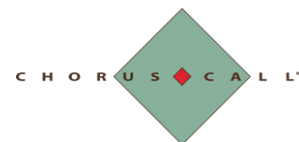




“Allcargo Terminals Limited
Q1 FY '25 Earnings Conference Call”
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ALLCARGO TERMINALS LIMITED**
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MODERATOR: **MR. SHAUKAT ALI – MONARCH NETWORK**

Moderator: Ladies and gentlemen, welcome to the Q1 FY '25 Earnings Conference Call of Allcargo Terminals Limited hosted by Monarch Network. 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 the date of this call. These statements do not guarantee the future performance of the company and it may involve risks and uncertainties that are difficult to predict.

Now I hand over the conference to Mr. Shaukat Ali. Thank you and over to you, sir.

Shaukat Ali: Thank you, Deepika. Good afternoon, everyone. On behalf of Monarch Network Capital, I welcome you all to the Q1 FY25 earnings conference call of Allcargo Terminals Limited. We are pleased to have with us the management team represented by Mr. Suresh Kumar R, Managing Director, Mr. Pritam Vartak, CFO and Mr. Sanjay Punjabi, Investor Relations. We will have opening remarks from the management followed by a question and answer session.

Now I hand over the call to Mr. Suresh. Thank you and over to you, sir.

Suresh Kumar: Thank you, Shaukat. Good afternoon to everyone and a warm welcome to the Q1 FY25 earnings call to discuss Allcargo Terminals quarterly performance. I have Pritam Vartak, Chief Financial Officer of Allcargo Terminals Limited and Sanjay Punjabi from our Investor Relations team with me. We have uploaded the results, press release and presentation on the Stock Exchanges and Companies website. I hope you have had an opportunity to go through the same.

I will share an overview of the economy, industry and business after which I will hand over the call to Pritam to discuss the financial performance for the first quarter of the financial year 2025. The International Monetary Fund in its most recent World Economic Outlook update has maintained its projection of global growth to be at 3.2% in 2024. It expects a marginal improvement in 2025 and has projected a growth of 3.3%.

While most risks to the shared outlook remain balanced, some short-term risks like increase in price of commodity and services due to renewed trade and geopolitical events still loom large. This has led to a persistent uncertainty about inflation outlook which in turn has made central banks across major economies to stay more cautious about policy easing.

Forecasts for emerging markets have been risen upwards on the back of rebound in private consumption and increased exports. The global ocean trade has witnessed some green shoots after being marred by sluggish trade environment and geopolitical crisis. An uptick in demand was witnessed across various trade lanes. This increase in demand along with continued geopolitical events pushed the freight trades up. There are projections that global trade will fare better in the second half of calendar year 2024.

Coming closer home for India, IMF has raised its growth forecast to 7% for financial year 2025, while for financial year 2026 it remains unchanged at 6.5%. The upward revision in growth forecast is believed to be on the back of improving private consumption especially in the rural areas. India's merchandise exports during the first quarter of financial year 2025 were USD109.96 billion as compared to USD103.89 billion during the same period last year.

Merchandise imports during the same period were USD172.23 billion compared to USD160 billion in the previous period. The trend in exports is believed to be positive going forward as well thus reaffirming India's stance to becoming a manufacturing hub. Consumption led growth in the country, bodes well along with robust trade activity for the CFS and ICD business.

Allcargo Terminals, I am happy to share, has delivered a decent performance during the first quarter of 2025. Our strong presence across the key ports, sales acceleration initiatives and customer relations have enabled strong volume growth of 8% in the quarter versus the previous year. I am happy to share that your company has outpaced market growth to enhance market share. For Q1 2025 the market share is estimated to be 14% as compared to 13% during the same period last year.

We believe there is a huge opportunity that lies in the CFS and ICD space and we are on-track to take advantage of the same with clearly articulated strategic priorities. As mentioned during the last quarter, we have completed land acquisition at Mundra. On the ICD front at Jhajjar, land acquisition is expected to be complete by December 2024 and we believe we will be operational by mid-financial year 2026-27. On the DFCC front, we have shortlisted few locations that we will bid for once it opens. We are also evaluating MMLP projects for their feasibility.

Our revenue for Q1 FY25 grew by 5% compared to the same period last year, while EBITDA grew by 4% compared to last year. Overall, it has been a good quarter filled with growth for us, volume growth that outpaces the CFS market. Realization and profitability growth both year-on-year and sequentially have been strong.

We have kick-started our growth and expansion initiatives for key markets in the past half year. Customer confidence and strong brand equity of Allcargo and our Pan-India presence in ports that handle 80% of EXIM volumes places us advantageously.

With that, I will hand you over to Pritam to give you a rundown on the financials for Q1 and FY25.

Pritam Vartak:

Thank you, Suresh. Thank you and good afternoon everyone and a very warm welcome to our Q1 FY25 earnings call. I will take you through the highlights of financial results for the first quarter of the new financial year. The total volume handled for Q1FY25 stood at 159,000 TEUs, depicting a growth of 8% as compared to the same period last year.

On a QoQ basis, volumes were up 4%. Revenue for the quarter stood at INR190 crores as compared to INR181 crores for Q1 FY24 and INR182 crores for Q4 FY24. EBITDA excluding other income for Q1 FY25 stood at INR30 crores as compared to INR29 crores for Q1 FY24 and INR27 crores for Q4 FY24. This implies an EBITDA per TEU of INR1,880 for Q1 FY25.

The improvement in profitability is due to operating leverage playing out on account of improved volume growth. Net profit for Q1 FY25 was at INR9.5 crores as compared to INR9 crores for Q1 FY24. This is the summary of financial results for Q1 FY25.

With this, we would like to open the floor for question-and-answer session. Thank you.

Moderator: Thank you. We will now begin the question-and-answer session. The first question is from the line of Uttam Purohit from Monarch Network Capital. Please go ahead.

Uttam Purohit: Good afternoon, sir. Thanks for the opportunity. So, I just wanted to know, can you share what are the developments at our Jhajjar ICD and how further in land production we are and also if you can share the updates on the more locations, we were looking to set up an ICD for, like in the last conference call you mentioned Gujarat, Maharashtra and Haryana. So, any updates there as well?

Suresh Kumar: Yes. Thank you, Mr. Purohit for the call. Let me take this. So, with regard to ICD Jhajjar, like what we spoke in the previous earning calls, we are completely on course for the commencement of services of ICD in FY26-27. So, that's the time period that we are looking at. Towards the latter half of 26, early '27 is the targeted date. So land acquisition has been completed. We have also received in principle approval for the railway facility that we plan to have from the ICD Jhajjar. So, this is the update there.

With regard to the other locations that we mentioned last time, none of these have come up for tendering in the last two to three months. We are keeping track of it. And if there are opportunities of these GCPs coming up for tender, we will participate in them. Does that answer the question?

Uttam Purohit: Yes. And another question was on the margins. So, in last quarter, as our margins were in pressure because we faced some issues with realization. So, has the realization come back up? Or is it because of improvement or reduction in some of the costs?

Suresh Kumar: Yes. Pritam will take this call.

Pritam Vartak: Sure. So, Mr. Purohit, if you see this quarter, the volumes are up by 4%. And we have also been able to increase our revenue by 4%. The EBITDA in this quarter, EBITDA margin has actually improved from 14.7% to 15.8%. There has been a consistent increase in EBITDA margin in the last two quarters. Also, there has been an improvement in the gross margin from 32.4% to 32.9%. So, this increase in gross margin and EBITDA margin is on account of the increase in volume which has given us leverage in operation expenses. In previous quarter, we had certain one-offs in our other incomes.

However, those one-offs are now not there and the profit figures are as such flat. However, if you exclude those one-offs there is significant increase in net profit as well. So quarter-on-quarter, there has been a good improvement and a consistent improvement in gross margin and EBITDA margin. And we are hoping to continue that in the coming quarters as well.

Uttam Purohit: That's from my side. Thank you.

Moderator: Thank you. The next question is from the line of Heet Parekh from Ashika Institutional Broking. Please go ahead.

Heet Parekh: Sir I would like to know what is the revenue contribution from the facilities at JNPT and Mundra together if you could...

Pritam Vartak: So, hello.

Heet Parekh: Yes, sir.

Pritam Vartak: So we have two facilities in JNPT and two facilities in Mundra. JNPT facilities contribute maximum to our overall revenue. In JNPT, our contribution is about 40% and Mundra facilities contribute close to 30%. Does that answer the question?

Heet Parekh: Yes, sir. That answers my question and one follow-up on that. Once the DFC is fully operational we expect some shift towards JNPT. So how do you see this situation? Do we expect volumes at JNPT to rise going forward next two years down the line?

Suresh Kumar: So, let me take that question with regard to volumes at JNPT and our own growth in volumes. We have consistently outpaced the market when it has come to CFS addressable volumes. So there is port volumes, CFS addressable volumes and we have grown JNPT market faster than the addressable market has grown.

What has made this possible? This has made possible because of the two facilities that we have. One is really close to the port and the other is a well-established CFS and the brand equity and the customer franchisees that we have has helped us grow these volumes. We expect the JNPT volumes to continue in this kind of trend that we have seen CAGR that we have seen over the last couple of years. And our plan is to continue to grow faster than what the market does.

Heet Parekh: Sir, if you could highlight what was the table for the last three years at JNPT?

Suresh Kumar: I wouldn't have it readily for the last three years, but I can tell you for the last couple of quarters and maybe offline we will share those numbers with you.

Heet Parekh: Yes, for quarters at least?

Suresh Kumar: So the overall fourth volume quarters what I have shared with you CFS addressable volume for last quarter was actually flat, whereas we grew 9% in volumes.

Heet Parekh: Okay, sir. And sir one more question on your starting remarks where you mentioned evaluating some MMLP projects. So if you could highlight that as well?

Suresh Kumar: Not audible please.

Heet Parekh: I am asking in your starting remarks you mentioned about evaluating some MMLP projects, then if you could highlight what exactly you expect to do there?

Suresh Kumar: I would want to talk about this once we have made concrete progress. We are still at the early stages of evaluating MMLP locations in which we can have CFS facilities which are in partnership with the MMLP operators that we could run. There are a couple of opportunities that we are evaluating in the coming months, when we have a better grip of this we will be able to share it with you.

Heet Parekh: Okay, sir. Thank you. Thanks a lot.

Moderator: Thank you very much. The next question is from the line of Amit Kumar from Data Mine Investment. Please go ahead.

Amit Kumar: Yes thank you so much for the opportunity, sir. Just one bookkeeping question. I am sorry in the initial commentary I missed the one-offs which impacted your EBITDA PAT for this particular quarter. Could you just run through those again, please?

Pritam Vartak: So, in this particular quarter, we don't have any one-offs. These are purely the business results which we created...

Amit Kumar: You are talking about the base quarter?

Pritam Vartak: So, in the previous quarter, we had exceptional other income. You could see the other income from the previous quarter was INR3.63 crores against INR1.43 crores. So, in that, we had INR2 crores of one-offs on account of reversal of old provisions. In this quarter, these results are purely business and we don't have any one-offs in this quarter.

Amit Kumar: I am sorry. I missed this. Reversal of what exactly?

Pritam Vartak: We had certain reversal of previous year's provisions which were no longer required and the same was part of other income reported Last quarter.

Amit Kumar: Understood. That's it my end. Thank you.

Moderator: Thank you so much. The next question is from Shaukat Ali. Please go ahead, sir.

Shaukat Ali: I wanted to understand the growth pattern. After showing growth of around 2%, 3% over last couple of months, June we saw significant pickup. So, almost 20% growth in the cargo volume. How do you see going forward July and August panning out, sir? And are we going to see some kind of meaningful recovery in the volume, let's say the way we had been growing last year, let's say 8%, 9% more than 12%, 15% that we are targeting? Is it possible that we can achieve next quarter this kind of volume, 15% growth kind of volume?

Suresh Kumar: Yes. Let me take this. So, with regard to Q1 volumes, yes, June was an extremely strong month in which our volumes, as indicated by you, were one of the highest. And I'm happy to share with you now as we talk on August 2nd, August 3rd, the volumes in July continue to be almost at the same levels as of June.

The reason for this is in June and July, there's been a lot of disruption in the international shipping operations, which has caused some amount of bunching of vessels. There were in the previous month, which is May toward the end of May, there were some blank sailings. Some of them have spilled over into June. We got the benefit of that.

Freight rates having gone up, starting to stabilize, that's another thing which is starting to help us with regard to volumes picking up. However, exports still continue to be muted and not at the pace in which we would like it to be. If that also starts picking up, like all the inputs which are there for exports, the manufacturing sector, the incentives which are there, and some of the bans

which are there on certain commodities, seasonal bans which are there when they get moved, I think exports should also start to pick up.

Therefore, for the coming months, we expect this buoyancy in volumes, at least for the next couple of months to continue. Beyond that, I think a little too early to talk about, given the geopolitical situations which are there. In summary, June volumes were strong. That kind of continued in July. We anticipate similar volumes in the short term in August and September. If there is increase in exports, that will further add to the momentum of volumes.

Shaukat Ali: Thank you. That's all from my side.

Moderator: Thank you, Mr. Ali. Ladies and gentlemen, as there are no further questions, I would now like to hand the conference over to Mr. Suresh Kumar for closing comments.

Suresh Kumar: Thank you for the questions and thank you for the participation to all of you who have logged in. I'm happy that we had a strong quarter and July volumes are also starting to look strong. July volumes are good and we expect the trend to continue. In terms of our growth drivers and strategic priorities, we continue to remain focused on the core business in which our aim is to be faster than the market, organic growth, capacity creation.

We have initiated steps to add capacity in the markets of Mundra and in the Chennai market. These are through acquisition of land parcel and through a partnership in Chennai. We will continue to evaluate opportunities for inorganic expansion in geographies where ATL is not present now, including ICD-GCT opportunities.

We will leverage DFCC and the monetization pipeline. We talked about Jhajjar and that is on course. Our operations excellence and the transformation activities that we have initiated over the past 6 months will continue. Digital enablement to deliver industry-leading CSAT. We have the salesforce CRM, which is now adopted across ATL.

And then the cost initiatives to strengthen profitability, which we have had over the last couple of quarters, will continue while we remain committed to the overall ESG goals of the Allcargo Group. So we look forward to the momentum continuing and would like to come back to you after a quarter to share strong results.

Moderator: Thank you. That concludes the conference call. Thank you for joining us and you may now disconnect your lines.