayank Jha: Thank you. And second question and last second and last question that I have, what is the – so in the investor presentation, you talked about moving from Static to Movement Hire. What is the kind of revenue uplift that we can expect from this? Like, if a pallet is on Static Hire Model, if it earns INR500 a year, then what is the kind of revenue uplift, just for the sake of numbers, but what is the kind of revenue uplift it can earn from a Movement Hire?

Sunu Mathew: See, it depends on the sector that we are going. There are few parameters: the sector that we are going, the value of the product which is kept on the pallet, the distance that the pallet is going to travel, do we have a pooling business when it reaches the next location? So, there are round about 16 parameters on which we judge that what is the kind of Movement Hire charges we should apply on this business.

At the same time, we say that if there is any conventional method which is been used by the customer, we should give at least 20% to 30% cost-benefit analysis, we give cost benefit to them. Having put all of this together, everything boils down to our per pallet yield.

So, if we say that our per pallet yield is INR1.54 today, so we are generating round about INR562 per annum. So, as this pooling increases, say we have 9 million pallets, and out of 9 million pallets, we have moved 2.9 million pallets Movement Hire. So, we will go to, say, 9.6 million pallet or 9.5 million pallet, but we will move 3.7 million pallet. So, from 0.3, we will move to 0.4 -- 0.5.

The moment this point moment increases, this actually brings in great amount of value, which sits on our PDR, which is per day rental, which is a Static Hire. It can happen that we may end the year at say INR1.62, so this INR560 will go to INR600, this can go to INR650, INR650 to INR712. So, this all depends on how fast we are able to actually pool pallets within our system and take this 0.3 into 0.5 and 0.6.

So, asset remains the same, we do not have to put a new asset. So, with the same base, first we enter a Static Hire and then we start to move the pallet. And then there are various parameters on which we will be able to bill it to the customers.

Moderator: Thank you.

Sunu Mathew: Thanks, Mayank.

Moderator: Thank you. Our next question comes from the line of Nikhil Agarwal with TVF Capital. Please go ahead.

Nikhil Agarwal: Okay. Hi, Mr. Mathew. Good afternoon. Like, you described on the Movement Hire going up from 0.3 to 0.6, right now 0.3 seems very low for a country like India whereas global peers like CHEP is at almost 4x or even higher in most developed countries. So, what are the challenges that you see in the Movement Hire picking up? And let's say, in next 3 years to 5 years, how do you see the movement ratio picking up from 0.5 towards higher numbers, and how can that change the return on capital for the business? Thank you.

Sunu Mathew: Okay. So, Nikhil, I can very well say that since last 4 years, like, our Movement Hire started with, say, 250,000 pallets to 500,000 pallet, then it went to 1,100,000 pallet, then it went to 2.1 million, and last year, we have done 2.8 million -- 2.9 million. So, every year, we are adding somewhere round about 800,000 pallets to 900,000 pallets into pooling arena.

I believe that this is not a great scenario, but this is still an okay scenario. And, say suppose if I would have stopped myself at 8 million pallet, then this would have gone to 0.5. But static hire growth is also rampant.

So, if you look at that in this first quarter, we have signed round about 48 new customers, like Lear Automotive, Minda Instruments, Havells Logistics, Woodpecker, Green Agri, Sriram Foods.

So, these are few of the marquee names. Normally, we sign 15 to 20 customers in a quarter. In time we have -- this quarter itself, we have signed 48 customers. So, this is going to bring in additional 120,000 Static Hire pool. My Static Hire pallet is also expanding, so it is actually looked at as 0.3, 0.4.

The reason why it is not happening is because of a very, very fragmented transportation system that we have. We have to the tune of 1,000 different sizes of truck. You know, if we have to standardize it, we have given few recommendations to the body that it should be at least curtailed to 10, then the palletization and the movement actually becomes very, very feasible.

And then you will be able to cut down your supply chain cost by 5% to 6% on to the GDP. See, any developed country, if you look at it, it is not that they can do anything with the body of the truck. In India, you can actually go and do anything with the body of the truck.

But now, we are talking to the OEMs also, they are also understanding that one size kind of a container is the name of the game in future, and that is one of the reason why our supply chain cost will come down. So, I believe that this is a bit of ignorance into the supply chain network. People are not even aware about few of the things which can be automized into warehouses, which can actually look at the efficacy of palletization.

But we are as a nation very low experimenters. You know, we will go with what is actually going on. Suppose one cola company gets into pooling, so rest everybody joins. For example, one paint company we cracked, you know? Now, all paint companies are our customer. We just cracked one company as far as textile is concerned. Now, everybody has -- from textile, from Sanathan Textile to Bhilosa, to Alok Industries, to Reliance, everybody has started working with us. So, it takes time in India, but then the growth is rock solid.

Moderator: Thank you. Our next question comes from the line of Sani Vishe with PL Capital. Please go ahead.

Sani Vishe: Yes. Thanks for taking my question. Most of those have been answered, and I think we're short on time. So, I'll just ask a couple of clarifications. One thing is you said that the India market is much more underpenetrated compared to other markets, including GCC. So, I just wanted to understand why not continue focusing on India market rather than going into GCC?

I completely understand you explain the growth potential, but do you think it is better to stick to within India compared to GCC? And secondly, what is the targeted revenue mix? Because I see that the MHE business has outpaced the other businesses, and that has a bearing on your margins and ROCE. So, just wanted to understand how much how higher can it go?

Sunu Mathew: Okay. Sani, as far as GCC is concerned, look, I am a brand guy, so I look at all businesses from the PLC model, you know, product life cycle model. There is an introduction stage. Today, we are on a hockey-stick growth stage, you know? In, say, 2 years to 3 years, when our 3 years -- 3-plus years, if our growth actually comes down or it becomes -- from hockey-stick growth, it goes into a linear growth, I need another market which will pick up the pace from there.

Probably maybe 2 years down the line, we will look at another niche, another product, another market wherein when we will say that, okay, 5 million pallets or 4 million pallets in GCC is actually moving 12 million times, then it is the time for us to go and invest in something else. Because you see, this business is something that it takes time to build this business. It is not that you will go tomorrow and you will start selling the product.

Because I can get into any website and I will say that I offer this product and I will do my turnover in next 1 month. I just cannot increase INR1 turnover or I cannot give a scheme like FMCG to anybody and they take 12+1 scheme and they will let my target gets completed. I really need to prepare 2 to 3 years in advance that what I am looking at. GCC is one of the lever.

Few product introductions which we are going to do, say suppose tomorrow we may rent AGVs, automated guided vehicle. We are already into experimenting of that. We should have five, six levers so that this growth for our shareholders actually continue. This is one of the reason.

Staying only in India actually limits the thought process of my people. We have not seen a great amount of supply chain revolution in the country. But if you go to GCC, they are more inclined towards West, and typically Europe and U.S. If you talk about ASRS, Automated Supply Chain Retrieval System, everything is already there.

The people whom I send from here from logistics, engineering, and all those, they learn 10 things from there, come back, and they try to implement that in India. These are few of the reasons because the cost is very less and the Movement Hire is very more. One pallet technically moves 3x to 3.5x in in GCC. Nobody handballs anything into the truck.

That is a great business for me to actually explain it to my own people within the company that, see, this is how palletization happens. For those reasons, we are going to GCC. Plus, as I explained, Sunny, GCC is the importing country. There are so many pallets which people take from here, they break it and throw it there. We will bring lot of value to our own current customers.

I will just take an example of PGP Glass, Piramal Glass. They supply 40,000 pallets to Jebel Ali and Ras Al Khaimah every month. If they are spending INR1,200, INR1,300, we will be able to cut down the cost by 30% and give them the pallet and then collect it over there and then pull it out there. You think about it, a INR1,750 pallet, I actually take out the complete money in 9 years. I will be taking just half the time to actually recover the entire money from GCC. That is one thing.

Second, you asked about TARON and how fast this business can grow. TARON will always remain within a bracket of 14% to 17%, even though it is growing very fast. But palletization and automotive, crating, and everything is growing on a long-term basis will grow much faster than that.

I believe that even if TARON has grown by 33% this time, but you will see in the future quarters that automotive and FMCG business picks up the pace with them. Base is very small, Sunny, for TARON actually.

Moderator: Thank you so much, sir.

Sunu Mathew: Thank you, Sunny.

Moderator: Ladies and gentlemen, due to the time constraint, we will take the last question from Divesh Chainani from Equentis Wealth Advisory Services Limited. Please go ahead.

Divesh Chainani: Hello.

Sunu Mathew: Hi, Divesh.

Divesh Chainani: Good afternoon, sir. Thanks for taking up my question. Most of the question have been answered for me. Just had one question on the Gulf expansion that you are doing. The revenue guidance which you have given of about 20% in the further years, is that inclusive of the Gulf expansion or how is it? And from when can we…

Sunu Mathew: Yes. It is included, but we understand that there is a situation which is there in the Gulf. We have another three, four levers which can compensate this. Say suppose we have said that X revenue will be generated out of GCC, and as we wanted to go in

August and in August, the war has actually intensified, so we are planning for September mid. We have levers within India. It is just a small fraction that we have budgeted for GCC, and we have got four, five more levers that if that doesn't happen, we will be able to gain that number from within India.

Divesh Chainani: And are we looking for further acquisitions of the companies within any regions to expand our base over there in the further years?

Sunu Mathew: In in our last board meeting which was been conducted yesterday only, in in few other matters to be taken, we have actually informed our shareholders and board members, which is now in public also, that we have looked at a few acquisition opportunities. We are just at the nascent stage, and we are looking it in India and elsewhere also.

As you have seen that we grow organically also and inorganically also, so we have certain acquisitions in mind which maybe in the second, third quarter will see more colors and we will inform investors and our Board members as and when we move forward on that.

Divesh Chainani: Okay. So, we can see the acquisition coming in the light in the further quarters, like the agreement goes about?

Sunu Mathew: Yes. Yes. Yes, Divesh.

Divesh Chainani: That's really helpful. Thank you.

Sunu Mathew: Thanks a lot.

Moderator: Thank you so much, sir. Ladies and gentlemen, that was the last question for today. I now hand the conference over to the Managing Director for the closing remarks. Thank you, and over to you, sir.

Sunu Mathew: Thank you everyone for joining us on our maiden earnings call as a listed company. This is an important milestone for LEAP, but more importantly, it marks the beginning of a new phase of growth and long-term value creation for all the shareholders. We are grateful to our customers, employees, partners, and shareholders for their trust and great support. We look forward to building this business thoughtfully and creating sustainable value.

For any additional queries or follow-up discussions that you may have please feel free to reach to our investor relation advisors Go India Advisor. We look forward to engaging with you again. A big namaskar and thank you to you all.

Moderator: Thank you so much, sir. Ladies and gentlemen on behalf of Go India Advisor. That conclude today’s call. Thank you joining us and you may now disconnect your lines.