



August 16, 2024

BSE Limited Phiroze Jeejeebjoy Towers Dalal Street Mumbai 400 001 Scrip Code: 543489	National Stock Exchange of India Limited Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (East) Mumbai – 400 051 Trading Symbol: GATEWAY
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Sub: Transcript of Conference Call - Q1 FY 2024-25 held on Friday, August 09, 2024 from 04:00 P.M. (IST) onwards

Dear Sir / Madam,

Pursuant to Regulation 30 read with Regulation 46 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and further to our communication dated August 09, 2024, wherein we had informed about the uploading of audio recording of Q1 FY 2024-25 Conference Call on the website of the Company, in this regard, please find enclosed herewith the transcript of the aforesaid Conference Call held on Friday, August 09, 2024 from 04:00 P.M. (IST) onwards.

Please note that the transcript of the Call has also been uploaded on the website of the Company at <https://www.gatewaydistriparks.com/audio-recording.php>

Kindly take the information on record.

Thanking You
Yours faithfully,

For Gateway Distriparks Limited

Divyang Jain
Company Secretary &
Compliance Officer

Encl. As above

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“Gateway Distriparks Limited & Snowman Logistics Limited Q1 FY25 Earnings Conference Call”

August 09, 2024

E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 09th August 2024 will prevail.



MANAGEMENT: **MR. PREM KISHAN DASS GUPTA – CHAIRMAN AND MANAGING DIRECTOR**
MR. ISHAAN GUPTA – JOINT MANAGING DIRECTOR
MR. SAMVID GUPTA – JOINT MANAGING DIRECTOR
MR. RAJGURU BEHGAL – PRESIDENT (RAIL), GATEWAY DISTRI PARKS LIMITED
MR. KARTIK SUNDARAM AIYER – CHIEF FINANCIAL OFFICER, GATEWAY DISTRI PARKS LIMITED
MR. MANOJ SINGH – PRESIDENT (CFS), GATEWAY DISTRI PARKS LIMITED
MR. SUNIL NAIR – CEO & DIRECTOR, SNOWMAN LOGISTICS LIMITED
MR. N BALAKRISHNA – CFO, SNOWMAN LOGISTICS LIMITED



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Moderator: Ladies and gentlemen, good day and welcome to the Q1 FY25 Earnings Conference Call of Gateway Distriparks Limited and Snowman Logistics Limited.

This Conference Call may contain forward-looking statements about the Company which are based on 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.

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.

Today, on the call we have Mr. Prem Kishan Dass Gupta – Chairman and Managing Director, Mr. Ishaan Gupta – Joint Managing Director, Mr. Samvid Gupta – Joint Managing Director, Mr. Rajguru Behgal – President (Rail), Mr. Manoj Singh – President (CFS), Mr. Kartik Sundaram Aiyer – CFO, GDL, Mr. Sunil Nair – CEO and Director, Snowman Logistics, Mr. N Balakrishna – CFO, Snowman Logistics.

We will begin with the question-and-answer session. We take the first question from the line of Bhoomika Nair from DAM Capital. Please go ahead.

Bhoomika Nair: This quarter has clearly been a very tough quarter given the macro situation. But just want to understand when we look at the port volumes, there has been a decent growth whereas when we look at yours or your counterparts, volume numbers it is appearing fairly weak, and it seems that the rail coefficient has kind of declined. So, can you explain what's really happening and in an environment where rail infrastructure is actually improving, how should we read into this quarter's weakness when it comes to the rail industry volumes as well as our weak volumes?

Samvid Gupta: Hi, Samvid here. So, overall that red sea impact still continues, there has a lot of port congestion at various international ports, vessel schedule has been erratic over the last few months. But slightly we have seen some improvement towards June, July is also looking slightly better. So, we think we see things improving, but last quarter was weak in the markets that we were operating. So, it's not that we have actually lost out compared to competition that much. Between Q4 and Q1, we are at the same market share that we had, but it's on a YoY basis we have lost market share in places like Uttarakhand and Ludhiana which we have mentioned in the last few quarters due to pricing competition. So, that's the main thing with low value commodities like waste paper and scrap, those imports continue to be weak for us and that used to contribute a bigger chunk compared to competition for us.

Bhoomika Nair: How are we seeing the volumes as one moves ahead? I understand this quarter has been weak, but what is the outlook that you're seeing say in for the balance part of the year?



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Samvid Gupta: It will definitely be better than Q1, but still because of global uncertainties, demand in US and Europe is still subdued. So, we haven't been able to get a clear picture of how much we will be growing. So, we will wait maybe another quarter to give proper guidance, but it is slightly lower than what we were targeting earlier.

Bhoomika Nair: In terms of the margin profile for the rail business, from what I understand, it's around 9,400 is what you gave in a TV interview. That's the level that we should kind of look at moving ahead as well?

Prem Kishan Dass Gupta: See, we are not compromising on margin because some volumes are there which are either contributing little or nothing to the bottom line. So, just for the sake of increasing the revenue or the throughput, we don't want to go down on the EBITDA margin. The EBITDA margin has slipped a little bit because of the low volumes and our double stack percentage has gone down by say 2% this quarter so that reflects on the EBITDA margin, but in the quarter, I mean itself, June was better than July is better than June and so far this month is also better than July. So, we will regain business from our existing customers as well as we are doing something to take some additional business at some lower margin, but that will be some spot business. Our regular customers are coming back with the higher volumes and requirements. So, there were a lot of factors in Q1; election being one of the things that during the election period business activity slowed down and EXIM volumes specifically slowed down and now with the budget, the duties and whatever the policies. So, I think the EXIM growth will continue. How much? That is to be seen. We cannot make any forward announcements or looking at what is happening everywhere. We will continue to grow. But at what pace, whether single digit or double digit, that I think we will be able to say by the end of this quarter.

Bhoomika Nair: You mentioned about selling or monetizing the CFS land, etc., Any progress on that front if you can give some color? There were also comments on TV, but it wasn't really clear. So, if you can just kind of elaborate a little bit out there?

Prem Kishan Dass Gupta: So, we have five locations of CFS out of which, Krishnapatnam is already we are de-notifying it because the container business has been stopped by the port operator in Krishnapatnam. So, part of the land and warehouse we sold to Snowman, and we still have a warehouse and the land and the proper infrastructure for... I would not say CFS now, but for warehousing and then we have land in Cochin and we have a joint venture partner and then we have Vizag, Chennai and Nhava Sheva. So, we are evaluating, first of all, like if you heard on the channel also that we will evaluate the assets that we have. Then the ongoing business at all these locations and someone who is interested in the, some new player or some existing player, who is interested into getting five CFS and the land together with it. So, it depends on what valuation we get. Our expectation is quite high. So, we definitely want to get out of the CFS business because even though the margins have increased in the first quarter compared to last quarter of the year, but at the same time, we don't see any uptake on the CFS business because the competition is so intense and there is hardly anyone who has moved out of this business.



- Bhoomika Nair:** Any value one can ascribe to this whole sale of -?
- Prem Kishan Dass Gupta:** Value will be hypothetical, because I mean the land prices, we have to find out what are the existing land prices. According to us Nhava Sheva property alone should give us a very good valuation. So, I mean we are in the process of putting down everything on paper and preparing memorandum for any potential buyer to look at it.
- Moderator:** We take the next question from the line of Amit Dixit from ICICI Securities. Please go ahead.
- Amit Dixit:** I have a couple of questions. The first one is on volume growth. Again, drawing from the Bhoomika's question that first of all, the Jaipur terminal might still not come up very soon and secondly, there are headwinds that we see. So, what kind of volume growth do you think we should pencil in, because the EXIM growth for one of your prominent peers was around 3.3, for us, we have seen decline in growth in both rail as well as CFS business. So, just wanted to get your sense around it at what kind of volume growth do we see for the next two years?
- Prem Kishan Dass Gupta:** Well, the volume decline has been in rail business in Q1. CFS has maintained the same volume. And I mean the margins on CFS, if you compare them from the last quarter, which was from three digits have gone up to Rs.1,350 - Rs.1,375, last quarter it was Rs.540 only. So, volumes in the rail, we will regain that because again, it depends on the location that you are present. We have in NCR two ICDs where we have in fact gained a little bit on the overall NCR volumes. But the fact remains that the overall pie has become small in this quarter. But other locations we have lost out business to some very aggressive pricing which we are trying to address in this quarter. So, we will definitely gain volumes in this quarter what we can see from July and first half of this month. So, we cannot give you guidance, whether it will be 10% or 12% or 8%. I mean we will definitely be looking in double digit, but it all depends on the macros.
- Amit Dixit:** The second question is on Kashipur. So, if you could highlight the kind of volume that we did from there, if we are still facing issues on the basic paper and pulp business over there, so what kind of volume is going over there and the ramp up that we expect for rest of the year?
- Samvid Gupta:** Kashipur again saw a big decline because of waste paper volumes going down. What we were consistently doing above 3,500 last year in a few months, ever since red sea started it has declined but actually going forward we are going to see a bit on terminal wise volumes due to sensitive competition data, we won't be sharing but it's a general trend you can see since it's been over a year of Kashipur being there now.
- Amit Dixit:** The third and the last one is you mentioned that because of the accounting policy change, the CFS revenue is impacted by INR 8.43 crores. So, if you can just elaborate a little bit more on that what kind of accounting change was that?



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Samvid Gupta: This is basically a business model done with consolidators, but it was discount being passed on was actually earlier being counted in the revenue. But as per the accounting standard now, that comes under gross revenue, but under net revenue we have to remove this discount. So, it was like a pass-through almost. So, it's gone away from this quarter on. We informed everyone last quarter also that we will be doing this from the starting of this year. So, if you add that back CFS revenue is pretty much flat.

Prem Kishan Dass Gupta: But at the same time, it doesn't make any difference in the operational cost or EBITDA per TEU rather. So, it is a question of netting out the revenue booked earlier less the discounts. So, net revenue has been recorded from this and it will continue from this quarter onwards.

Moderator: The next question is from the line of Krupashankar from Avendus Spark. Please go ahead, sir.

Krupashankar: My first question would be on your outlook what you're seeing with respect to the specific market, the NCR market, Ludhiana market. How do you see the volume increase and competitive intensity in this region, can you throw some light on that?

Samvid Gupta: Just we explained in the last couple of questions also, right now we are not really giving guidance because it depends a lot on the macros. So, we can't really predict where it's going like just for example between Q4 and Q1, Ludhiana saw a big dip of about 15% - 20% in the overall market, NCR was flat. So, it keeps going up and down in a few months. It depends on port congestion, double stacking, sometimes weather-related issues, crude shortages. So, it's hard for us to say. Overall, I think India is expected to grow at 5% - 6% level in terms of EXIM volume.

Krupashankar: Now, with respect to your double stacking capability, was it significantly impacted during the quarter due to imbalance and probably that's something which can come back quite strongly benefiting your overall like EBITDA/TEU something which is a fair understanding?

Samvid Gupta: So, last year we averaged at about 39%, but this quarter, we were at 33%. As and when the volume cut back and the imbalance within the ports also like Mundra, Pipavav, JNPT our volumes, some were import-heavy, some were export-heavy. Once this number comes back to say 40% which we have done in the past, we have even gone up to 45% in the past it will just straight away add to the EBITDA and the bottom line.

Krupashankar: Last question was on Jaipur facility. Any update you would like to share on that once?

Prem Kishan Dass Gupta: According to our present estimates, we will be operational in about 12-months from now.

Moderator: The next question is from the line of Nihal Shah from Prudent Broking. Please go ahead.

Nihal Shah: So, my question was that how much percent of our volume would be coming from low value products like scrap paper and such low value things?



Rajguru Behgal:

So, if you look at the low value commodities, we need to see a split into import and export. So, what we are talking about is that due to the dip in imports on the low value, so basically one is waste paper that constitutes about 20% of the overall volumes. Especially in the markets like Ludhiana and Kashipur, if we split further into the geographical region, then Kashipur waste paper is close to 80%, then Ludhiana is close to 20% to 25%. So, in the overall you can say 20% of the low value commodities, apart from waste paper, it is scrap also. So, you can take another 5%.

Nihal Shah:

How do we plan to diversify this number, do we plan to bring it down from around 25% to 15% - 17% odd?

Rajguru Behgal:

So, there are a couple of things. One is like CMD sir has mentioned that we lost some business due to margin pressure, but at the same time, we are also targeting the business which was lost and some of the new waste paper and scrap importers which have already started coming in the month of July and August. So, with that in mind, I think we don't have to actually diversify and plus one of the major reasons is red sea issue, which is also, so all these low value commodities are coming from Europe and US and due to longer transit time, the overall volumes have also gone down, it is not our volumes, it is the total market volumes and there has been port congestion also if you look at Colombo, Singapore as well as port Kelang. So, right now the latest news is that they are trying to manage the issue they are facing, and we will be seeing good number of bookings for these low commodities going forward.

Nihal Shah:

The last question was as we are planning to monetize our CFS assets, so already I guess we have more than 200 crores of investments with us and we have a rich background of generating cash from our operations. So, how do we plan to deploy our cash that we will generate from monetizing the assets as well because as per our policy, around 70% capacity utilization is when we try to add in new capacities. So, that I guess right now is a bit low. So, how do you plan to use the funds that we will get?

Prem Kishan Dass Gupta:

It's too early to say because we have just given about the ideas that we don't want to continue with the CFS business but that does not mean that we are in a hurry to just admit, I mean we should get a proper valuation. And until then, we are running the business with full stream and the business has started generating some good cash in the last quarter and hopefully if we continue with that. I mean it is again a question of valuation and once the money comes in, then we will decide what to do with it. At this point, nothing can be said because it's just an idea that we want to sell the CFS business and assets and how much money will come and how much will deploy in which obviously rail is big business for us and we continue to explore the possibilities of adding the terminal. So, that will be one of the place where we would like to deploy those funds. Our debt situation is very good right now. I mean we at our lowest net debt to INR 245 crores compared to which was at one-time INR 800 crores or something and even from last quarter last year, if you see it has come down significantly.



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- Moderator:** The next question is from the line of Pavan from RatnaTraya Capital. Please go ahead.
- Pavan:** Pavan here. I just wanted to understand about the market share in different geographies that we used to share. Also if I look at the volumes in the rail coefficient on Mundra, basically they have gone up but still we have basically shown around 10% decline in volumes. So, I just wanted to understand is there any kind of permanent shift in market share from us to any other bigger players or how does that work? And if there has been any market share shift, can that be actually gained back?
- Samvid Gupta:** NCR, we have marginally gone up from, say, 16-point something to almost 17% in Ludhiana, on a YoY basis we have gone down from 28% to 22.5%, but even Q1 is higher than Q4 last year. So, Ludhiana, we started gaining back a little bit of market share and that should improve going forward. Uttarakhand is at about 25% and this fluctuates plus/minus 2% every quarter because the market itself is small. In terms of Mundra coefficient you're saying, we don't really measure it that way because Mundra rail volume caters to a lot of regions where we don't operate. It could be Kanpur, Sanand, Indore and Rajasthan. There are a lot of markets where we are not present. So, we don't count that as addressable volume. So, we will only look at it where our ICDs are present and that's why we give that market share, instead.
- Pavan:** And you mentioned that double stacking quotient was 33% this quarter, is it?
- Samvid Gupta:** Yes.
- Pavan:** And what would be the proportion of Empty?
- Samvid Gupta:** Empty varies anywhere from 10% to 20%, depending on month-to-month. So, we try to fill as much that we don't go under frame running. So, sometimes we take empty at a spot basis just to cover up the rail haulage cost.
- Pavan:** But I was just more curious that this quarter empty's proposition was significantly more or something went wrong, I mean I am just trying to understand what was the overall issue?
- Samvid Gupta:** No, it's just the overall vessels schedule, sometimes we wouldn't have enough to double stack. Mundra imports went down, but Pipavav imports went up, exports to Mundra went up. So, that was causing situations where we couldn't fully double stack, primarily on account of that margins also reduced a bit over there.
- Pavan:** Can you just indicate what was the drop in let's say waste paper volumes that you carry?
- Rajguru Behgal:** So, like I mentioned in earlier Q&A, so waste paper happens at Ludhiana and Kashipur majority. So, Kashipur, 85% of the waste paper is import. So, there has been close to 30% drop in Kashipur. And in Ludhiana we have 20% of our import volumes and there has been almost 10%



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drop in the import waste paper. But, as I also mentioned that now we are getting the bookings of waste paper in the pipeline we are able to send back couple of customers and now the vessels have more or less started arriving, there is minor improvement. So, we are expecting that the percentage of waste paper again will improve from here on.

Pavan: Longer term, can we still do 10% volume growth on rail?

Samvid Gupta: We will wait until next quarter just to give a future guidance. But that is the target to go, have a double-digit growth.

Pavan: And what was the EBITDA/TEU in rails ?

Samvid Gupta: 9,400.

Pavan: And any CAPEX number for this particular quarter?

Samvid Gupta: It's almost 1,400, just below that.

Pavan: I am asking about CAPEX this quarter.

Samvid Gupta: We will have to get back on that actually, but not significant CAPEX this quarter, but for the overall year, we still have plans like we have been announcing for one new terminal is in immediate site, plus some balance on Jaipur land. So, total outlay for these two projects could be about 200 crores.

Pavan: And what was this 1,400? Sorry.

Samvid Gupta: To the CFS EBITDA per TEU.

Moderator: The next question is from the line of Achal Lohade from Nuvama. Please go ahead.

Achal Lohade: Can you help us understand just to clarify on the Jaipur land acquisition, is it completely done now, what is the status on that litigation? And last time you have indicated that we will figure out whether we want to go for CFS or ICD at that location? So, when you say, we will commission in 12 months, can you help us understand what exactly is the land size and parcel size, what kind of CAPEX, what kind of capacity, etc.?

Samvid Gupta: That litigation is still going on. We have a notes to accounts. Also, the date is scheduled for next week, but that will probably take time. We are still proceeding with our plans to make a full-fledged ICD here. But since we are still in progress, once we have fully done it, we will make a proper announcement with an exact plan of what exact CAPEX and increased land area would be. And it's a bit of a ruling basis that we said 12 months last time also, but until we have just finalize and we announce that, okay, construction has now begun, it'll be 12 months from then.



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Twelve to 15 months kind of window you can keep, but we will inform all of you when we get more clarity.

Achal Lohade: In the earlier answer you said 200 crores CAPEX for Jaipur and one more terminal. So, which location is this terminal, can you help us understand a bit more on the same?

Prem Kishan Dass Gupta: It will be in north of India. So, it is yet to crystallize, I mean we have identified the land and once we have a deal and we acquire the land that will be the appropriate time to inform the location.

Achal Lohade: So, land parcel is identified, and it will be a satellite terminal, right, which is what you had earlier indicated, is that right?

Samvid Gupta: So, it will be a full-fledged ICD on its own also, but we will have it at one of our hubs in the north and double stack it from there.

Achal Lohade: Just to clarify, can you give us some more sense with respect to the market size of Ludhiana, NCR in terms of total TEUs annually roughly that would be very helpful, and how it has grown in the past? I understand it is fluctuating right now. It is little bit more stressful But give us some sense what the market sizing of these two or three pockets?

Samvid Gupta: So, these are broad estimates, I mean, we don't get 100% accurate data, but roughly if you look at NCR, it was about 2.9 lakhs for the quarter, this is the whole volume of NCR. And if we look at it Q1 last year, it was a very similar figure. So, less than a percent variance. And Q4 was slightly higher; it was crossing 3 lakhs. So, we have seen a dip in Q1 compared to Q4. Ludhiana is about 65,000 for the quarter, whereas for Q4 it was at almost 80,000 and Q1 last year it was 75,000. So, overall, Ludhiana market has significantly come down, which is why you're seeing a lot of pricing pressure there because everyone is scrambling for the same volume which is reducing.

Achal Lohade: And Uttarakhand?

Samvid Gupta: Uttarakhand is fluctuating anywhere from 20,000 to 25,000 TEUs. Uttarakhand is actually a bit wider market if we compare to Kashipur. I know they are limited, ICD's over there, it's only three of us, but some of it is non-addressable to Kashipur actually which comes more closer to the NCR side. While it's 25,000, not that entire 25,000 is targetable by City Kashipur.

Achal Lohade: These numbers are the rail volumes, right or these are the total volumes, and of this what 70%, 80% will be moved by rail, right?



Samvid Gupta: These are the ICD volumes for EXIM. So, no domestic counted here and then we don't really get a sense of if other operators are really using rail or road to move them. But these are the ICD handled volumes.

Achal Lohade: One more thing with respect to the port volume growth. Is it possible to get some sense what has been the first quarter West Coast port volume growth and rail volume growth since Indian Railways has stopped giving out the numbers, any sense you could provide?

Samvid Gupta: Sorry, we don't have access to that data either.

Moderator: The next question is from the line of Yash from iThought PMS. Please go ahead.

Yash: My question is related to Snowman. So, the first question was relating to the five PL business. We have very ambitious growth targets for this 5PL piece. We did 85 crores in FY23 and 145 crores in FY24, but since the last few quarters, it seems that this business is slightly losing steam. So, from a longer-term perspective, maybe a three-to-five-year view, what is our aspiration for this business and where will this growth come from? And if you can give some guidance on 5PL growth as well.

Sunil Nair: Hi, yes, this is Sunil Nair. So, as we explained last time, we have expectations of more than 25% year-on-year growth on this particular vertical to distribute which is the 5PL vertical. If you see, we have grown 29% over last quarter and 12% over last year same quarter. And we have a new client signed up this month and the revenue will start coming from August mid onwards which should help us a reasonable improvement in the revenue numbers. So, we will continue to ensure that it is 25%-plus growth YoY when it comes for distributed business.

Yash: And the second question was related to margins. I am referring to the Results release that you all have given. PBT, margin across the business segments have fallen be it warehousing, transport or 5PL. I think in 5PL. we have also gone to 10% PBT margin in certain quarters. So, if you can help me understand why this margin drop in each of the verticals?

Sunil Nair: So, there are two reasons. One is, there has been some one-off cost which we accounted in this particular quarter, which were one-time cost and we had to take that in repairs and maintenance and some of the accounting directions. At the same time, in the earlier quarters where we are comparing, there has been some reversal of provisions. Otherwise from a pure business point of view, there has not been any change and very soon in the subsequent quarter itself we will come back to the margins of individual verticals as we were having. So, it is just one-off correction in this quarter.

Yash: Can you quantify this one-off cost for the quarter if possible?

Sunil Nair: So, it is the extent of around INR 2 - INR 2.5 crores.



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- Yash:** And this is across the business segments, right, not related to anyone?
- Sunil Nair:** It is allocated to across the verticals.
- Yash:** One question probably to the GDL management. So, now we have been increasing stake in Snowman consistently. I think we have gone above 47% or close to 47% with our last buy from the open market. So, is there any target stake that we want to acquire in Snowman, let's say maybe more than 50%? And is there any specific timelines for the same?
- Prem Kishan Dass Gupta:** See, we are allowed to acquire 5% under creeping acquisition rules. So, last year we acquired 5%, this year we have acquired a little over 1% and we are at 46.4% now and if we complete the full 5% acquisition in this financial year, so we should be ending up little over 50% because the business is good, Company is doing well. So, in the longer term, I mean it is in the interest of GDL to keep on increasing the stake as long as the cash flows support at GDL level to acquire those number of shares.
- Yash:** So, maybe by the end of this year, we will go above 50%. And one final question on the warehousing piece. Again, on this warehousing, I think we have been in the range of between 50 to 60 crores since the past many quarters. I think maybe this is because of the capacity constraint. But with the new warehouses coming in this year, what sort of growth are we targeting in the warehousing segment?
- Sunil Nair:** When we do even the more distribute business, it does contribute revenue in warehousing as well as transportation business. So, we don't usually talk warehousing alone, but, yes, considering the new facilities which are going to be functional in next month, Lucknow and after that Kolkata, and also some of the lease capacities which we are yet to fully utilize, considering all these, we expect around 12% to 15% growth in warehousing business this year.
- Moderator:** The next question is from the line of Vaibhav Shah from JM Financial Limited. Please go ahead.
- Vaibhav Shah:** So, whenever the Jaipur gets operational, so what would be our targeted volume maybe in the first 12 to 24 months?
- Samvid Gupta:** So, it takes time to ramp up for ICD. So, first 12 months may be negligible volume, but thereafter in the medium term for three years, we are looking at least doing 3,000 TEUs from that per month.
- Vaibhav Shah:** And sir, for the Kashipur, we indicated that in the first half of last year, the range was broadly 3,000 - 3,500 TEUs per month. So, it came up significantly in the second of last year?



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- Samvid Gupta:** It came down actually in the second-half last year because of the waste paper and red sea, then for the last six months has been low there. But longer term what we were saying in five years we should be doing 5,000 - 6,000 from this location that will remain the same.
- Vaibhav Shah:** But you indicate the Uttarakhand market was around 20 - 25,000 TEU. So, how do I correlate the both?
- Samvid Gupta:** On 20,000 TEUs, we basically in one quarter like Q1 last year we did about 8-9,000 but this Q1 we have done fairly low, we have done about slightly above 6,000 TEUs for the quarter.
- Vaibhav Shah:** This should be the case in next few quarters as well until the paper input improve?
- Samvid Gupta:** Some uptick we have seen again in this month and last month, but last six months were like exceptionally bad for Kashipur, but we do see improvement coming up.
- Vaibhav Shah:** And how do you see the Uttarakhand market growing maybe over the longer term, maybe over the next three to five years?
- Samvid Gupta:** It will grow, but we don't know exactly, I mean, it's a bit of a vague figure to kind of throw out, but what we are trying to do is target other parts, there is some road improvements happening there, so our catchment area is increasing. So, we are looking at targeting something beyond 50 kms right now, which we are a bit limited. We are increasing our last mile capabilities by increasing our fleet there as well. So, all that will contribute to increasing our market share over here.
- Vaibhav Shah:** What was our gross debt? Your net was 245.
- Samvid Gupta:** 310.
- Moderator:** The next question is from the line of Pranay Khandelwal from Alpha Invesco. Please go ahead.
- P Khandelwal:** I just wanted to ask on the 5PL. You mentioned that you have signed up a new client. So, can you give more details on that, what kind of client if not the name of the client, so like the scale of the client or what can we expect from them, any ballpark numbers?
- Sunil Nair:** Sorry, you were not clearly audible, but if I understand right, you're asking the new client which is this client and what revenue you contribute, am I right?
- P Khandelwal:** Yes, some guidance on that, any details if you can give, if not the name of the client itself.
- Sunil Nair:** So, as we said last time, we are avoiding mentioning the clients name, but I can tell you that it is from ice cream and dairy industry, and this is expected to contribute anywhere between 15 to 18 crores a quarter.



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P Khandelwal: Since it's in the ice cream and dairy industry, that will improve our realizations in the warehousing business as well, is more freezing kind of temperatures would be used for that?

Sunil Nair: Yes. But the size of warehouse utilization is going to be very small as compared to the size we are at. So, against the size of 1,30,000 pallets, this would use only 600, 700 pallets, so it won't impact much when it comes to the overall average yield per pallet. But yes, from a business size point of view 5PL business is a big size for us.

P Khandelwal: So, was this client signed in the last quarter or this month itself, so the revenue will start showing this Q2?

Sunil Nair: We have just begun this week. So, revenue will contribute this quarter and next quarter onwards full quarter it will contribute.

P Khandelwal: Because I think the berry and ice cream revenue as a percentage of total is up this quarter. Is that just the summer impact or is there anything else that -?

Sunil Nair: No, that's clearly the summer impact.

P Khandelwal: Any guidance on the warehousing realizations that you can have? Currently, I think it's around 1,400 per month or so.

Sunil Nair: Also, warehousing realization has gone up by 2.5% as compared to last year and we expect it to go by another 1% in the next quarter because some of the price corrections have happened now, which will start yielding in the coming quarter. So, that's what we think this year we would achieve.

P Khandelwal: And also on the one-off that you mentioned this quarter, if we adjust for that, it still does not come to this like margins would still be lower than last quarter itself. So, more details on that like what exactly happened even if we add that 2, 2.5 crores I think we would be flat in terms of operating profit. So, what?

Sunil Nair: Last quarter being the last quarter of the year, there has been some balancing and reversals done in terms of provisions. So, netting that yes it will be slightly very marginally higher than the last quarter, but yes, that is what it is.

P Khandelwal: So, last quarter you are saying there was some one-off benefits and there are some one-off expenses this quarter. So, both combined is the sort of effect we are seeing, like, that's why the profits are flat?

Sunil Nair: Yes, you are right. So, some provisions are kept throughout the year for contingent costs that are expected. And end of the year once we have more visibility and closures on them, their reversal,



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that what happened in Q4. Some one-off expenses booked in this quarter. So, that's the main difference.

Moderator: The next question is from the line of Aditya Mongia from Kotak Securities. Please go ahead.

Aditya Mongia: Firstly, on the CFS business wanted to check whether there is interest for letting go of the five locations CFS all in one go or do you think this is going to be a piecemeal affair?

Prem Kishan Dass Gupta: I don't think it will be a piecemeal affair. We let go all the five locations at a proper valuation.

Aditya Mongia: Second thing that I want to ask you was on the Faridabad double stacking, I think last time around you had suggested 3-4 months from there. How far away are we now from realizing that?

Rajguru Behgal: I'll just update you on that. So, being a very busy track, so some of the work was really going slow because then we have to stop the train and there has to be special permission to hold on to the trains and carry out the work. But, at the same time, we have been meeting the senior officials of Indian railways, so, they have assured us that they are going to expedite the work and plus due to election also there was some kind of delay, but now Indian Railways has assured us that they have sent a special team and now the work has started in full swing. So, we are expecting that in another couple of months soon it will be operational.

Aditya Mongia: Just on the Jaipur asset, maybe I missed it on the call, but of the issues on land that were there, we were talking about two possible scenarios, one, having hold on to ICD, the second one kind of an intermediate solution, what is the solution we are going for when we say in 12 months we will set this up?

Samvid Gupta: We are looking at a full-fledged ICD only. That's the preferred route. But once all our plans are clear and we are done, then we start construction properly on the revised plan we will publicly announce it and let you know.

Aditya Mongia: So, there are no land issues now is what you're trying to say?

Samvid Gupta: Existing litigation is still going on, but there has a notes to our accounts also over there, so that will carry on, but we have a backup plan in case that doesn't get resolved fast.

Aditya Mongia: On the rail EBITDA front, which has fallen by almost Rs.500 from INR 9,900 and INR 9,400, wanted to check if there has only an issue limited to the waste paper scrap portfolio of yours, which is whatever 20% - 25% of everything or are there pricing actions being taken outside that bucket also that are impacting?

Samvid Gupta: It's a combination, but the biggest component is the double stack component coming down from last year average of 39% to 33%. So, once that improves, again, our margin can also improve.



Also, Q1 the annual increments and costs that get added, so fixed costs are always rising YoY in Q1, is the first impact of that.

Aditya Mongia:

Any generic comment on pricing that you would want to make as in DFC in the model share across ports as per container work kind of go down, is the price hike that we have taken or everyone has taken and passed on the haulage side making roadways more competitive, and if the requirement to kind of rethink on pricing itself because of that?

Samvid Gupta:

So, little bit, road does have an advantage with the 10% busy season surcharge that came in. Although we passed it on, we had no choice but to pass it on to our customers and that's been fully implemented now. But maybe hopefully this can get revised in the near future and then can get a better pricing to make it more competitive.

Aditya Mongia:

Again, is on pricing. As in the fact that your assets are moving faster because of the DFC, they are also getting more riders assuming the quantity of work or the quantity of movements that are required as the same of cargo, is that leading to pricing pressure by itself within rail operators or am I thinking too much right now?

Samvid Gupta:

In the last two years, transit times have roughly been the same only. We saw a big change from 2020 to 2022, but since '22, it's been roughly the same transit time. So, that's not the reason why pricing is there. But double stacking has become more accessible to other competitors also, some people have taken switching hubs or operational hubs in the North, or they are using some CRT. So, some of that is being passed on, but with declining volume in places like Ludhiana, everyone is wanting to fill up their trains. So, that is there. No one wants to run empty or underframe basically.

Aditya Mongia:

But just on that part, your larger peer has not seen the double stacking salience come down over the past few quarters, it's been quite resilient, whereas for you it has gone down from a high of 40%, 44% to 35% in the last quarter and now 33%. What are the factors that are kind of specifically impacting GRFL and how will they at what pace will they reverse?

Prem Kishan Dass Gupta:

One big factor is one location which has been connected on double stack and that's why the leader in our sector is gaining from that. As soon as Faridabad, which we just mentioned, is nearing completion, once that is operational, we will get quite a good share back what we have lost because of the double stacking advantage and to our competitor. So, whether it takes two months, three months, it is not far away, and we are closely watching and once Faridabad becomes double stacks, definitely, what does double stack our volumes will go up and we will be able to pass on the same to the customers also to gain back the volume.

Moderator:

The next question is from the line of Sumit Kishore from Axis Capital. Please go ahead.



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- Sumit Kishore:** One is the EXIM imbalance that you had spoken about at the end of Q4, how is the situation now? You had mentioned that the EXIM ratio was around 43:57. How has it played out in Q1?
- Samvid Gupta:** Yes, it's about 52% import right now, 48% exports for the quarter.
- Sumit Kishore:** So, 52% is the import, so it has about improved from Q4 end?
- Samvid Gupta:** Yes, but then if you look at within the ports what used to be there like Mundra imports have gone down, Pipavav imports have gone up, so within that there is imbalance. So, for a train running perspective, it is still an imbalance in certain markets.
- Sumit Kishore:** On-ground, what is your sense on the DFC Commissioning now we understand that this is not likely before end of CY25 now, is that the right understanding?
- Rajguru Behgal:** DFC is giving us guidance of December 2025. And again, the status is the same that 93% of the total WDFC has completed up to Vaitarna and the last leg of 100 kilometers is still going to take a lot of time.
- Sumit Kishore:** The principal player in the sector has said that they are going to run a double stack train up to Baroda, Varnama and then that is going to help them take market share. Any thoughts on how a peer like Gateway Distriparks be able to counter that?
- Samvid Gupta:** We already have our Viramgam terminal, and we have been doing this for the last five years or so. So, we have this leg already protected.
- Moderator:** The next question is from the line of Jainam Shah from Equirus Securities Private Limited. Please go ahead.
- Jainam Shah:** So, my question is so of course there has been some percentage change in terms of rail coefficient at the ports, but after western DFC, it is probably eight to nine quarters now. Have you seen any movement from road to rail shift? Of course, busy surcharges that made it a bit difficult. And in terms of percentage, what would be the differential in terms of costing for a player if they opt for a road versus rail?
- Samvid Gupta:** See, it really depends on route-to-route and imbalance the time of the month also like for example in the last 10-days of the month, the road is much more in demand other than the first 20 days of the month. There was a model shift from rail to road especially when the first few legs of the DFC started, but thereafter we are only seeing maybe a minor 1% to 2% additional kind of growth. Last, I think the figure was mentioned it's around 27% is on rail, but that also has a lot of factors because it includes bulk, finished wagons, special freight wagons, all sorts of different types of rakes, it includes domestic, it includes empties. So, we don't really get an accurate picture of how much of our addressable market is on road versus rail.



- Jainam Shah:** Any broad number for the cost differential in a normal market?
- Samvid Gupta:** There is a lot we won't be able to give an accurate figure as such.
- Jainam Shah:** This is mainly because if we see our major bet entire terminally as of now is on the western DFC. See, we are coming on the central part of India near Jaipur ICD which is also part of this and new terminal that you are talking about is also into this particular part. So, have we seen any kind of bigger benefit that may flow in next to three to five years with the western DFC or if this is the situation that what return ratio we might have thought is not eventually coming up with the road becoming more competitive?
- Samvid Gupta:** So, for longer distance for 500, 600 kilometers and above, we think rail is still beneficial. So, while we assume this 27% figure to be right for the country, we feel that for NCR, Ludhiana, Uttarakhand about 70%, 80% is already on rail for our addressable container market, not talking about bulk. There are few things like time-sensitive cargo, refrigerated cargo, LCL cargo which goes through multiple hubs which still might carry on road even when DFC connects all the way. So, our strategy is still to connect to northwest corridor only because it's double stack and this is the only proper DFC right now. So, when more terminals come in, they'll get all the advantages of faster trains, heavier trains and longer trains. So, that's our plan.
- Jainam Shah:** Just assuming that there will be a cash inflow from the CFS division. By any chance are we planning for any domestic kind of cargo given that the growth number for the domestic railways has been growing rapidly?
- Samvid Gupta:** Yes, domestic, we still don't have large enough network and it's on a very long-term plan, maybe like five years down we will have a more significant presence in domestic. But right now, our core is EXIM like 98% of our volumes are in EXIM only and we are continuing to plan for that.
- Moderator:** The next question is from the line of Vaibhav Shah from JM Financial. Please go ahead.
- Vaibhav Shah:** The tax rate was at 6.8% in the first quarter. So, how should we factor it in the next couple of years?
- Samvid Gupta:** Yes, it will stay like this for the next two years at least.
- Vaibhav Shah:** Around 6% - 7%?
- Samvid Gupta:** Yes.
- Moderator:** Ladies and gentlemen, that was the last question for today. Participants that have missed out due to time constraint can reach out to the management and SGA for Gateway Distriparks Limited



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or Churchgate Partners for Snowman Logistics Limited for any further information. With that, we conclude this conference. Thank you for joining us and you may now disconnect your lines.