



“Gateway Distriparks Limited
Q2 FY‘25 Earnings Conference Call”
November 11, 2024

E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 11th November 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. KARTIK SUNDARAM AIYER – CHIEF FINANCIAL OFFICER -- GATEWAY DISTRI PARKS LIMITED
MR. MANOJ SINGH – PRESIDENT – CFS, GATEWAY DISTRI PARKS LIMITED
MR. RAJGURU BEHGAL – PRESIDENT-RAIL – GATEWAY DISTRI PARKS LIMITED
MR. PADAMDEEP SINGH HANDA -- CHIEF COMMERCIAL OFFICER -- SNOWMAN
MR. SUNIL NAIR – CHIEF EXECUTIVE OFFICER AND DIRECTOR -- SNOWMAN LOGISTICS LIMITED
MR. N. BALAKRISHNA – CHIEF FINANCIAL OFFICER -- SNOWMAN LOGISTICS LIMITED

Moderator:

Ladies and gentlemen, good day, and welcome to the Q2 FY '25 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 the beliefs, opinions and expectations of the company as on date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict.

As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

Today on 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. Kartik Sundaram Aiyer, CFO, GDL; Mr. Rajguru Behgal, President, Rail GDL; Mr. Manoj Singh, President, CFS GDL; Mr. Sunil Nair, CEO and Director, Snowman; Mr. Padamdeep Singh Handa, Chief Commercial Officer, Snowman; and Mr. N. Balakrishna, CFO, Snowman.

We will now directly begin the question-and-answer session. The first question is from the line of Bhoomika Nair from DAM Capital.

Bhoomika Nair:

Sir, if you can just start off by giving some color on the EBITDA per TEU for both rail and CFS? And the second question is more about we've seen a good recovery in terms of the rail volumes between the first quarter and the second quarter. How are things panning out, out here? And what is the outlook in terms of volume growth that we are seeing given this improvement? And if you can talk about how the rail infrastructure is improving, if you can just give some color on that, and then maybe I'll come back with more questions?

Samvid Gupta:

Yes. On the EBITDA per TEU, so rail is at about INR9,800. CFS, if you look at the pure operational one, it's about INR1,200 - INR1,300, there were some recurring one-offs over there. In terms of overall volume, Q2 was much better than Q1 like we've seen in the overall numbers. This is not because the macros have really improved that much, it's more us increasing our market share in certain markets, especially in Ludhiana market, we've increased our market share from about 21% to 27% - 28%, now last month.

There has been pricing correction, which has led to this, but we've been able to consistently do over 6,000 TEUs over there. In terms of infrastructure, now the latest thing for us is that Faridabad is double stack. This has happened about 10 days ago. So now we're running direct double-stack services rather than pumping it at other locations, which improves our turnaround time, service levels to the customer and a slight reduction in cost.

Most of the cost advantage had come earlier because we were hubbing it via Garhi but still there is some benefit. So we're looking to increase our market share in this region as well now going forward.

Bhoomika Nair:

So what is our market share from the NCR region? Sorry, I missed that number. You gave some Ludhiana market by 21% to 20%, if I'm not wrong.

Samvid Gupta: Yes. And NCR has gone to about some 17% to 18%.

Bhoomika Nair: Okay. Okay. Now clearly, there has been a decent improvement in the rail performance, both in terms of volumes as also in the EBITDA per TEU kind of bouncing back to that INR9,800. You spoke about the Faridabad double stacking just starting off right now. So what are the kind of volumes that we are doing there and the benefits of the double stack, how can it kind of increase the EBITDA per TEU on a blended basis, if you can give -- throw some color? And also on the other terminals as well, how are you seeing the scale up in terms of volumes?

Samvid Gupta: So volume is still hard to say going forward, what it will be like. But hopefully, we can just keep up the Q2 kind of numbers for the rest of the year. It's still subdued overall in terms of the Red Sea crisis is continuing. People are still shipping via the longer route and low-value commodity cargo is still not back to what it was last year.

And then year-on-year, you're probably seeing a bigger dip because Q2 last year was our best-ever performance. The second half of the year was weaker last year. So hopefully, we can better that for the second half standalone.

In terms of, like I said the cost, we were already getting the advantage because we were hubbing it via Garhi, so it's more a service level improvement that we can do at Faridabad in our global situation and it will decongest Garhi also, so there will be a faster turnaround time at both places and some capacity increasing at Garhi as well.

Bhoomika Nair: So Faridabad, what are the current volumes on a monthly basis broadly?

Samvid Gupta: About 2,500.

Bhoomika Nair: Okay. Okay. Got it. Got it. Just secondly, in terms of new ICDs, if you can talk about, I know Jaipur was stuck for some issues out there. What is the progress? Other terminals, we were looking at some 1 more or 2 more terminals per se to drive much more growth in terms of the rail volumes. What is the status out there?

Prem Kishan Dass Gupta: Yes. Bhoomika. As far as Jaipur is concerned, there are a couple of parcels of land which are not available to us as reported earlier and we're trying to get some additional land. But again, the contiguity and difficulty in getting some additional land and the price at which it is available now, it is making it unviable.

So for the time being, we'll wait for these 2 land parcels to be free from the authorities. So right now, we cannot give you a date because we don't know how long it will take to get these land parcels back. So depending upon that -- so for the time being, there is a delay and there's going to be a further delay knowing that these land parcels -- without these land parcels, we cannot go and invest in that facility.

Secondly, we are looking at some other places and due to ongoing elections and something or the other is happening. And frankly, the land prices have gone up. So we are looking at one location at least where we are close to not only identifying but stay under negotiation for the pricing. And if we are able to negotiate, that will be announced immediately.

So for the time being, the expansion of the rail is plus whether you just say a strategy, whether now it's double stack at Faridabad, we are going to get some additional volumes at our existing locations. So the growth story will continue, but it all depends on the EXIM volumes. Even today, we are on 99% EXIM and only 1% domestic. Although we have started looking for domestic movements also in particular, so that's what the situation is right now.

Bhoomika Nair: Okay. So additional -- so right now, it will be more about consolidation of the existing terminals and driving efficiencies there and perhaps some new terminal is still some time away per se, if I understood that correct?

Prem Kishan Dass Gupta: Right.

Bhoomika Nair: Okay. Sir, just in terms of the CFS business, I know we were looking to monetize some of the land parcels. Profitability is clearly dipped out there. But if you can just comment on where are we in the whole process? Anything -- any progress out there from a monetization aspect?

Prem Kishan Dass Gupta: See we are going through the process. And because of holidays and then now the quarterly results, we will now get back to the process. And these things take time. I mean it does not happen overnight. So we will follow that due process. And -- but I cannot give you on the timing right now. But yes, we have value for the land and the business, and we really are looking at some options basically, the whole of CFS business, but maybe if we get partial exit also, we'll look at that depending on the valuation.

Moderator: The next question is from the line of Krupashankar from Avendus Spark.

Krupashankar: My first question is on the -- one of the notes which was given in the -- under the results talking about LLF fee for Garhi facility and about INR48 crores of demand from the Northern Railway. Can you speak a little bit more about that, sir?

Prem Kishan Dass Gupta: Sorry, your voice is not clear.

Krupashankar: Okay. So I just wanted to check on the commentary in the results about the demand for Garhi facility from Northern Railways regarding land license fee to the tune of about INR48 crores. Can you just highlight a little bit on that front, sir? What is exactly the issue over there?

Samvid Gupta: Yes. The issue has been going on for the last 12 - 13 years, but we just made a note to the accounts. We've already been taking the provision for the difference in amount that railways is claiming. There's one land parcel in Garhi basically where there's a differing opinion between us and railways on what the start date was and what's the amount we charged for it. So we are paying according to our calculation, but this is a routine ongoing matter, don't have any idea when it will get resolved by as such, but we're not too worried about it.

Krupashankar: Okay. So we don't have to provision for additional INR25 crores -- sorry INR28 crores sort of a number going in the coming quarters. We don't have to do that.

Samvid Gupta: No, we don't have to.

Krupashankar: Okay. Got it. So second question was on the NCR market per se. Just wanted to get a sense that is there -- with respect to the EXIM imbalance, are you seeing that position -- that improving at the moment? And is there also the competitive pressures in the NCR market? Is there any substantial advantage coming in because of double stacking from the Faridabad facility given that it's connected to the DFC. So something you can talk about on those lines, sir?

Rajguru Behgal: Yes. So we are anticipating a definite advantage after this Faridabad has got double stacked because earlier there was too much pressure on a single hub. And the per TEU loadability of rail was impacted because all the double stacking used to be happening only at one terminal, which is Garhi Harsaru. With coming up of Faridabad, so we have this dual advantage in NCR that we will be able to pump in more trains towards NCR, which will help in not only the utilization of our assets in a better way, but we are also targeting some other business, which is in and around Faridabad because now we have a first-mover advantage. So there is no other ICD, which is giving this double stack facility in Faridabad area, and we have a good pipeline.

And very soon, we are anticipating to increase not only the volumes at Faridabad, but that will also help in increasing the volume at Garhi Harsaru, as well because of the new investment which is coming around Garhi Harsaru, 1 or 2 plants of major auto companies are coming up, plus we are also exploring to target some other territory because of the new road infrastructure, which has also developed around Faridabad. So we are expecting to increase the market further.

Krupashankar: Okay. And with respect to the M.P., just wanted to check on EXIM imbalance, how do you see that evolving at the moment? And going ahead, are you seeing the exports picking up and the imbalance correcting in the second half?

Rajguru Behgal: So we are not seeing a major problem as far as the imbalance is concerned because it is still in the ratio of like 55%, 45%. 55% is the import side and 45% is the export side. But with the increase in volume at Faridabad as well as Garhi Harsaru and other locations, so we are expecting that we will be maintaining the same kind of imbalance, which is okay, like it doesn't have a major impact.

Plus we will be also getting into some other business other than EXIM. So we have some good pipeline wherein we will be shifting some empty containers and domestic and EXIM kind of business we are exploring. So that will help in further reducing the imbalance.

Moderator: The next question is from the line of Ravi Singh from Cosmic Horizon.

Ravi Singh: Sir, I just -- if I heard it correctly, you said the Jaipur and the other ICD that we were planning that has been put on hold?

Prem Kishan Dass Gupta: No, it has not been put on hold. Jaipur is being delayed because some land parcels have not been made available to us because of the earlier reported provisional attachment of those pieces of land. And on the other locations, we are actively looking, one of them I said is what we see coming in the near future. So none of the expansion plans what we have announced earlier are on hold. We are actively looking for many locations, but it is a question of when we materialize and when we get position on that.

Ravi Singh: Right. Sir, and also on the domestic business, you said you're planning to get into that now. So just wanted to understand the difference in the rates between EXIM and domestic, how is the -- how are the freight rates different?

Samvid Gupta: No, it's on the similar lines only because we're not doing third-party location domestic. We're doing domestic within our own locations. So for us, we'll be running mixed train, but it helps as instead of filling up empty containers as we can do some domestic cargo in return.

Ravi Singh: Right. Makes sense. Sir, and also on the CNBC interview way back in August, you guys had mentioned that you will sell the CFS business for approximately INR1,000 crores within 2 quarters' time. Then subsequently, on the Q1 call, you kind of kept the time lines open-ended. So just trying to understand where is the bottleneck really that we are facing? Is it the price? Or is it the buyers don't want to buy the whole asset together? Some light on this? And also, if you could give us some sort of an outer limit so that we can model say, FY '26 end or FY '27 end, some sort of an outer date by which you could sell this business?

Prem Kishan Dass Gupta: Well, I mean, you cannot say for sure when we could sell because -- one is presently, we have just compiled the assets between the land and the ownership and the assets built on that and the business over there. So like I said earlier in this call that due to the holidays and due to quarterly results being announced today. So we'll be getting on to business with the potential buyers. But these things, I mean, first is we have to find a buyer. Second is we have to find the right value at which we are willing to exit.

So these are open ended. I mean I cannot give a time frame whether it will be before the next quarter or 6 months or 1 year, and whether it will be all price CFS or these things, this will go along and along whatever the market trends are and people investing -- willing to invest in this business. So we will keep the investors informed on a regular basis if any development takes place -- any further development takes place.

Moderator: The next question is from the line of Yash Tanna from iThought PMS.

Yash Tanna: Yes. So my question was on Snowman. Last quarter, we mentioned that we have signed a new client in 5PL and the revenues probably will start from August. So is this increase in 5PL attributed to the new client or it's the regular business?

Sunil Nair: This is Sunil here. Yes, the increase in this 5PL revenue is primarily from the new clients. As you know, the majority of the business in 5PL today is extreme and this is lean season for that, while the increase that you are seeing is fairly the addition of the new client which is 1.5 months of revenue is coming in this quarter, whereas in the subsequent this quarter, we will have full quarter revenue registered probably subsequent this quarter.

Yash Tanna: Right, sir. Got that. And on the margin front, last quarter, we alluded the margin drop to certain one-off costs. And this quarter, again, our margins have dropped Q-on-Q. So if you can explain a bit if in terms of profitability, is this the bottom or we are yet to see some impact? And also, if you can call out the reason segment-wise for the margin drop?

Sunil Nair: Yes. So the primary impact that has come in margins are in the warehousing segment, which is affected mainly due to 3 segments where the sales have been less. One is QSR. So all the QSRs in the country are struggling a little bit with respect to their business that has impacted us as well. Their handling has been quite minimal. Due to the lean season, there has been some impact in ice cream. And there is also -- the seafood exports have slowed down a little bit due to the pricing issue in the international market. So these are the critical reasons.

Yash Tanna: Right, sir. So maybe our realizations have dipped year-on-year and Q-on-Q. Is it for the warehousing piece?

Sunil Nair: Yes. Realization per project is on the right track with has couple of percent here and there.

Yash Tanna: Okay. And when do we expect this to improve?

Sunil Nair: So we are seeing some traction now in this month onwards in terms of seafood and ice cream will start picking up only in the month of February. And that is how we've projected that.

Yash Tanna: Right. All right. There's one question on Gateway. So one of our peers have mentioned in their call that they will do double stacking to one terminal somewhere in Varnama, which is just 400 kilometers away from JNPT. And hence, they are going to double stack a significant volume that will be for JNPT, before JNPT commissions on the DFC. So my question is because of this, are we going to see any impact on our business or our volumes?

Samvid Gupta: So we've been following this model for quite some time since the Viramgam started we were the first one to do this. So we don't see any impact on JNPT volumes for us from that. It depends more on where the catchment area and the area of where the originating ICD is. So that also is a factor.

Moderator: The next question is from the line of Amit Dixit from ICICI Bank.

Amit Dixit: Just a couple of questions from my side. The first one is, if I look at the CFS realization, that has shown a significant drop, I mean, if I compare it with any quarter. So just wanted to explore reasons for that and whether it is one-off, what kind of outlook do we see going ahead for this division?

Samvid Gupta: CFS margins are under pressure. Revenue wise, it's not that big of a difference. From the EBITDA level, there is a drop because Bombay also especially is a 25-year-old facility. We are revamping it. So there's a lot of R&M going towards that. You must be seeing that we have a bunch of legal matters going on with Punjab Conware. So there's some arbitration-related costs again that is impacting the P&L.

If you look at it pure operational basis, the dip is not as much. But competition is there and every day, we need to keep reevaluating and seeing what kind of pricing we're working on. Labor cost is also exponentially high in Nhava Sheva, especially as every 3 years, it gets renegotiated with everyone at exorbitant levels. So those are the factors basically coming in.

- Amit Dixit:** Yes, that is on cost side. But on revenue side, is it the increased competitive intensity that has caused our realization per TEU dropping below INR7000?
- Samvid Gupta:** Yes. Basically the 30 - 35 CFS is through and DPD is also increasing. Ground rent is actually going down. That is a general trend that's been happening for the last few years and H&T rates are also slipping a little bit.
- Prem Kishan Dass Gupta:** And now we are recognizing revenue net of the discounts. So that is why the revenue might be less compared to last year.
- Samvid Gupta:** Sorry, I forgot to mention that INR20 crores is just a change in accounting standard that was shifting from gross revenue to net revenue. There were some discounts earlier which you were counting as part of net revenue, but that's gone away. If you take that out, then the dip in revenue is actually only INR3 crores.
- Amit Dixit:** Got it. Got it. Yes. Sure. The second one is on Kashipur. So maybe I missed your prepared remarks earlier. So I'm asking it maybe again. Could you let us know the kind of business at Kashipur, how is it ramping up? Paper and pulp, I don't think it's in the best of health. So what kind of ramp-up expectations do we have from there in the near term?
- Samvid Gupta:** So we're not -- as of last quarter, we're not sharing individual terminal-wise data anymore. But Kashipur volumes have a lot of scope to increase. There are some key customers that we won and we'll probably see that impact coming in Q4. Q3 is also a bit of a slowdown as it's a waste paper, heavy dependent market and most of these mills go on -- most of these plants shut down for maintenance during Diwali. So we should see improvement there from Q4 onwards.
- Moderator:** The next question is from the line of Kevin Gandhi from CapGrow Capital Advisors LLP.
- Kevin Gandhi:** Sir, since last 2 to 3 quarters, we are seeing the rail freight realizations going up by almost 8% to 10% each and every quarter. So just want to understand the reason behind that, the rail freight realizations.
- Samvid Gupta:** So, if you're looking on year-on-year volumes, it's on the busy season surcharge that has come in. So approximately INR2,000 to INR3,000 per TEU it's gone up on the revenue side.
- Kevin Gandhi:** Okay. And okay. So sir, actually, I wanted to understand the reason behind that. So like due to the cost increase or are we seeing lesser of the competitive intensity that we are actually able to raise the prices?
- Samvid Gupta:** So I just mentioned that the busy season surcharge, which railways put in, which is approximately -- it's 10% of the rail haulage charges that we pay in September 30th last year, it was implemented. And now it's there for the full 12 months. So last year, it was only there for Q3, Q4. So this year, it's there in Q2. If you're looking at a comparable number, it wasn't there last year. That's probably the difference in the revenue per TEU that is coming. Competition intensity is there. So discounting has actually gone up for us. But we handle more TEUs in Q2 rather than Q1. So you'll probably see some effect of that also.

- Moderator:** The next question is from the line of Nihal Shah from Prudent Corporate Advisory.
- Nihal Shah:** So we know that last year, the second half saw the impact of the Red Sea issue and now we are heading there. So given that soft base, how much of a growth can we see in the second half? Because if we compare the second half of last year and first half of this year, the volumes have remained the same. So can we going ahead, estimate a higher volume or it should remain at these levels because Q2 has been better than Q1.
- Samvid Gupta:** Yes. So it's hard to say, but the Q2 trend, if it continues, then H2 will be higher than H2 last year. So that is something we're hoping for. But because Q1 was low, we're not sure what the year-on-year for the full year will look like. But hopefully, this positive trend continues and we should see volume uptick from here. Plus we're taking some more corrective action in certain markets where our market share is low. So even if the macros aren't growing, we should see our market share increase.
- Nihal Shah:** Okay. And so does this also mean that if the market share and the revenue increase, does that give a positive impact -- does that have a positive impact on our EBITDA per TEU as well, which is, I guess, suffering in the last 4 quarters?
- Samvid Gupta:** So EBITDA per TEU at this level is probably quite healthy for us. And with Faridabad coming in and double stacking increasing, that is some uptick can be there, but we will have to also pass on some discounts to gain more market share, which we've done in Sanehwal. So while EBITDA per TEU might go down slightly, our overall EBITDA as a whole will go up.
- Nihal Shah:** Okay. And on that, so what was the portion of double stacking in this quarter?
- Samvid Gupta:** It was 38%.
- Moderator:** The next question is from the line of from Pranay from Alpha Invesco.
- Pranay:** My questions have been answered.
- Moderator:** Sorry to interrupt you sir. I would request you to please use your handset.
- Pranay:** My questions have been answered, so we can move on to the next one sir. Thank you.
- Moderator:** The next question comes from the line of Aditya from Kotak Securities.
- Aditya:** My question was more on the double stacking number, which is 38%. Could you give us a sense of where did this number kind of peak out in the recent past? And how can we aim to go back at the same levels?
- Samvid Gupta:** The highest I think we get was about 44%, 45%. So it should improve now with Faridabad being direct double stacking. We've also started focusing a bit more on 40 feet volumes, especially on the lightweight side. There are still small -- most of the restrictions have gone away, but there are still some restrictions on double-stacking combinations, which have been in place for the last 1.5 years or so. That's why the number is slightly lower, but the industry is taking that up with

railways. Hopefully, if that comes back plus Faridabad and our pricing correction, we should be crossing 40%.

Aditya: Okay. And if this change were to happen, 600 basis points higher double stacking, what could be the impact on margins basis on our ability to retain some benefits?

Samvid Gupta: It's hard to quantify like this, but it will definitely improve with every percent of double stack we increase. But it depends a lot on the volume mix of that month, the 40, the lightweight, heavyweight, how many 20 feet, are on the low stack also? Is it 40 on 40 or is it 40 on two 20s. So there are a lot of variables that go into this. But it is definitely true that more double stacking equals to more savings.

Aditya: Understood. Okay. Maybe I'll probably kind of put this in a different perspective. See, our margins obviously are where they are and double stacking is one endeavor. And you've talked about a few other endeavors to improve margins. You've talked about using mixed trains, you're doing more empties) and so on and so forth. I'm just trying to get a sense of how much more juice on margins can be seen by these endeavors that you're thinking through over the next 1 to 2 years?

Samvid Gupta: So given that full DFC is under – till it's all the way there till Bombay, INR10,500 to INR11,000 EBITDA per TEU is something we can look at. Jaipur coming in -- we used to say Jaipur coming in, Faridabad double stacking and JNPT being connected would give us about INR11,000. So those are the next few triggers that are there. But somewhere we'll also have to balance between passing on discounts to customers to gain more volume rather than focusing on just the margin per TEU. So we find the right balance and focus on overall EBITDA.

Aditya: Understood. And the other question that I had was from a competitive perspective, beyond CONCOR, which is the other players -- which are the other players, if any, who are kind of starting to challenge your market share? And who would those names be and which all markets are seeing an increase in competitive intensity?

Samvid Gupta: Ludhiana has five ICDs competing for the same volumes. So that's a very competitive market. In terms of Garhi, we are uniquely positioned where Gurgaon is only one other competing terminal. Faridabad also has 3 terminals overall. But then if you include slightly going up to, say, 50 - 70 kilometers, there will be five terminals there. So those are more competitive than, say, Garhi or Kashipur for that matter.

Aditya: Understood. Maybe the last question from my side. The CFS sale of assets, whether partial or full. Is this an event that one can think through happening over the next 6 to 12 months? Or can it take much longer than that?

Samvid Gupta: Very hard to say. I mean, we're kind of -- like we said earlier in the call, we're still evaluating. We'll start speaking to some people. And maybe we can let you know in 3 months, next call or the call after that, we'll have a better update for you. But it's not going to be a quick process. So we don't see anything happening within this financial year for sure.

Aditya: Okay. Just on the cold chain business obviously, the company, I think, continues to kind of add stake over there. What is the end game in terms of shareholding the company wants to reach over there? And if you could kind of just update us once again as what's the rationale of using the cash of the company to kind of buy a stake inside Snowman? That's the last question.

Prem Kishan Dass Gupta: We are acquiring the shares under creeping acquisition. So on our last financial year, we acquired 5%. And similarly, we can acquire up to 5% this year, that will take us a little above 50%. So one is that when an associate company becomes the subsidiary. Second is Gateway cash flows are healthy and they are in a position to acquire the shares under creeping acquisition. So it's a gradual process. We are not putting in money at one go. And we see that going forward, Snowman has a very good potential in revenue as well as profit growth. So it makes sense to increase our stake to this level. I cannot say for the next year, but 50% is the minimum that we -- above 50% is the minimum that we will achieve this year.

Moderator: The next question is from the line of Vipulkumar from Sumangal Investments.

Vipulkumar: Most of the questions have been answered. I have just one question. When this full DFC will be operational, what kind of double stacking we can look at from 38% where we can reach 60% - 70% is possible?

Samvid Gupta: The way we measure our double stacking is that how much is carried on the second stack, so it can't exceed 50% of that number. What we can increase is the number of 40 feets that we grow. But I mean, overall, when you're comparing stack 1 versus stack 2, so that number cannot possibly cross 50%. So post DFC to Bombay maybe up to 45% is something that we can target.

Moderator: The next question is from the line of Aditi Sawant from ADM Advisors.

Aditi Sawant: Just one change in name. I'm from ADM Advisors. First question is, I just wanted to understand that on the growth -- in terms of what kind of growth are we expecting in the second half of this year and say, for the next year?

Samvid Gupta: This is for Snowman or Gateway?

Aditi Sawant: Sorry?

Samvid Gupta: This question is for Snowman or Gateway?

Aditi Sawant: On a consolidated basis?

Samvid Gupta: For rail, we are expecting some growth in the second half, but by how much we can't really say. We expect some improvement over the Q2 number. So Q3 and Q4, if you look at it last year was lower than Q2 in terms of throughput. So we should see some improvement there.

Sunil Nair: As I mentioned earlier, some of the 5PL customers have just onboarded in this quarter. So we expect those revenue for the full second half of the year. At the same time, our Lucknow project is up and running now. It was made functional couple of weeks back. So that will also be put to function next month, which is December, we will have our Kolkata facility also functional. And



by Jan end, we'll have our Krishnapatnam facility function. So putting all these together, we expect a reasonably good growth over first half of this year in the second half.

Aditi Sawant:

Okay, sir. Got it. And the last question is like post Faridabad double stacking. So what would the overall impact on our business, if you can just give some idea?

Samvid Gupta:

This only happened about 10 days ago. So we'll wait and watch and by next quarter, we'll give you some more details on how it was able to improve our overall operation.

Moderator:

Thank you very much, ladies and gentlemen. That was the last question for today. Participants that have missed out due to time constraints can reach out to the management and SGA for Gateway Distriparks or Churchgate Partners for Snowman Logistics for any further information. With that, we conclude this conference. Thank you for joining us, and you may now disconnect your lines.