December 02, 2024

To, **BSE Limited** Corporate Relationship Department P.J Towers, Dalal Street, Fort, Mumbai- 400001 Scrip Code: 531921	To, **National Stock Exchange of India Limited** Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai 400051 SYMBOL: AGARIND; Series: EQ

Dear Sirs,

Sub.: Transcript of Q2 FY 2024-2025 Earnings Call Pursuant to Regulation 30 and 46 read with Clause 15 of Para A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Please find enclosed Transcript of the investor conference held on 27th November 2024, with regards to the Unaudited Financial Results of the Company for the Quarter and Half Year ended 30th September, 2024.

We confirm that we have uploaded transcript of the Q2 FY 2024-2025 Earnings Call held on Wednesday, November 27, 2024 on our website viz: www.aicltd.in.

The above is for your kind information and records.

Kindly take the same on your record.

Thanking you,

For Agarwal Industrial Corporation Limited

Dipali Pitale
Company Secretary & Compliance Officer

Agarwal Industrial Corp. Ltd.
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"Agarwal Industrial Corporation Limited Q2 & H1 FY25 Earnings Conference Call"

November 27, 2024

MANAGEMENT:	**MR. VIPIN AGARWAL – CHIEF FINANCIAL OFFICER, AGARWAL INDUSTRIAL CORPORATION LIMITED**
MODERATOR:	**MS. ASTHA JAIN – SENIOR RESEARCH ANALYST, HEM SECURITIES LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to the Agarwal Industrial Corporation Limited Q2 & H1 FY25 Earnings Conference Call hosted by HEM Securities Limited.

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 this conference call, please signal an operator by pressing "*" then "0" on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Astha Jain – Senior Research Analyst from HEM Securities Limited. Thank you, and over to you, ma'am.

Astha Jain: Thank you, Neha. A very good evening, ladies and gentlemen. Thank you for joining the Agarwal Industrial Corporation Limited Q2 & H1 FY25 Earnings Conference Call.

Joining us on the call today from the Management Team is Mr. Vipin Agarwal – Chief Financial Officer.

We will commence the call with the opening thoughts from the management, post which we will open the forum for Q&A session, where the Management will be glad to respond to any queries that you may have.

Before we go on to the main call, I would like to read the standard disclaimer:

There may be forward-looking statement about the Company and the subsidiary, which are based on the belief, opinion, and expectation of Company's management, as on the date of this call. The Company does not assume any obligation to update their forward-looking statement if those beliefs, opinions, expectations or other circumstances should change. These statements are not guarantees of future performance and involve risks and uncertainties that are difficult to predict. Consequently, listeners should not place any undue reliance on such forward-looking statements.

With this, I will hand over the call to Mr. Vipin Agarwal – Chief Financial Officer, to take it forward. Over to you, sir.

Vipin Agarwal: Good afternoon everyone. It is a pleasure to welcome all of you to the Q2 & H1 FY25 Earning Conference Call of Agarwal Industrial Corporation Limited. I thank you for taking the time to join us today as we discuss our Company's "Performance, Key Milestones and Strategic Directions, Overview of the Business".

Agarwal Industrial Corporation Limited functions as an integral part of the Indian transport and logistics sector, primarily serving the infrastructure industry. Our core operations include

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manufacturing and trading bitumen and allied products, logistics, solutions for bulk bitumen and LPG and power generation through windmills. With over 650 specialized tankers and a fleet of 10 large bitumen vessels, we are proud to be India's largest private sector plant bitumen logistics. Bitumen consumption in India is poised for exponential growth given the country's vast road network of approximately 64 lakh kilometers, the second largest in the world. With ambitious projects such as the Bharatmala Pariyojna and increased government focus on infrastructure development, the demand for bitumen and the light materials continue to surge.

Financial "Performance of the Highlights" for the Company:

Let me now provide an overview of our "Financial Performance" for H1 FY25 compared to H1 FY24:

The revenue reached at Rs. 1,033.38 crores, up by 20.07% from Rs. 860.67 crores. EBITDA amounting to Rs. 98.72 crores reflecting a robust year-over-year growth of 39.43%.

Net income stood at Rs. 57.45 crores making a 31.79% increase. EPS recorded at 38.40, up by 31.78%. Cash flows from operation significantly improved by 321.86% reaching Rs. 67.54 crores. For Q2 FY25, we delivered a strong performance. Revenue increased by 40.42% to Rs. 325.66 crores. EBITDA rose by 29.04% to Rs. 37.01 crores. Other income registered a growth of 15.18% reaching to Rs. 18.44 crores. These numbers are a testament of our focused execution, operational efficiency and ability to meet growing market demands.

Our "Operational Milestones":

In Q2 FY25, we sold 65,338.77 metric tons of bitumen, a significant 47.27% increase over the same period last year. Additionally, our ancillary infra segment, which represents over 75% of our business, demonstrated steady revenue growth of 15.23% in H1 FY25. One of the highlights of this period is our strategic investment in a storage terminal at New Mangalore Port Trust with a capacity of 40,000 metric tons. This 40-crore project will significantly strengthen our supply chain and expand our presence in southern India. This new terminal complements our existing network of Dighi, Vadodara, Mumbai, enhancing our distribution backbone.

Looking ahead, the market opportunity for bitumen is immense. With increased infrastructure spending by the government amounting to Rs. 2.78 lakh crores allocated in the FY25 Union budget, and a projected 20%-30% market share in the bulk bitumen private sector, we are well positioned for sustainable growth. Our guidance for FY25 includes revenue and volume growth target over 20% year-on-year earnings growth by a CAGR of 20% in EPS, ROCE and ROI maintaining at a healthy 20% range. The Indian bitumen market is projected to reach US $6.8 billion by 2032, supported by initiative and increasing imports. Additionally, with a shift

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towards sustainable practices, our investment in modified bitumen projects position us for future market needs.

I would now like to take questions.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Ankit Minocha from Adezi Ventures Family Office. Please go ahead.

Ankit Minocha: So, my first question was with regard to the ongoing tensions in the Middle East and the wars that's kind of going on. So is that kind of having an impact on the shipping or the bitumen business for you and do you kind of anticipate some sort of impact in Q3?

Vipin Agarwal: Yes, thank you for your question. The tensions are not in the region that we are working as of now. We are bringing our product from UAE, Oman to India and going towards the East of India. So in our case, we are not dealing with the areas as of now wherein the war situations are there. It is not having any major effects on our business apart from a normal, psychological thought in the market, that's it.

Ankit Minocha: Understood. And a lot of companies are reporting increased shipping and freight costs due to this. So are you also seeing some benefit or disadvantage of that in your business?

Vipin Agarwal: No, freight cost is not increased in the bulk side that we do in India. Containers also, the freights have remained the same in the last few months now, it has not increased, not at least towards the India side.

Ankit Minocha: Right, so thanks for that. My second question is with regard to the YOY outlook for bitumen price. So if I look at Q3 24 and if I look at the prices that are prevailing right now in Q3 25, could you give us an estimate of where bitumen prices are and how would they compare to the same quarter last year for Q3?

Vipin Agarwal: If you compare the realization value of bitumen last year, the entire last year, the prices were around Rs. 35,000 per metric ton, which is poised to increase this year because of the tensions going on maybe, and since it is a community, last year the average value was on the lower side compared to what we are getting. We may finish higher in this year. It will be higher. I expect the realization value to be on the higher side in the current financial year.

Ankit Minocha: Currently what is the number that is coming out in right now as you speak?

Vipin Agarwal: The realization value is the average of last year which was around 35,000 as of now.

Moderator: Thank you. The next question is from the line of Yash Dantewadia from Dante Capital. Please go ahead.

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Yash Dantewadia: I just have one very important question that you need to give a lot of clarity, right. That is if you look at your balance sheet, your ship vessels, right, you started buying ship vessels, I think at around 2019, 2020. Is that right? When did your Company start buying ship vessels?

Vipin Agarwal: 2019.

Yash Dantewadia: Correct? So from 2019 and till today you have close to from 53 crore it's gone to 540 crore your ship vessels, right? Is that right?

Vipin Agarwal: Yes.

Yash Dantewadia: So, one thing I really have failed to understand with your Company. How can you invest so much money in ship and vessels and your OPM is still the same? Your OPM pre-buying the ships, right? Pre 2020 was at 7%-8%. After buying 500 crore worth of ships, your OPM is still 8%-9%. So what was the point of investing so much money into the ships when your OPM is not able to go higher?

Vipin Agarwal: See if you see 5 years back & today's market, the markets have also significantly changed. At least we are not losing today, we are maintaining our margins. You see the market has become very competitive. The investment side that we have made on the vessels, it is only purely on the CAPEX and to save our cost of freight that we used to pay. And today with the increase in volume, the discount volumes for supplying the product to end users have also increased. So it's a mix and match of all the set up that we have made, wherein your operational margins are not gone down irrespective of the markets, margins have been eroded for so many companies. That is one difference in the last few years.

Yash Dantewadia: When do we see the margin actually expanding? Like when do we see the benefit of spending 500 crores?

Vipin Agarwal: I think on the bottomline, you already seen...

Yash Dantewadia: No, I'm talking about, see, your topline has grown quite significantly. Kudos to you. I think you're one of the only companies who's grown their bottomline with such structural integrity over the last 5-10 years. I'm not denying that. I'm not challenging that. But what I'm asking you is, on the OPM front, we've invested so much money into the shipping. Usually, generally, you look at any Company when they invest so much in their main cost, your main cost is transportation of bitumen, right from overseas to India, importing, right? So, when your main cost, which is the shipping cost, pre 2020 and post 2020 of investing Rs. 500 crore, you're telling me there is no benefit in terms of OPM at all. I mean, before 2019, 2020, you also were doing a similar OPM. So that Rs. 500 crore, you've done higher volumes, great, but I'm asking you why haven't we seen the benefit of margins coming in over the last 6-7 years? See if it was a one year case, it was some Red Sea crisis or anything that is a one-off issue, I'm with you, I

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completely agree, right? But what I'm not able to understand is there's no change. I can see that you spent Rs. 500 crore in your balance sheet, but if I look at the pre-spending and post-spending, there is no change. It's not like there were no shipping crisis before 2019. Before 2019 also there were a lot of crisis in terms of shipping and shipping has generally been a volatile business. So, one thing is great that you don't have to face that issue anymore. But when are we going to see the benefit of you spending Rs. 500 crore coming in terms of margins?

Vipin Agarwal: Let me answer to your question. The value chain that we have created today to do the volumes that we are doing, that is the plus point that we have achieved having made CAPEX of Rs. 500 crores in the vessels. If we would not have the vessels, we would not have made this kind of a setup that we have today. And operationally, the margins would have been much, much lower considering the changes in the market from the last 6, 7 years wherein, if you see six years back, there were few importers, there were few storage facilities. Now everything is in abundance and there is a flood of even product flowing in the market, storage vessels moving into India. There are a lot of quantities coming into India as of now. This set up that we have created, that means the value chain and the supply chain that we have created across the Indian ports inland with the road transport and the sea transport that is helping us to maintain the levels that we were even 6 years back. That is the difference that is being created with the addition of these vessels. And going forward, yes, we will get some more benefit because we have now created the entire value chain considering land and the storage points to distribute our product in a more efficient way.

Yash Dantewadia: Right, so can you give some sort of guidance or understanding in where are we seeing the OPM? See topline, no doubt you've done a great job in the last decade, you're going to do a great job in the coming decade because you've set up the infrastructure like you said, you've backward integrated everything, now you're forward integrating it by putting storage units, that is also great. But the question comes when are the margins going to go up or if they are going to go up? That is my main question. That's what I'm trying to understand from you, sir.

Vipin Agarwal: Going forward, as the volumes will be increasing further, I think you will definitely see operational margin increase. The year-on-year volume that is increasing from say 5 lakh tons to the current financial year of 20% growth that we are expecting, you will definitely see some growth in that side as well.

Yash Dantewadia: But from what I understand, are you being conservative at 20% because I mean quarter 2 you grew 47% volumes, right? So are you being conservative when you are saying 20% growth? Just trying to understand.

Vipin Agarwal: So we always give a number that we think we can easily achieve. Anything over a number what we say is an additional bonus that we can get in terms of volume that we do.

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Yash Dantewadia: Right. And what is our capacity utilization with the shipping? Like we bought another ship, right? I think two, three quarters ago. So are our existing ships getting fully utilized that's why we bought another ship? Or it was because of another route? Like I'm just trying to understand, why did we buy another ship because I'm assuming the utilization of the current ship is running full. What's the reason?

Vipin Agarwal: All the vessels are optimally utilized. And since the requirement in a particular area when you're going, it does require a specific timeline. You have to have more vessels in your hand to even do the volumes. And what do you say, a turnaround of maybe west is lesser than the eastern side of India.

Yash Dantewadia: And last question, where are we sourcing most of our Bitumen's from? Which country are we sourcing it from, if you can give me the breakup?

Vipin Agarwal: The breakup is not readily available.

Yash Dantewadia: Can you give me the top two, top three countries.

Vipin Agarwal: UAE and Oman is the two places where we get resource of our products from mostly.

Yash Dantewadia: So the Middle East crisis issue is not impacting.

Vipin Agarwal: Where is the Middle East crisis happening?

Yash Dantewadia: Basically, Israel side, right?

Vipin Agarwal: We are not operating in that area. That is not impacting our business in any case.

Yash Dantewadia: So shipping cost didn't go up, right? Or are you telling me shipping cost went up? Like I'm trying to understand the shipping cost.

Vipin Agarwal: Only for change in bunkering rates apart from that, there is no additional cost of either on the higher side or on the lower side.

Yash Dantewadia: So with crude oil prices coming down, we should see some margin benefit, right?

Vipin Agarwal: Bitumen prices are not directly linked with crude at all. If you have heard my previous con-calls also, bitumen and crude is not directly linked in terms of prices.

Moderator: Thank you. The next question is from the line of Sandeep Dixit from Arjav Partners. Please go ahead.

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Sandeep Dixit: So following up on these margins, and I want to try to understand the dynamics of the business. You have had strong YoY growth in both bitumen and shipping, but if you look at the margins, they've actually shrunk. Shouldn't operational leverage be improved the margins?

Vipin Agarwal: As I rightly said, to increase the volumes and to supply to PSUs as well, wherein you are supplying through a particular tender and a formula based, you don't have the margins that we can get when we are dealing with the private sector companies. So when you are dealing with PSUs, though the volumes are there, these margins with the PSUs may not be the same on a fortnight basis or on a month to month basis because the formulas are fixed in any PSU tender. On an average basis, we can say that since the volumes are increasing, we have to pass on little bit of more discount to the various vendors to increase the volumes.

Sandeep Dixit: Another related question is that in your 4Q FY24 call, you had mentioned two points. One is that the EBITDA per ton you expected that it would rise from 3625 to 3829 per metric ton. Are we still on track for that?

Vipin Agarwal: See the EBITDA, I will give you the numbers for EBITDA. Last year, the EBITDA per ton was 3625 for the whole year. On a half-yearly basis, it was 3955. This year on a half-year basis it is 4185.

Sandeep Dixit: So, 3955 has gone to 4155.

Vipin Agarwal: 4186. So, we have gone up by almost Rs. 230 per meter ton on EBITDA.

Sandeep Dixit: So that actually confuses me a little more, sir. If EBITDA per ton has gone up from 3955 to 4185, why is it not reflecting in EBITDA margin of the percentage of sales?

Vipin Agarwal: Because sales, as I have already said, our EBITDA or PAT is not to be considered with the volumes, with the topline that we do because it's a commodity product wherein the prices of commodities are changing, whereas we try to keep our margins on a fixed per ton basis and we are not selling our product on a margin or percentage basis. Suppose the rates are 30,000 per metric ton and or at 40,000 metric tons, our per ton margins are remaining the same irrespective of the pricing being at 30,000 or at 40,000. So I have said in all my earlier concalls, our industry is not such wherein we can compare our topline and EBITDA with the percentage terms because we always sell our product on a per metric ton basis margins. So we have to compare my numbers with the per ton margins that we have been getting on a year-on-year basis.

Sandeep Dixit: Perfect, I think that explains it. We should be looking at margins on a per ton basis rather than a percentage of sales basis. Fair enough. So last question on that is that last year you had mentioned that 60% of volume was to own vessels in FY24 and it will rise to 65% to 70% this year. Are we on track for that?

Vipin Agarwal: Yes, definitely.

Sandeep Dixit: So, 65%-70% through our own vessels.

Vipin Agarwal: We will be doing through our own vessels.

Sandeep Dixit: So, can we expect that EBITDA per ton for the full year will be even higher than this 4186 that we got for the first time?

Vipin Agarwal: No, on a year-on-year basis, suppose it was at 3625 last year, we expect it to be somewhere around 3900 to 4000 per metric ton.

Moderator: Thank you. The next question is from the line of Tejas Khandelwal from Prudent Equity. Please go ahead.

Tejas Khandelwal: So my question was, why are the margins declining in both bitumen and chartering segments? Because PBT margin in chartering segment dropped from 31% in last quarter to 23% this quarter. So is this due to cooling freight threats or is there any other reason?

Vipin Agarwal: There are some vessels which are in dry dock in a particular time. So basically when you're considering the shipping side margins, I think it has always been about 20%-21% which we have maintained. We have never said it will be 30% or 35%, but we have always maintained that our shipping margins will be always at a level of 20% or 20% more.

Tejas Khandelwal: No, but my question was in last quarter the shipping margin was 31% and in this quarter it is around 23% so this is a huge drop, right?

Vipin Agarwal: No. I don't think so there is a drop in the quarter-on-quarter as well because our sector is not to be compared with the quarter-on-quarter basis because these vessels are on charter during the monsoon that is the slack period wherein the Vessels do maybe a spot TC or on a voyage basis. So now the 4th Quarter is the peak season wherein we get the highest revenues, 2nd Quarter is the 4th place which is the slack season because of the monsoons across the entire Asian region.

Tejas Khandelwal: Okay sir, understood. And then my second question was regarding the volume. So you had guided for 6 lakh tons of volume for this year, right? But in the first half, like 40% of the target has achieved. So are you confident about achieving the remaining 60% in the second half?

Vipin Agarwal: We are very much confident, yes.

Tejas Khandelwal: And another question was regarding the resolution of split. So the resolution wasn't approved, so can we expect a share split in near future?

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Vipin Agarwal: I would not be able to comment on that, but as of the resolution that you are talking about, yes, through voting, it has been decided that the resolution was not passed by the shareholders. So effectively that has been put off for now.

Tejas Khandelwal: So sir, my last and final question would be regarding the volume only. So I could not understand that with the new vessels almost doubling your own capacity, so why you are giving the guidance of 20% growth? So don't you think this is conservative guidance?

Vipin Agarwal: No. As I have mentioned earlier also, all the vessels are not carrying the same capacity and at the same time because if you are going to the eastern side or say to Malaysia, Indonesia or any other side, it requires 45-50 days for going to Singapore, Malaysia or Indonesia, that is during the monsoon and if you are going to the eastern side that is Haldia, we take around 40 days to complete a voyage. If you require a vessel during that time, you have to have a vessel from outside because the quantity, till the vessel comes back you are not able to load the same on your vessels and take back to that port. We require number of increased vessels to do that volume. And not necessarily that if you have one lakh tons of storage, you'll be able to do, say, one million in 6 months or 7 months, because it is a process wherein the vessel comes, it discharges, goes back, again loads, and again come back. So it's a process, the timing it takes after discharging and after loading coming to India. It's a process. It takes time.

Tejas Khandelwal: Okay, so this question is regarding the new ship. So how many trips this new ship can do in one year?

Vipin Agarwal: She can do around 8 voyages on the eastern side.

Tejas Khandelwal: This new ship, right? The big one?

Vipin Agarwal: Yes.

Tejas Khandelwal: And will this do all the trips at the full capacity?

Vipin Agarwal: Yes, always do all the trips at full capacity.

Moderator: Thank you. The next question is from the line of Yash Kukreja from Equitree Capital. Please go ahead.

Yash Kukreja: Sir, my question is on the realization front only. So, for H1 FY25, it was around 35000 and for the new models that we have got it is around 42000. So how are we seeing it for H2 and FY26?

Vipin Agarwal: The average realization value that we have given is on a full 6 months as on date and last year it was a full year. It may not be necessary because in a particular fortnight rates are higher and in particular fortnight rates are lower. So realization value can only be derived at the end of the year. We cannot give any numbers, but yes given the fact that last year the commodity prices had gone down. We assume that this year the realization value should be higher than last year on a full year basis.

Yash Kukreja: And sir my second question is do we have any plans to add vessels in H2 FY25 or next year?

Vipin Agarwal: As informed earlier also, we are looking at good opportunities and if there are good opportunities coming along, we may definitely end up buying more vessels, yes.

Moderator: Thank you. The next question is from the line of Vipin Abraham from Integro technologies Private Limited. Please go ahead.

Vipin Abraham: My question is that the revenue has grown by 40% and the cost of the direct consumables, for example, the main raw materials has grown by only 35%. Still the profit is relatively lower, right? Because from Rs. 18 crore profit before tax, it has grown only to Rs. 20 crore. Now if you look at the real numbers, your other expenses have grown significantly from Rs. 45 crore to almost Rs. 73 crore compared to year-on-year quarter basis comparisons. So what is the cost of the other expenses which has gone up so high?

Vipin Agarwal: These are all the fixed expenses that the companies have, maybe there is additional storage that we have this year, that is related to more expenses on the expense side. And I understand the point of margins lowering and it was basically because of the fluctuation in prices of the commodity.

Vipin Abraham: So, the prices of the commodity is, when I look at that, that does not really impact it, right? It's mainly the other expenses. And other expenses, you're saying that storage costs, so is it like we added a storage space where we have not yet fully utilized. Is that the reason why the cost has gone up that much higher?

Vipin Agarwal: Storage is for a month or a two month, which has increased on the expense side. This is a very temporary phase wherein maybe a bigger vessels when they are arriving and we don't have a ledge or a storage due to whatever reason, we have taken a spot facility from the terminal to store the product.

Moderator: Thank you. The next question is from the line of Agastya Dave from CAO Capital. Please go ahead.

Agastya Dave: I will not ask you about the margins because I have been tracking the EBITDA per ton numbers and it has been consistently rising since you started adding ships and the ROE numbers have also improved. So clearly those are helping. So I have a question on there is a

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line item that you report in your annual report, which is the direct expenses which comes under the other expenses line item. So would you have the number for that for H1?

Vipin Agarwal: Unfortunately, that is not available readily in my hand. If you can mail me, I'll definitely send the details as per the query that you have.

Agastya Dave: No problem, sir. Sir, next question is on your CAPEX. So, my assumption is for the next 2-3 years you will continue to have around Rs. 150 crores of annual capital expenditure. Is that the right assumption, sir?

Vipin Agarwal: Given the fact that we get the opportunity to add the vessels because basically these CAPEX are driven mainly for addition of the vessels and as informed we have also started the storage terminal in Mangalore, so another Rs. 40 crores CAPEX will be doing towards that terminal.

Agastya Dave: Is there a possibility that you may exceed the Rs. 150 crore number for any particular year over the next 2-3 years?

Vipin Agarwal: We have to add more than 2 vessels in a year.

Agastya Dave: Based on the visibility that you have today on your capital expenditure, what would be the maximum potential volumes that you can move based on your asset block today? And what capital expenditure you're doing today? I mean, which is definitely formed up and on the ground?

Vipin Agarwal: The CAPEX that we are doing is on two fronts now. The capacity that we have already added in the last few years, with the view of adding few more vessels in the coming 2-3 years and the storage facility that terminal work that we have started, we expect the volume to increase to almost double than what we are doing in the next maybe three years. That would be the guidance and…

Agastya Dave: So what's the base for that, sir? Should I take 2024 volumes as the base on which you will double over the next three years?

Vipin Agarwal: We can take FY24 as the base because going forward with the growth target that we assume, we will easily reach 8 lakh tons in the next three years and adding 2 lakh tons should not be a problem for us given the fact that we are adding more storage tankages to our existing storage that we have.

Agastya Dave: Last year you did 4.9, so you are saying in 3 years you can more than double sir? Again FY27 by then you will double? Is that the right assumption?

Vipin Agarwal: We can double the volume that we did in FY24.

Agastya Dave: And you already have the assets in place using which you can double or would you require any further CAPEX?

Vipin Agarwal: More or less we have all the assets in place. A few more storage may be required to boost up the sales in terms of topline to add more volumes than what we are discussing.

Agastya Dave: One last question. We know that 2nd Quarter is always the lowest point for the year, seasonally weak quarter. And then there is a spurt in demand in Q3. But this time around on the infrastructure side, there are like murmurings that the government CAPEX has not picked up. So what are you seeing in terms of demand for bitumen? Is there the usual pickup that you see after monsoons and after Diwali, is that happening or are the things slower? So what kind of expectation should we have in Q3?

Vipin Agarwal: No, practically it's not slow. The demand of bitumen is still there and it is going to be there. That is the reason all the PSUs have started taking a product from private players We are now supplying to all the three PSUs, IOCL, HCL, BPCL yesterday only we have intimidated on the exchanges giving information that we have got spot tenders from BPCL and IOCL which is which will be supplied in next one and a half month. These are spot requirements that even the PSUs are having which we are trying to fulfill in a very short time. And going forward with this, these kind of additions of spot tenders called by all the three major PSUs will help us in boosting our volumes from the current level. So that is why the guidance that we are giving is inclusive of all the three PSUs put together as their demands from the private sector players have also been increasing. And the refining capacity is reduced on a year-on-year basis.

Agastya Dave: Whatever you were thinking about for the year at the start of the financial year, you are still seeing that level of growth?

Vipin Agarwal: Definitely. And as on date, we are in line with the projection that we have targeted for our own self.

Agastya Dave: Because the guidance that you have given, you are far ahead of those numbers.

Vipin Agarwal: As of now, but yes, we want to complete the 20% guidance growth that we have given on a year-on-year basis, which we have always maintained, more or less.

Agastya Dave: And sir, these spot tenders which have come out, these would have better margins because these are spot in nature?

Vipin Agarwal: It is having good margins, yes. And moreover, the payment cycle from the PSUs is very prompt. So with the addition of topline, the payment cycle is also very good.

Moderator: Thank you. The next question is from the line of Mohit Madhiwalla from Envision Capital. Please go ahead.

Mohit Madhiwalla: My first question is on the bitumen part of the ancillary in our business. So we have done 47% volume growth in typically a seasonally weak quarter. So I just like to understand where exactly this has come from. Is it that the imported share of bitumen in India has increased and we are benefiting from that tailwind? Or is it that we have tied up with more road contractors? I just want to understand where this has come from and where it can go from here?

Vipin Agarwal: In the last few years unlike earlier times during the monsoon the work for the road construction use to not happen at all. There were very few roadworks that used to happen during the monsoon, but with the new technologies and on an year-on-year growth if you see every year in the monsoon, we have done better volumes compared to a previous quarter in the same year because even in the monsoons roadworks are not put totally closed. There are so many works that are happening across Indian states. That is one of the reasons that the volumes are increasing, even in the off season. And on top of that, we have supplied to all the three PSUs even in this monsoon period.

Mohit Madhiwalla: I just wanted to understand what percent of our revenues would come from these top three PSUs that you're speaking of?

Vipin Agarwal: I would have to check but we would be supplying nearly 20% to all the three PSUs in the current financials.

Mohit Madhiwalla: So basically in your total revenue pie, 20% of your revenues come from these three PSUs. Is that understanding correct?

Vipin Agarwal: The guidance for this year, it should be around 20% or maybe a little bit more higher than 20%.

Mohit Madhiwalla: And sir, just wanted to get a clarification on the H1 numbers. So what kind of volumes did we do in H1, FY 25? I know the Q2 number. We just wanted to get the H1 numbers as well.

Vipin Agarwal: We have done 2,40,000 tons. Okay. And I would also like to highlight here in the last entire on the EBITDA levels, we had done 8.2%. That was the EBITDA level in the last financial year of 23-24 whereas this year the EBITDA levels we had 9.52%. And on the PAT level, last year, first half, we were at 5.05%, which this year we are at 5.54%.

Mohit Madhiwalla: Just a couple of questions on the chartering business as well. So just trying to understand again where the realization growth has come from. So we have basically done in this quarter Rs. 83 crores of revenue on a base of 10 vessels. Now in Q2 last year we did Rs. 47 crores on a base of 9 vessels. So just looking at this, the per vessel kind of revenue that we are getting is significantly higher. So could you please explain how this has happened and what has kind of led to this realization growth?

Vipin Agarwal: It's not necessary because in a particular quarter, maybe few vessels are out of service because of the dry dock for the maintenance. Last year when you're saying it was not that nine vessels, full nine vessels were operated because few vessels, last year may be on the dry dock. And this year when we are comparing with the current quarter, all the vessels were in use and they may not be any vessels which were undergoing maintenance. That is one of the reasons for a difference in revenue in the two quarters that we are comparing.

Mohit Madhiwalla: So it is purely a function of utilization on the vessels that...

Vipin Agarwal: Utilization in terms of maintenance of the vessels which comes every 2.5-3 years.

Mohit Madhiwalla: And just one last clarification, sir. What is the tax rate that we pay in the UAE entity?

Vipin Agarwal: As of now, there are some taxation policies that have come up. As on date it is zero for UAE operations. They have come up with new taxation policies which is not very clear in terms of what percentage we will be taxed, but going forward we may pay some taxes in UAE, which is not significantly at the level that we pay in India.

Moderator: Thank you. The next question is from the line of Bhaumik Shah, an individual investor. Please go ahead.

Bhaumik Shah: My question is, the last ship which we have inducted, which is of 47,000 metric ton capacity, has that been fully been operationalized now? We are using it fully now?

Vipin Agarwal: We are using it fully, yes.

Bhaumik Shah: And 6 lakh ton this year's whatever goal we have, that is I think reachable, right?

Vipin Agarwal: Yes, very much reachable.

Moderator: Thank you. The next question is from the line of Anshul Jain, an individual investor. Please go ahead.

Anshul Jain: Just want to understand the outlook for your business for the next 3 to 4 years, if you can help with that?

Vipin Agarwal: Earlier, the guidance for the next few years is looking very good because of the infrastructure development and the spend that government is basically focused on for getting all the Indian

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states connected through seamless road networks. That will help us in creating more roads which ultimately will lead into requirement of bitumen.

Moderator: Thank you. The next question is from the line of Vivek Joshi, an individual investor. Please go ahead.

Vivek Joshi: I have a couple of questions. One is that, can you help me, what percentage of the domestic consumption of vitamin are we handling? Like I could not get the numbers.

Vipin Agarwal: In the private sector, we have done almost 20% of the total bulk that is happening in Indian markets.

Vivek Joshi: What are our volumes of bitumen handled? I could not find that number.

Vipin Agarwal: 2,40,000 in the first half of this year.

Vivek Joshi: If I double it, it's like 4,80,000, roughly.

Vipin Agarwal: 2,40,000 in the first half of this year.

Vivek Joshi: Another question is that what percentage of revenue comes from PSUs and not from the private?

Vipin Agarwal: As I said in the last 5 minutes back, this year we are expecting around 20% of revenue from all the three PSUs put together.

Vivek Joshi: And have you found any trend because like there was a data that the government infrastructure spend has dropped by 15% in the first half of this year. So have you found it in…?

Vipin Agarwal: Not great, but maybe because of elections and other government political issues that may be going on. But as on date, I don't think so there is any issues with the government spend on the infrastructure side. It is in line with what the government has allocated.

Vivek Joshi: In your segment, you are not facing any shortfall, that's what I am asking?

Vipin Agarwal: No. government is already focused on building roads. So this sector, I don't think there will be any issues going forward even in the next 10-15 years.

Vivek Joshi: Do you think the move to concrete tops and all will make a big difference in the bitumen demand or you are confident of the demand?

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Vipin Agarwal: **0:48:26** __ not this. We have answered multiple times. There is absolutely no question of major highways building through concrete because government is not keen on making highways with concrete itself fully.

Moderator: Thank you. The next question is from the line of Ankit Minocha from Adezi Ventures Family Office. Please go ahead.

Ankit Minocha: My question is to understand your 20% growth guidance more clearly. So is this 20% revenue volume growth or is it revenue value growth that we are talking about?

Vipin Agarwal: Volume growth is what we target always.

Ankit Minocha: So then in that case, if I look at your PAT growth in H1 versus the PAT growth in H1 of last year, then I believe you still have a 20% odd volume growth that the PAT growth has been 30% for you. So does that imply that the PAT growth would be close to 30% as well for the year?

Vipin Agarwal: It may not apply on a year-on-year basis, but as explained, we always try to increase the per ton basis revenue of PAT we want to increase on per MT basis which is increasing on a year-on-year and quarter-to-quarter basis. Definitely it will be on the higher side, but exact percentage, it would not be right for me to give any numbers.

Ankit Minocha: And to a previous participant, you mentioned that the tax in the UAE entity might be going up. So I believe your effective tax rate for last quarter was 9% and it's been significantly lower for the last year as well. What should we assume as roughly a safe tax rate to assume?

Vipin Agarwal: As on date, there is no taxes paid in UAE, but going forward, if there is any taxes that would be paid in UAE, it would be maximum up to 9%.

Ankit Minocha: Last year the tax rate was 14% for you for the full year. What could be the tax rate assumption for the following years?

Vipin Agarwal: That is a blended percentage on a consol basis, wherein UAE taxes remain zero.

Ankit Minocha: Could you repeat that number?

Vipin Agarwal: At 14% taxation that you are mentioning is a blended taxation rate that is arrived on a console basis, wherein the taxation on the UAE operations are zero.

Ankit Minocha: So what could this number be as to taxation in the UAE is 9%?

Vipin Agarwal: It should be around, maybe around 15%-17%.

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Ankit Minocha: And just to get a top view of the business, just to understand certain other things. So one, if we assume that crude oil prices are continuing to be significantly lower versus the past, so does that incentivize or de-incentivize the refineries to produce more bitumen or does that affect the price of bitumen? That is the first question with regard to crude oil prices and secondly with the shipping rates being higher over the last one or two years, if say shipping rates were to come down would that affect your profitability and margins?

Vipin Agarwal: To answer your first question, the crude that is procured by the refinery has a fixed percentage in terms of bitumen that can be produced. It is not that bitumen prices are high so they will bring in crude and produce more bitumen because every crude that is being brought in by refineries, it has multiple distillation points wherein they produce different products out of the crude and bitumen is one part wherein it is a fixed percentage or maybe few percentage here and there they can tweak to produce more bitumen but they cannot produce 100% bitumen or 100% other products from the crude that they bring. To answer your first question and second question in terms of pricing of freight it has remained the same in from gulf to Indian region.

Ankit Minocha: And on your first clarification on the pricing of crude, so if pricing of crude say remains around the $60 to $65 mark, then in that case, bitumen prices are supposed to, would be around this level only, the current prices?

Vipin Agarwal: Bitumen prices are not directly linked with crude. It is always linked to international pricing, wherein demand and supply are the factors which indicates or is the basis of any price formula, price that is derived for bitumen.

Moderator: Thank you. The next follow-up question is from the line of Sandeep Dixit from Arjav Partners. Please go ahead.

Sandeep Dixit: This 20% earnings growth guidance that you have given earlier, doesn't it look too low considering that we have grown 31% in the first half itself?

Vipin Agarwal: We always have a conservative target of volume growth wherein we can assume whatever we believe that we can achieve is put on paper, whatever additional we achieve that is anyway the bonus for us to celebrate.

Sandeep Dixit: I understand that. But at the same time to be a little more realistic you are saying that the EBITDA per ton will go up to 3,500 or so for the full year versus 3,600 and you have got a 40% plus volume growth in the first half itself. So if I just put these two together, it just doesn't add up. The mathematics doesn't add up. So could we be looking at giving a slightly more realistic guidance? I understand that you need to be conservative, but this seems to be a little...

Vipin Agarwal: As mentioned, there may be, we have to keep in mind that we have to source the product from various international gulf regions where we consider the waiting time for loading as well

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sometimes wherein the product is not available for us to sell in the market. Maybe for maybe two, three days gap will be there from the vessel that is already coming into various locations. So keeping all those factors in mind, we derive at a particular volume, this volume is achievable because we know that this much of product will be able to bring in from various countries. That is one reason we are giving a guidance of 20% because there is also a waiting time lead period for us to bring the product.

Moderator: Thank you. Ladies and gentlemen, we'll take this as the last question. I now hand the conference over to Ms. Astha Jain for closing comments.

Astha Jain: Thank you. On behalf of HEM Securities Limited, I thank Agarwal Industrial Corporation Limited team for giving the time we spend on this call and responding all the queries in a detailed way. I would also like to thank all the participants for joining this call. Now I would like to hand over the call to moderator for the closing remarks.

Moderator: Thank you. On behalf of HEM Securities Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines. Thank you.

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