



June 06, 2024

**The General Manager,
Department of Corporate Services
National Stock Exchange of India Limited**
Exchange Plaza
Plot No. C/1, G Block, Bandra Kurla Complex,
Bandra, Mumbai – 400 051
Scrip Code: [SNOWMAN]

**The Manager,
Department of Corporate Services
BSE Limited**
Floor 25, PhirozeJeejeebhoy Towers, Dala
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Mumbai – 400 001
Scrip Code: 538635
Equity ISIN: INE734N01019

Sub: Transcript of Q4 FY 2023-24- Earnings Conference Call

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 May 31, 2024, wherein we had informed about the uploading of audio transcript of Q4 FY 2023-24 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, May 31, 2024 from 04:00 P.M. (IST) onwards.

The transcript of the Q4 FY 2023-24 Conference Call has also been uploaded on the website at:
<https://drive.google.com/file/d/1gLJWWD2QuIG5pM1KNfNMLI3kII9pcFwK/view?usp=sharing>

You are requested to take note of the same.

Thanking you,
Yours Faithfully

For Snowman Logistics Limited

**Sohan Singh Dhakad
Company Secretary & Compliance Officer
ACS No. 63562**



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“Gateway Distriparks Limited & Snowman Logistics Q4 FY‘24 Earnings Conference Call”

May 31, 2024

Disclaimer: E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchanges on 31st May 2024 will prevail.



MANAGEMENT: **MR. PREM 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. MANOJ SINGH – PRESIDENT-CFS – GATEWAY DISTRI PARKS LIMITED
MR. SIKANDER YADAV -- CHIEF FINANCIAL OFFICER – GATEWAY DISTRI PARKS LIMITED
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 Q4 FY '24 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 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. Sikander Yadav, CFO, Gateway Distriparks Limited; Mr. Rajguru Behgal, President, Rail, Gateway Distriparks Limited; Mr. Manoj Singh, President, CFS, Gateway Distriparks Limited; Mr. Sunil Nair, CEO and Director; Snowman Logistics Limited; Mr. N. Balakrishna, CFO, Snowman Logistics Limited.

I now hand the conference over to Mr. Prem Kishan Dass Gupta for the opening remarks. Thank you, and over to you, sir.

Prem Gupta: Thank you. Good afternoon, ladies and gentlemen. And thank you for joining us for our earnings call for Gateway Distriparks Limited and Snowman Logistics Limited for the quarter and year ended 31st March 2024. I hope that you have had the opportunity to review our financial statements and the investor presentation, which have been made available on the exchanges and on our website. We'll be happy to address any questions or queries that you have and any clarification on any particular issue will be addressed. With this, I hand over to the moderator for the Q&A session. Thank you.

Moderator: Our first question is from the line of Amit Dixit from ICICI Securities.

Amit Dixit: Couple of questions. The first one is on Red Sea issues. How do we see it shaping up in the next quarter and possibly the year and what was the impact on our business in Q4? That is the first question. And the second question is that if you can highlight the capex for next year and the broad areas where it would be done?

Samvid Gupta : As to the Red Sea impact was especially on the rail side. We saw great dip because the Red Sea crisis led to increase in freight rates and low-value commodities bookings went down. So primarily on account of waste paper and scrap, which we were doing allotted to Ludhiana and Kashipur. So we had an impact, and you can see that in the throughput of the rail numbers. CFS was more or less flat on account of Red Sea. It's still continuing a bit as we go into Q1, but still there is an uptick that we are seeing.

So primarily, the worst of it is passed. On the capex guidance, it remains the same as the past that we are still looking for 2 new terminals. Once those are time lines, we'll let you know, there's no update on that as such. And with general maintenance capex would be about INR20 crores for the next year.

- Moderator:** The next question is from the line of Mr. Achal Lohade from JM Financial.
- Achal Lohade:** I wanted to check on if you could spell out the market share what we had in fourth quarter as well as for the full year in the NCR and the Ludhiana market?
- Rajguru Behgal :** Yes. So at NCR, we maintained our market share of 16%. And in Ludhiana, we maintained a market of -- market share of 22% and at Uttarakhand, so our market share was 27% in Q4.
- Achal Lohade:** And if you could help me with the base number, this is for fourth quarter. How was it in fourth quarter FY '23?
- Rajguru Behgal :** So if we look at FY '23, so there is a growth of -- in NCR, if we talk about the 2 terminals, so we experienced a growth of 5.5% in Garhi and Piyala and if you talk about Ludhiana, so there was a dip in overall volumes due to, as Samvid mentioned, due to Red Sea crisis because there is a lot of import of scrap and waste paper coming. So there was a degrowth of minus 30%, but that was primarily on account of imports. At Kashipur, there was a dip of minus 19% over Q4, but if we see the overall Y-o-Y volumes, so we experienced a growth of around 8% in Kashipur volumes.
- Samvid Gupta :** Just to clarify, the NCR market share has stayed same between last year and this year. In Ludhiana, our market share went down from about 30% to 22% and this is primarily on account of 5th ICD coming in the region. But we're still tied for the market leader in Ludhiana.
- Moderator:** The line for the current question has dropped from the queue. So we'll move on to the next question. The next question is from the line of Krupashankar NJ from Avendus Spark.
- Krupashankar NJ:** My first question is on, could you share your EBITDA per TEU for the rail business and the CFS business?
- Samvid Gupta:** Yes. So our rail EBITDA is about INR9,800 to INR9,900 for the quarter. For the year, it comes to an average of just below INR9,500. For CFS, we got some one-offs in this last quarter so if we exclude that, it's about INR crores for the quarter and about slightly above INR1,500 for the full financial year.
- Krupashankar NJ:** Got it. So when we note relating to the Jaipur ICD, there are specific challenges which have emerged and audit qualification also has been put across. Just wondering what are we doing with respect to resolving or is there any significant delay which one can anticipate in the Jaipur facility. Can you throw some light on that, please?
- Samvid Gupta:** So we have announced this last quarter it was there in our notes. So it's the same matter going on with no fresh update as such. The file has moved from Jaipur to Delhi and it's in progress. It's a legal process that we have to go through, but we are confident of a favourable order. We had already announced last quarter that we'll only be operational in the next financial year in Jaipur. So that remains on track.

- Krupashankar NJ:** Okay. Last question from my side. On CFS business, you have seen a significant deterioration as such. Have things stabilized overall in the CFS business? Or are we seeing competitive intensity in the space, which can have a detrimental effect on the EBITDA per TEU?
- Samvid Gupta:** Manoj, are you on all? Okay. Yes.
- Manoj Singh:** Okay. I'm on call.
- Samvid Gupta:** And can you just give some light on the CFS numbers?
- Manoj Singh:** Yes. So on the CFS side, the competitive intensity remains and is expected to remain in the foreseeable future. The headwind as far as increasing top line remains because of the competitive intensity. So we are looking at cost, how we can control costs. And in the foreseeable future, it will remain.
- Krupashankar NJ:** Got it. So INR1,300 EBITDA per TEU should be the new normal what one should..
- Manoj Singh:** It was on account of some one-offs. So closer to INR1,500.
- Krupashankar NJ:** Okay. Understood. Understood. If I may -- if I may ask -- sorry go ahead please.
- Samvid Gupta:** Krishnapatnam CFS, we have a plan for de-notification as container volumes has stopped there. So there's a one-offs expected in the coming quarters for that as well. But like Manoj said INR1,500 is what we are targeting for the rest of the year.
- Krupashankar NJ:** Understood. If I may, one more question from my side. So on the real side of things, how do you envisage growth in FY '25-'26 on the rail business? I know you are scouting for new terminals, but from -- based on the existing operations, what sort of growth rate are you looking for?
- Samvid Gupta:** We're still looking at double-digit growth. So we have to see, but we have seen a volume uptick and expect that trend to continue going forward into next quarter, Q2 should be better than Q1 and even the pipeline ahead of that is also strong.
- Ishaan Gupta:** Just to add to that, some of the dips, which we are seeing right now are more because of geopolitical issues. And structurally, in this industry, we are very confident that there will be growth in manufacturing and in EXIM volumes. That's why we have this outlook.
- Krupashankar NJ:** Okay. Fair enough. So -- but are you not seeing any incremental volume growth because of road to rail shift given that even Varnama has been or till Vadodara, the DFC is operational. So JNPT-led volumes, perhaps you can take it -- bring it on a double stack from Garhi to Viramgam and then JNPT can be created. Are you seeing any incremental volume growth coming in because of this?
- Prem Gupta:** We are already doing that from Garhi to Viramgam and then Nhava Sheva, but unless the entire section is double stack on the entire line up to the new Bombay or wherever it ends, then that benefit will not be available in full JNPT, Mundra and Pipavav are already double stack 100%, 100% in the sense, the capacity is there. Volume of our Gateway rail business -... the double

stack depends on the volumes. So I think it's all linked to when the DFC is 100%, I think that connected to – on the end to end network.

- Moderator:** The next question is from the line of Nihal Shah from Prudent Broking.
- Nihal Shah:** My first question is in the terms of realization. So have you seen an uptick in realization of the train throughput because our volumes have gone down by 7.5%, but the revenue has stayed flattish. And if yes, then what are our expectations for the rail charges will going forward?
- Samvid Gupta:** Yes. So it's increased year-on-year basically because of the busy season surcharge. But if you more look at -- we focus more on EBITDA per TEU, the revenue per TEU is more a function of what railways charges then we add our margin on top of that . Other than that, we've not had any divisions to our handling or road transport. So that trend will continue. But EBITDA per TEU has more sections get double stacked, especially Faridabad, which should happen railways is constantly doing work on that, that will help push our margins.
- Prem Gupta:** Sir, 1 thing I would mention here is that going forward, the revenue and expenses will be accounted differently as per the auditors. So the revenue net of discounts or incentives will be due to that revenue, there will be no separate column for other expenses or discounts and incentives. So even though the growth might be there, the numbers at the revenue level might look muted, but it will have no impact on the EBITDA or any P&L amount.
- Samvid Gupta:** Yes. This is primarily on the CFS side, there will be a change in accounting standard from next quarter.
- Nihal Shah:** Okay. And another question was that what are the volume growth that we're expanding for the ICDs as we are only going at around 60% of capacity? So -- and what was the number of TEUs that we handled in this year, FY '24?
- Samvid Gupta:** So we handled all India basis rail 3.68 lakh TEUs. On the CFS side, it was 3.62 lakhs TEUs, so 7.3 lakhs overall. So we have enough capacity, especially on the ICD side, we can grow 4x of our volume as and when we hit 70%, 80% utilization, we just have to expand the container yard, which is a very nominal incremental cost, and we keep doing that year-on-year. So capacity won't be a constraint at any of our ICD locations.
- Nihal Shah:** Okay. And just one last question, like what is the total number of TEUs on an average that we carry per trains like we're are on 90 TEUs per train that can be handled? And like, obviously, by double stacking can get it to 184. But that will also get an idea of how much double stacking is possible -- is happening right now?
- Samvid Gupta:** Last quarter, we handled about 950 per train per month. But in the past, we have hit 1,100 as well. So -- but we've also increased the rail capacity by 3 more trains now and instead of 180, we can carry 192 TEUs on a fully double stack basis. So our capacity also on the rail side has gone up and we won't see any constraints there. So as and when the volumes import, export pickup, we'll be more than capable to handle it.

- Prem Gupta :** And in the last quarter, the double stacking dipped by around 5%. So even though the -- yes, from 40% to 35%. So it is the main reason for the profitability of the revenue going down. So whenever the volumes pick up, our double stacking will go up, and it is also pertinent to mention that Faridabad terminal will be double stacked soon. Some works by the railways going on, and we expect that to happen in the next 3- 4 months.
- Nihal Shah:** So like from the current levels of 35, how much do we expect it to go up to a double stacking in FY '25 or FY '26?
- Samvid Gupta:** Yes. So once it also goes way to JNPT and Faridabad also add we want to go closer to 45% to 50%, which in the past we've done about 43% and 44% are the highest. So we are more than capable of doing that, but it all depends on the volume mix and overall import export imbalance.
- Moderator:** The next question is from the line of Mr. Achal Lohade from JM Financial.
- Achal Lohade:** Sorry, I got disconnected. Could you please repeat if in terms of the market share, I understood for the fourth quarter, you had mentioned about the market share if you could talk about the full year market share, please?
- Samvid Gupta:** Basically, NCR, we are still at 16% to 17%. So year-on-year, that's not changed that much. Our overall volumes have gone up, but even NCR market has gone up. In Ludhiana with the 5th ICD that came in, our market share went down, but we're still tied for the lead over there and Uttarakhand there, we've increased it nominally year-on-year our market share primarily because Q4 was weak in waste paper and both and if that was there, then our growth in market share would have also been much higher for that region.
- Achal Lohade:** Understood. Secondly, with respect to the Faridabad connection on DFC, how do it change for us in terms of the offering, in terms of the pricing, et cetera? If you could give some more clarity?
- Samvid Gupta:** Yes. So we can then do double stack directly from Faridabad rather than right now we are doing it via Garhi. So we'll be in a position to offer more discounts to customers, especially which are slightly further away from our catchment areas then those become a bit more viable to us. So that's the main advantage that we have.
- Achal Lohade:** Is it possible to get some utilization numbers for our ICDs -- for each of the ICD?
- Samvid Gupta:** One of them, like Garhi would be closer -- Garhi and Ludhiana will be closer to 70%. Faridabad, Kashipur, Viramgam, we have enough capacity right now, will be probably closer to about 50%. But we have more than enough land bank at all these locations to handle enough capacity up to 4x the current volume we're doing.
- Achal Lohade:** Understood. And just 1 more question, if I may. How do we look at the margins for both -- I mean, CFS you have mentioned. But what about the ICD business, rail business, what kind of margins one would look at for FY '25?

- Samvid Gupta:** So we attended 9,500 for this financial year. So I think that is a good range, it will fluctuate a little bit up and down depending on quarter imbalance and volume mix, but this is a good range to be here.
- Achal Lohade:** Understood. And if you could remind us, with respect to the Ludhiana terminal, the last we spoke a fair amount of competition and discounting. Has that seen some reduction or it's as in trends or it's getting worse?
- Samvid Gupta:** It continues. So it's the same trend as last few quarters.
- Achal Lohade:** Understood. And just a port mix, if you could, in terms of Mundra, Pipavav and JNPT? How much of the volume goes to Mundra, how much goes to Pipavav and how much to JNPT?
- Rajguru Behgal Sunil Nair:** So Mundra 60%, Pipavav 35%, and JNPT 5% to 7%.
- Moderator:** The next question is from the line of Bhoomika Nair from DAM Capital.
- Bhoomika Nair:** Yes. Sir, we were looking at kind of monetizing some of these CFS land, any kind of progress on that aspect of any -- of any of the land being kind of monetized?
- Samvid Gupta:** Yes. So we just finalized it at yesterday's Board meeting. Basically in some land of Krishnapatnam, we're monetizing. So there will be about INR20 crores inflow coming in from there. We are looking at some other monetization also, especially Krishnapatnam and Cochin land also that we've talked about in the past. So we are in discussion with some parties, and we'll keep you updated as more happen.
- And that INR20 crores land, basically, it was 1 lakh square feet warehouse and Snowman Logistics will be taking and converting it into cold storage. So it works out to more companies where Krishnapatnam is a high-demand location for seafoods and they get a readymade warehouse which will take long to convert and invest their revenues and margins and for Gateway general warehousing anyway and excess activity over there. So it's beneficial for both companies.
- Bhoomika Nair:** Okay. Okay. So this INR20 crores that are you telling is external or just Snowman, I didn't quite get that.
- Samvid Gupta:** INR20 crores of basically 7 acres plus some warehousing. But actually, there was additional also through the year, 2 more acres. So that was also part of it. So GDL will be left about 34- 35 acres in Krishnapatnam and originally, it has started, it was at about 48 - 49 acres.
- Bhoomika Nair:** Okay. Okay. Got it. Secondly, with this Jaipur terminal getting a little delayed in terms of getting all the approvals and thereby starting work on it. What is the progress in terms of other terminal that you were looking at? Are we kind of fast tracking that? Are we likely to see another terminal being identified and getting operational anytime soon? If you can just talk a little bit about that from a more medium to long-term perspective?
- Prem Gupta:** Yes. Bhoomika regarding Jaipur, we are going with some alternate plans, whether the road building CFS, which is the CRT just across the land that we have, where the land where we do

not have issues. I'm talking about that piece of land. And alternatively, we are working a plan if we can buy some more land and rail line if possible that ICD can be done straightaway rather than in CFS.

So it is delayed, but we had anticipated that because of this litigation going on the Jaipur land, part of it. So it will be operational in FY '26, and we will be taking a call very soon on whether to go for CFS or the straightway buy some more land and go for the ICD.

Samvid Gupta: Regarding others, we're still actively looking, but nothing finalized yet. Land acquisition is a bit of a challenge and so we are actively looking, hopefully, we can update you in the next quarter or two quarters.

Bhoomika Nair: Sure. Understood. So nothing basically in advance stages or anything that we're looking at. So per se, at least in FY '25, there will be no additional ICD, which will likely come up?

Prem Gupta: The ICD might not come up, but we might buy some land. We have at various opportunities for standing in UP or other side of the NCR in Haryana. The only problem is that the land parcels and the logistics policy, which have come in some phase, what is being changed and we hope that some (inaudible) like 60 feet wide road and all that and any of the minimum width, and earlier it was 50 acres in Haryana and now it is 25 acres. And during this election period, nothing much was happening on that front. So we expect that, within this year, we will buy the land. But of course, it takes a while to make it operational over the last two years from the date acquisition of land.

Bhoomika Nair: Right. Right. The other thing was, obviously, the imbalance kind of hurted our rail EBITDA per TEU this quarter. How are things kind of looking ahead into 1Q and also the outlook that you're seeing from various shipping lines in terms of an improvement? And what was the double stacking index for the full year of FY '24?

Samvid Gupta: So imbalance for the full year was 43% with an export, 57% import. Double-stacking, we went down from 40% to 35%, with the first 3 quarters we're on about 40%. So it's anywhere around 38% - 39% for the full year on double stacking. Going forward, we don't really have a clear trend shipping lines also are committing to what the mix will be like, but maybe a slight improvement will happen more in favour, exports.

Bhoomika Nair: Okay. Okay. So I mean, no material improvement into 1Q, then we need to look out for beyond that, right?

Samvid Gupta: So in Q1, probably we expect double stacking to be better than Q4. Even though imbalance, maybe not what it was earlier, 60:40, it will be slightly better than that.

Moderator: The next question is from the line of Rithik Varidiya from Artha India.

Rithik Varidiya: So I have a couple of questions regarding Snowman Logistics. So my first question is what are the operating margins for owned versus a build-to-suit warehouses?

Prem Gupta: Can you please repeat your question?

- Rithik Varidiya:** Yes. My question is what are the operating margins for owned versus build-to-suit warehouses?
- Sunil Nair:** I'll take this question. See, In case of owned warehouse, I'll talk about EBITDA we are somewhere around 55% EBITDA if the land is owned and if the land is leased, then it is around 35% - 36% EBITDA. When we do a DTS kind of operations where the land as well as the infrastructure is completely owned by the landlord and we rent out the complete warehouse, then the EBITDA is somewhere around 14% - 15%.
- Rithik Varidiya:** 14% - 15%, understood. And my next question is, what is the rent as a percentage of revenue for build-to-suit warehouses? And also, is the rent only cost difference between the 2 warehouses models?
- Sunil Nair:** Percentage, I will have to check on that. I don't have handy. But in case of the difference, yes, the rent is the main difference in the whole thing.
- Rithik Varidiya:** Understood. My next question is, what is the reason behind the drop in the margin in transportation services from approx 7.32% in FY '23 to 3.15% in FY '24. Also, could you please elaborate on the subdued growth of 5.8% growth in this segment for the year?
- Sunil Nair:** In case of transportation, our EBITDA margins have gone up as compared to last year.
- Rithik Varidiya:** Revenue growth, I'm talking about revenue growth.
- Sunil Nair:** Revenue has gone up by 6% in transportation.
- Rithik Varidiya:** What is the reason behind the subdued growth of 5.8% in the transportation segment for the year?
- Sunil Nair:** Yes. So it is basically because some of the trucks that we had attached on the SnowLink business model, they had the -- it was from one of the large operators in the country who have decided to wind up their business. So those many trucks were out of the circulation of usage by us. So it took time for us to replace them, which is done now. So that has affected our overall revenue from a market vehicle point of view.
- Rithik Varidiya:** Can you just give me margins for transportation services for this year and FY '23?
- Sunil Nair:** Sorry, your voice is not very clear to me.
- Rithik Varidiya:** Am I audible?
- Sunil Nair:** You are audible, but not very clear. You're saying margin.
- Rithik Varidiya:** Margins in transportation services for FY '23 and FY '24?
- Sunil Nair:** So we look at the EBITDA margin, and our EBITDA margin in case of FY '23 was 7.1% and in FY '24, it is 8.5%.

- Rithik Varidiya:** And my one more question is regarding Snowman order management system. I want to know how does it work? And is it a value-added service like SnowLink or it is an internal software used by Snowman to increase operation efficiency.
- Sunil Nair:** So it is both. So it increases a lot of efficiency for us because today most of the orders comes to us over email and we make the data entry in our ERP system. With this SoMS, the app is with the customer and customer can directly enter order. In that case, we can save on the people spend that we do for data entry operations. So this will bring in a lot of efficiency for us. At the same time, the app is made in such a way that the customer will have a visibility of our fill rate and their order status, which today is a communication through mail or phone calls. So the customer also gets benefited. Over a period of time, we expect that the cost of this whole system is compensated or paid by the customer in terms of subscriptions.
- Rithik Varidiya:** Understood. And my last question is when can we expect the Kolkata and Lucknow warehouse to commission?
- Sunil Nair:** Lucknow will be up and ready for use in July, and Kolkata will be in September.
- Moderator:** The next question is from the line of Aditya Mongia from Kotak Securities.
- Aditya Mongia:** First, that was linked to one of your peers suggesting that Tughlakabad which used to be Gati Shakti terminal. I wanted to get a sense from you whether that presents to us as an opportunity to be using that terminal and whether we'd be interested in doing so?
- Samvid Gupta:** So your voice was breaking a bit, but are you basically asking our TKD becoming a Gati Shakti [inaudible 34:49] terminal?
- Aditya Mongia:** That is true. And whether that presents an opportunity for other players to...
- Samvid Gupta:** Yes. So basically on the rail side on the Gati Shakti Terminal it becomes a common user terminal if we swap into the new policy of the lower land licensing fee. The handling side remains with the terminal owner or operator. So we have to wait and watch to see what actually happens, then we can only comment on it.
- Aditya Mongia:** Understood. The second question that I had was more on your double stacking co-efficient, which has been declining over time. So could you give us a sense whether this is because of things outside the control or can we do something to get backup plan?
- Samvid Gupta:** So it was pretty stable between, say, 40% - 42% this quarter that is declined as much mainly on account of the Red Sea crisis that happened. There was a irregularity of volume. We had to run some empty trains, one directional trains. So there was higher underpinned cost resulting into lower double stacking. Like for example, suddenly, there was a discharge of a few thousand containers at Mundra port. So we had to run some trains there to airport grounded. So it was a bit of a commercial call as well, but we expect it to go back to the standard 40% within the next 2 quarters.

- Aditya Mongia:** Understood. Sir, this should have a bearing on EBITDA per TEU, right? We still saw through flattish guidance for next year. With this double stacking co-efficient also increase, would it not have an impact on our profitability?
- Samvid Gupta:** So we would expect that to be higher. It could have possibly gone about 10,000 per TEU in this quarter, but we do expect some discounting to increase going forward as competition picks up, especially in Ludhiana and Kashipur. So we're factoring that in and keeping it conservative at 9,500 plus the annual increments and costs also, manpower, labour, other vendors also were factoring in saying 9,500.
- Aditya Mongia:** Sir, the other question that I had was more on the model coefficient of key ports and then not having changed even though DSP has been commissioned. I'm talking Mundra and Pipavav. Is this aligned with your expectations so far and what more needs to happen for those co-efficients to start rising over time?
- Samvid Gupta:** Sorry, voice again was a bit unclear. There was more shift from road to rail, you're saying?
- Moderator:** Sorry to interrupt. Aditya sir, if you're using the speaker mode, maybe request to use the handset to ask a question, please.
- Aditya Mongia:** I'm on the handset side, is it any better right now or having the same problem...
- Moderator:** No problem, sir. Please go ahead.
- Aditya Mongia:** I think you got the question right. This was -- so the model co-efficient of Pipavav and Mundra has not changed meaningfully for the last 5 years, while the DFC has been commissioned in the past 2 years or so. I wanted to get a sense whether this was on expected lines the way it has moved so far because we are needing to be exposed to these 4 terminals? And what needs to change for these numbers to start kind of going up?
- Samvid Gupta:** Yes. So basically, since the start of 2020, they started transform of Pipavav on DFC and it has been the intent. So there was a big shift at that time, especially during both the lockdowns that happened and dependency on rail increase. But since then has been slow gradual shift, primarily by the markets we operate are long distance and it is kind of already on rail. Some of it which is time sensitive cargo, refrigerated cargo, LCL cargo that still goes by road and continues to do so because a lot of it goes to JNPT.
- Once JNPT goes through double stack and becomes connected to DFC and double stack also will naturally come as part of that. We expect some road to rail shift from that area to happen. But for Mundra and Pipavav, its currently happened already.
- Aditya Mongia:** Okay. Now maybe just your view on some last question. DFC has ended up creating what more capacity out of the same capacity, while getting through low-period volume growth in some way has it been detrimental from a margin perspective so far, at least -- because obviously, you run sales faster which obviously means that a lot more capacity is now available and the pricing starts to end up in a...

- Samvid Gupta:** Yes. I'm sorry. I'm not able to understand your voices coming right.
- Aditya Mongia:** I'm sorry, I'll try once more, if it's the same problem, I'll probably get back into the queue. Am I audible to you right now?
- Moderator:** Sir, please go ahead, yes.
- Aditya Mongia:** What I am trying to say is that DFC having a margin diluting effect by kind of creating a lot more supply because things happen faster, okay? And while not giving you for the volumes to use that supply, which actually has now. Has it had a detrimental effect kind so far because we can't see couple second co-efficient having gone up and can't see model co-efficient going up, but obviously, we can see faster transit...
- Samvid Gupta:** Sorry, we're only catching like a few words here that's coming up, maybe let's connect offline and we can kind of just..
- Moderator:** Our next question is from the line of Pranay Khandelwal from Alpha Invesco.
- Pranay Khandelwal:** I wanted to congratulate Snowman on being the 14th largest cold chain company in the world. And I wanted to ask a question on the revenue share from the different segments. For the past 3 - 4 years, you see that QSR and daily revenues have increased, but meat and poultry segment is not doing well. Can you comment on that?
- Sunil Nair:** So yes, sorry I was on a mute. So yes, dairy or ice-cream has been - the industry itself has been growing good 20% plus CAGR last 3 years. So their contribution has improved. And in terms of the meat, most of the meat exports have moved into a rail logistics operations. And strategically also, we are putting less focus on meat as a segment. So that is the main reason. Only in selected locations we have meat storage now, and we are trying to replace at one other better yield segments. That's the main reason.
- Pranay Khandelwal:** Okay. But seafood must be a high-yielding segment, right? And being on the port, I believe a lot of our capacities are near ports. So even there we're not seeing much traction?
- Sunil Nair:** No. So if we have not added much facility in the coastal areas in the recent past, and most of those facilities are fully utilized. So the growth is fragmented as of now. There new plans that we have in terms of building one in Krishnapatnam and one in Bhubaneswar, the contribution will start increasing. It's only because of capacity that we don't have. Seafood is (inaudible).
- Pranay Khandelwal:** I believe Krishnapatnam and Bhubaneswar have yet been started, right, like currently on the pipeline is Kolkata and Lucknow. What's the colour on that and when shall we expect them to come on, since I think the guidance for the FY '25 is that we'll have 2 lakhs pellet capacity. So...
- Sunil Nair:** So, Lucknow is under construction and will be functional in July. Kolkata will be functional in September. In case of Krishnapatnam and Bhubaneswar, we already have one facility in each location and therefore we are doing some further expansion in the two levels.
- Pranay Khandelwal:** Okay. And will that be completed within this year?

- Sunil Nair:** Krishnapatnam, yes. Bhubaneswar, no, it will go into FY '26.
- Pranay Khandelwal:** Okay. Also, can you give an outlook from the ICL business, how are things moving over there since it looks like the revenue has been muted and the growth in revenue. Anything on that? Any new customers, anything? Any new developments?
- Sunil Nair:** No, if you see last year, we did INR83 crores of business, whereas this year, which is INR141 crores. So it is not muted, maybe last quarter versus this quarter, it could be a little.
- Pranay Khandelwal:** Quarter-over-quarter.
- Sunil Nair:** Okay. So this is a very promising asset for us. We're expecting major growth in our long-term vision coming out of those segments. So it is promising just quarter its' too shorter period for this particular vertical should show growth numbers.
- Pranay Khandelwal:** Okay. And no new customer as of now, right?
- Sunil Nair:** There is a customer, as I told you last time, and there are more additions of products. So it's not typically customer addition, it is usually addition of products that results in the higher revaluations for the...
- Pranay Khandelwal:** Okay. And can you also quickly comment on the deferred tax results what has happened over here?
- Sunil Nair:** Samvid, you would like to comment?
- Samvid Gupta:** Yes. So you were asking of the effective tax rates for last year...
- Pranay Khandelwal:** No, no. For Snowman for the last quarter, we have seen that there's an increase of the deferred tax.
- Samvid Gupta:** Yes, yes. So this was basically you know the recommendation of our statutory auditors that we neither one-time reversal of
- Prem Gupta:** We assessed and I mean this was onetime reversal for the 8 years of 3580, where there is the difference of opinion between the tax authorities and the company. So as a amendment precaution we have taken that it is not like a cash outflow. It is just a decrease in the deferred tax -- deferred tax asset.
- Moderator:** The next question is from the line of Jainam Shah Equirus Securities Private Limited.
- Jainam Shah:** Yes. Am I audible?
- Moderator:** Yes, sir. Please go ahead.
- Jainam Shah:** Sir, this question relates to the Gateway Distriparks So we just wanted to have the number from your side, what could be the market share for us at the JNPT port. You given the number of our volume share in that JNPT, but what could be the market share of ours at JNPT in total volumes?

- Samvid Gupta:** We don't give data on port wise, but it will be very negligible since we only 5% of our business is for JNPT and JNPT caters more to UP, MP, Karnataka, South and Central India part basically where we don't operate.
- Jainam Shah:** Okay. So sir, basically, if we see after let's assume after working on JNPT, is connected to the DFC our share is very nominal and our total volume share is at 5% to 7% that has been for the last few years. So what kind of benefit will be having in the total volumes? Can you assume that whatever could be the DFC benefit is already flowed in for us? And maybe some gradual increase could be there but nothing kind of V shape or direct recovery could be there just because of JNPT getting connected.
- Samvid Gupta:** Yes. Sorry your voice was echoing but I think I also got the gist of the question. Basically, right now, it's a low percentage that post DFC connection, we could possibly see a shift in the port allocation by the shipping line. So JNPT volumes could possibly go up. Historically, JNPT, Mundra, Pipavav used to be equally spaced for the North business, then because of distance and time, they shifted more towards Mundra and Pipavav. Northern shipping lines, anyway common JNPT so they would prefer one for both North and the local volumes. So we'll have to wait and watch how it happens, whereas one thing that we have a pan-India license and not all CTUs have a pan-India license. So we would be gaining more of the JNPT volumes meant for the North compared to the other CTUs that are there right now. Plus adding in with a hubbing at Viramgam, we can have an advantage in terms of imbalance routing and hub and spoke from distribution across different terminals from there itself.
- Jainam Shah:** Okay. Okay. Got it. Got it. Sir, other question is related to the ICD addition that we have been talking about. So I guess we have been talking about this since last 1 year. So is it because are we not seeing that much volume that our internal rate of return or maybe land value might not be coming in because of that we are delaying the acquisition or we are not able to finalize the location. So any specific reason for the maybe delay or maybe some time that has been taken to add the ICD since last 1 year as we are having the cash balance and we are already generating the cash to deploy it somewhere in the business.
- Samvid Gupta:** Yes. No, it's more an availability issue. We have to then order constraints and finding the right location for entity. You have to be near a railway station, ideally within a 1 kilometer. We have to have good road access, you have to be near the business hub normally a y manufacturing hub or you need 1 kilometer length along the railway station to allow you to get the rail siding inside and then all of this in contiguous speeds at a good rate. So with all those factors narrows down the available options by quite a bit. So we are actively pursuing this, and you should probably see something happen within this financial year. But it is a work in progress.
- Jainam Shah:** Got it. Got it. And sir just last final question from the financial side, this depicts that we are having benefit of this in the Gateway. So till what time will be having this tax at benefit. Of course, we are paying in cash, but on the reported basis, at what time -- by what time this benefit will be going out? It was somewhere around FY'27 or something.
- Sikander Yadav:** So currently, we have been paying our taxes at the MAT, which is 17.47% because of ATI benefits. There are 2 more locations where we have pending ATI benefit, which will continue

for one location up to FY '27 and another location in FY '28. So after that, we'll have the benefit. So maybe if the company's profit goes the way we are going and if there is a growth, then definitely, this benefit will get reversed or the deferred tax adjustment will happen in the next.

Samvid Gupta:

I mean, basically, we'll be using the MAT credit that we generate in FY '27 and '28 by FY '32 is our projection.

So till then effectively, we are paying back against the MAT credit. Right now, our effective tax rate is about 2%. Next year, one location is going away, so it might go up to 5% - 6%. And then '27 is when the full tax rate, then we'll start becoming, but we'll use the MAT credit for 4 years after that.

Moderator:

The next question is from the line of Koundinya Nimmagadda from Jefferies.

Koundinya Nimmagadda:

Couple of questions. First one, I mean you have to incline, but it's unclear when you spoke of the venue of the call. So just trying understand, what is the current situation on the Red Sea crisis? I mean have the volumes bottomed out in your view in 1Q? Or do you see the issue sustaining for a couple of more quarters? If you can help us understand that a bit better, please?

Rajguru Behgal:

Yes. So what I is that orders have started growing well, but down there is a problem with the port congestion because a lot of the vessels, they have taken some longer route via Cape of Good Hope. So their location has affected and some of the hub ports like Singapore and all. So there is a port congestion also which has happened. So though the cargo bookings are there, we have seen some minor uptick, but again, it is too early to predict or say that everything will be back to normal, we need to wait and watch maybe another 1 or 2 months till the volumes start coming in.

So if you see the containers are there from the origin to the destination ports, but again it is taking longer time. So the drivers are getting impacted. But there have been spots where in one week used to very good arrival than the port. And again, the next week again there is a run. Again, there is right. So there is no consistency as of now. So we have to wait and watch.

Koundinya Nimmagadda:

Understood, sir. And sir, my second question is on the potential benefit if JNPT gets connected. I mean to answer to one of the previous questions, you said due to the fact that shipping lines may shift some of the volumes to JNPT. That's fine. But if I were to measure our performance from ICDs in hinterland, 80% of those volumes are already catered, I mean they are already double stacking their volumes, right? So maybe you may have some benefits on ton kilometer basis. But on a sustainable basis, where do you see potential benefit with them? I mean how do you see market share gain or some kind of some of benefit from the JNPT connected. If you can help me understand it a bit better, please?

Samvid Gupta :

Yes. I think 12 to 15 container train operators only about 4 - 5 have the JNPT license. So we are one of them, that's why we should see an increase in market share in volumes move towards the JNPT side. It will be more a pricing benefit costing benefits with double stacking coming in and turnaround time also improving right now, it takes us to anywhere up to 72 to 90 hours for JNPT that has come down to 24 hours. So we'll be able to utilize our fleet better. So that is other operational advantage. And then a lot of cargo, like we mentioned earlier, which is time

sensitive, consolidation cargo and LCL cargo, refrigerated cargo that we can start targeting once JNPT leg is complete. Those are the main benefits that we see.

Moderator: The next question is from the line of Sai Siddhardha Pasupuleti from Kotak Securities.

Sai Siddhardha Pasupuleti: So I just wanted to follow up on the question of my colleague, Aditya. So basically, has DFC been margin dilutive on our operations, given that it has increased supply in the country, while not giving much volumes due to any model changes not happening? Or has it not improved the double stack co-efficient for us on the same lines?

Samvid Gupta: This rate has increased our margin actually because we've increased the double stacking, like earlier there were certain routes where we couldn't double stack say Viramgam to Mundra was not one of them, but now we can help all our volumes from North to Viramgam to Mundra and get the double stack started. Similarly, Faridabad, getting double stack will also added improvement in margin. It also has slowed the cost of logistics for the end consumer. So we do pass on some benefits of the DFC. But we don't have special pricing for DFC or double stacking versus non-double stack routes. So we try to retain most of the cost advantage that for this.

Sai Siddhardha Pasupuleti: On the volume trends, how has the effect been, sir?

Samvid Gupta: So volume, like we said, we saw a big shift of road to rail when it initially started, but after that it has been more gradual. But DFC is more of an operational benefit thing rather than revenue benefit event for us. Despite DFC being transit apart from road to rail shift, there won't be any other incremental volume coming because of it...

Ishaan Gupta: What happened with DFC is that our transit time improved like you said, it boosts our supply side. So the same volume to handle which we handling right now, we would have needed more trains if DFC wasn't there. And we are able to maintain our cost, we are able to use our network, hub and spoke. So with that, we are able to be more competitive in the market and attract volumes. That's how we can get volumes using the DFC.

Moderator: Ladies and gentlemen, that was the last question for today. Participants missed out due to time constraints, they can reach out to the management and SGA for Gateway Distriparks or Churchgate Partners, for Snowman Logistics. With that, we conclude this conference. Thank you for joining us. You may now disconnect your lines.