



8<sup>h</sup> August, 2023

<b>BSE Limited</b> Phiroze Jeejeebjoy Towers Dalal Street Mumbai 400 001 <b>Scrp Code: 543489</b>	<b>National Stock Exchange of India Ltd.</b> Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (East) Mumbai – 400 051 <b>Trading Symbol: GATEWAY</b>
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**Sub: Transcript of Q1 FY 2023-24 - Earning Call**

Dear Sir / Madam

Further to our communication dated 2<sup>nd</sup> August, 2023, wherein we had informed about the uploading of audio transcript of Q1 FY 2023-24 conference call on website, in this regard, please find attached herewith the transcript of the Call.

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

Kindly take the information on record.

Thanking You  
Yours faithfully,

**For GATEWAY DISTRIPARKS LIMITED**  
**(formerly known as Gateway Rail Freight Limited)**

**Divyang Jain**  
**Company Secretary &**  
**Compliance Officer**

**Encl.: As above**

**GATEWAY DISTRIPARKS LIMITED**

*(Formerly Gateway Rail Freight Ltd.)*

**Registered Office:** Sector 6, Dronagiri, Taluka Uran, District Raigarh, Navi Mumbai, Maharashtra 400707, India

**Corporate Office:** 206-7, Southern Park, Saket District Centre, New Delhi – 110017, India

**T:** +91 11 4055 4400 **F:** +91 11 4055 4413 **W:** www.gatewaydistriparks.com **CIN:** L60231MH2005PLC344764



## “Gateway Distriparks Limited & Snowman Logistics Limited Q1 FY24 Earnings Conference Call”

**August 02, 2023**

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**MANAGEMENT:** **MR. PREM KISHAN DASS GUPTA – CHAIRMAN AND MANAGING DIRECTOR**  
**MR. ISHAAN GUPTA – JOINT MANAGING DIRECTOR**  
**MR. SAMVID GUPTA – JOINT MANAGING DIRECTOR**  
**MR. SANDEEP SHAW – CFO, GATEWAY DISTRI PARKS LIMITED**  
**MR. RAJGURU BEHGAL – PRESIDENT RAIL, GATEWAY DISTRI PARKS LIMITED**  
**MR. MANOJ SINGH – PRESIDENT CFS, GATEWAY DISTRI PARKS LIMITED**  
**MR. SUNIL NAIR – CEO & DIRECTOR, SNOWMAN LOGISTICS LIMITED**  
**MR. N BALAKRISHNA – CFO, SNOWMAN LOGISTICS LIMITED**



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**Moderator:** Ladies and gentlemen, good day and welcome to the Gateway Distriparks Limited and Snowman Logistics Limited Q1 FY24 Earnings Conference Call.

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 this date. These statements are not guarantees of future performance and involve risk 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 '\*' then '0' on your touchtone phone. Please note that this conference is being recorded.

Today on this 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. Sandeep Shaw – 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. Thank you and over to you, sir.

**Prem Kishan Dass Gupta:** Thank you. Good afternoon, ladies and gentlemen, and thank you for joining us for our Quarterly Earnings call for Gateway Distriparks Limited and Snowman Logistics Limited. We hope that you have had the opportunity to review our “Financial Statements and Earnings Presentation,” which have been made available on the exchanges and our website.

Overall Gateway Distriparks performance is satisfactory. The total revenue went up by 8%. The EBITDA went up by 10.6% and PAT increased by 9% compared to Q1 23. This was despite challenges on the train running side during the full quarter. Firstly, it was over a derailment of a container train of one of the private container operators, which led to restrictions on the double stack and running of the trains.

Thereafter in the month of June, we had the cyclone in Gujarat where it affected both the ports Mundra and Pipavav. So, both the ports were shut for some time and even when the rail movement started, double stack restriction were still there, and slowly and gradually it has only come back to normal during the month of July. So, we feel that the volumes are there in this quarter and in the month of July we have done well. Both imports and exports have seen upper moment both in the ICD as well as CFS business. CFS business is impacted because of the buffer yard container is going to a Central Parking Plaza as per customs instructions, so which has affected all the CFS in Nhava Sheva, their volumes have come down. But the management is doing their best to get the volumes, improve our market share and additional volumes. On the rail side also, we can see growth in both imports and exports.



And coming to Snowman Logistics, we are witnessing high growth and most of our facilities are running full. We are on an expansion plan, so gradually we will add up capacities of chill and frozen as well as 5PL distribution services and also grow dry warehouse as management services under the asset light model.

With this, now I hand it over to the moderator to take your question and answers. We will be happy to answer your questions. Thank you.

**Moderator:** Thank you. The first question comes from the line of Sumit Kishore from Axis Capital. Please go ahead.

**Sumit Kishore:** My first question is could you give us a sense of the number of rakes which were double stacked in Q1 FY24? And this figure is what as compared to Q4 of FY23 and the corresponding quarter last year, which is Q1 of FY23? The second associated question is what was the impact in terms of volumes that you sort of can roughly give us a sense of, because of the temporary restrictions on double stacking as well as the cyclone?

**Samvid Gupta:** So, we don't share the number of trains of double stack, but overall as a volume, 35% of our volumes were carried on the second stack during the quarter, whereas a year ago this used to be closer to 40% to 44%. So this was the impact of the double stack restrictions plus the port closures that we earlier mentioned. And the decrease in volume roughly during June was about say 5,000-6,000 TEUs on the rail side, but that will be caught up in the next quarter.

**Sumit Kishore:** Got it. And basically, what was the contribution of Kashipur in Q2? Did it maintain that 3,000 TEU run rate in Q1?

**Samvid Gupta:** It has gone up, so it is going as per the projections that we gave earlier. Our market share is between 35 to 40% now in that market.

**Sumit Kishore:** It would have contributed 9,000 to 10,000 TEUs in Q1 of FY24?

**Samvid Gupta:** Yes, that is correct.

**Sumit Kishore:** My second question is, you briefly touched upon in the opening remarks, but how is the experience on the EXIM imbalance, which based on macro data, it appears that it got worse in the June quarter. So how has it improved in July and is that accompanied with a big pickup in double stacking or normalized double stacking now in July?

**Samvid Gupta:** So, imbalance has gone from 60:40 to about, say, 57:43, so it improved by 2, 3%. And we are seeing signs of growth in export going forward. So, we expect it to improve further by 2%-3%.

**Sumit Kishore:** Just a bookkeeping question, the last one, what is the tax rate for the full fiscal? I think the first quarter was about 32% odd tax rate.



- Sandeep Shaw:** As we mentioned earlier also, currently we are booking the current tax and we are paying MAT that is 17.47% and we keep on paying MAT and whatever FTI benefits we are getting on our all rail business and all that, that we are accruing as a deferred tax asset. That is why the overall tax expense is very minimal.
- Sumit Kishore:** Is that likely to be the case for the full fiscal of this year and till what time would the tax rate continue to be in low single digits and till what time would you exhaust all your tax credit? After what time frame will the tax rate become normalized?
- Sandeep Shaw:** Yes, we will keep on paying MAT for the current year and this FTI benefit will be available for us till financial year 26-27 and whatever MAT credits which were accruing, based on the current projection, it will get exhausted in financial year 31-32.
- Moderator:** Thank you. The next question is from the lines of Abhishek Nigam from B&K Securities. Please go ahead, sir.
- Abhishek Nigam:** So, my apologies if this question is a repeat, but the audio was not very clear. My question is the restrictions on double stacking, so are they still there and even the second quarter volumes are getting impacted or is that an issue of the past now?
- Samvid Gupta:** The restrictions have gone away. The only change is that the maximum speed allowed for double stack trains is 75 kilometers per hour. But other than that from a loading point of view we don't have any problem.
- Abhishek Nigam:** Fair enough. And the second question is how are the rail volumes doing in July and are you still confident of the 10% volume growth guidance which you gave earlier?
- Samvid Gupta:** The volumes are going fine. We are seeing growth in exports, so our growth guidance remains the same what we were giving earlier.
- Moderator:** Thank you. The next question comes from the line of Roshan from B&K Securities. Please go ahead.
- Roshan:** Sir my question is Faridabad on track for double stacking in September to October 23?
- Samvid Gupta:** Yes, so another 2-3 months is what we are expecting Faridabad to get to double stacking.
- Roshan:** And do you see scope for price hike at the industry level in the coming months for rail business?
- Samvid Gupta:** No, not really. It is probably going to stay stable as it is.
- Moderator:** Thank you. The next question comes from the line of Mr. Achal Lohade from JM Financial. Please go ahead.



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- Achal Lohade:** Sir, can you help us with the EBITDA for the CFS and the rail business for the quarter?
- Samvid Gupta:** So, we don't give a direct split, but on a per TEU basis, we can give a guidance that the rail business is around slightly above 9,000 and the CFS business is at 2,000.
- Achal Lohade:** And can you help us with what was it in fourth quarter FY23, the previous quarter immediately preceding quarter?
- Samvid Gupta:** It is about 9,400 -9,500 for rail and again 2,000 for CFS. These numbers are including other income.
- Achal Lohade:** So, there is slight contraction in rail business and this is more to do with the restrictions on the double stacking, is that understanding, right?
- Samvid Gupta:** Yes, that is correct and lower volumes in June due to the cyclone, but without other income actually the rail segment has seen a growth if we look at it, we had a higher other income portion in the last quarter.
- Achal Lohade:** Second part is you know this 10% growth guidance, can you please just remind us once again, is this excluding Kashipur or including Kashipur volumes?
- Samvid Gupta:** Yes, it is including Kashipur, so we had given 10%-15% depending on the macro.
- Prem Kishan Dass Gupta:** So, basically the overall growth will be there at all the locations. Like Garhi done best ever numbers were in the month of July. So we don't have separate numbers for each and every ICD, because lot of it is hub and spoke movement. So, in that case, I mean, if you look at Garhi, then you will see Garhi standalone businesses is at 3x and then on double stack hub and spoke model it becomes 1.5x. So it is fair only to give the revenue and EBITDA numbers, which I think takes care of. And the growth that we have seen like in Rail business, we have 5% growth in the previous quarter, whereas this year we had over 3% negative. So overall I would say on this quarter, rail revenue increased by 12% and even the EBITDA has increased.
- Achal Lohade:** What is the EBITDA if we were to look at from a 2- to 3-year perspective, can we look at Rs. 10,500 per TEU or it would be more of around Rs. 10,000 per TEU? Given that....
- Prem Kishan Dass Gupta:** It will be more around Rs. 10,000 and the volume increase will be the biggest contributor in the revenue.
- Samvid Gupta:** Basically, the volume increase in rail will be where the growth will come from and that this revenue will continue growing on the rail side.
- Achal Lohade:** And if you could help us understand the progress on the new terminal, specifically Jaipur, where we are? What is the likely commissioning date and how do you see the scale up?



- Samvid Gupta:** So, for Jaipur, we should be operational by Q4, but as mentioned in previous calls that it takes time to ramp up volumes due to shipping line opening it as an acceptance point. And once the movement starts, the first year will just go in building volume on a slow level. But we expect from FY26 then, that we will see proper volumes coming in and it will contribute to our EBITDA.
- Achal Lohade:** And you have mentioned in the press release, you were looking at adding terminals. If you could elaborate a bit? What sort of CAPEX one should look at and the geographies if you could?
- Samvid Gupta:** So, we are looking at Rs. 100 crores per terminal and we are looking at 2 immediately, maybe, possibly a third as well. But geographically, we won't be able to share right now. Once we purchase the land, we will make it known to the public.
- Prem Kishan Dass Gupta:** But basically, it will be in the hinterland which will have a lead distance of at least 750 or 800 kilometers from the ports.
- Achal Lohade:** This obviously means it will be all greenfield and not really any acquisition sort of event, is that understanding right?
- Prem Kishan Dass Gupta:** Yes, right now, there are acquisitions which can be made, but those are not doing well and the reason they are not doing well is because the location was bad and so immediately we don't see any acquisition possibility, but we are always looking around again if there is anything that we come up, we will definitely evaluate and you know like Kashipur, we will be quick to act.
- Achal Lohade:** And sir one last question from my end with respect to pricing action by competition, has there been any material pricing action in the pockets where we operate in by the competition?
- Rajguru Behgal:** So, there has been discount passed on by CONCOR, but that was only in the area wherein we are not present. And if we look at overall, because if they have passed on discount on the rail side, then their terminal handling is on the higher side. So, overall, we don't see any major impact. And also there are other operators, you can ask them we don't want to name the names, but there have been some discounts which have been thrown by our competition. But we are very confident that because of the network of our terminals, because of our service levels, we are able to retain our customers and going forward also we will be able to do that.
- Moderator:** Thank you. The next question come from the line of Yash Tanna from iThought PMS. Please go ahead.
- Yash Tanna:** Sir my questions are relating to Snowman on the segmental margin. So our warehousing margin seems a little bit on the lower side in the last few quarters. So, are we expecting margins to improve as the utilization of our newer facilities pick up? And if you could give us steady state number for the warehousing and similarly I will just add up to that on the transportation side, it has shown a significant improvement, they are at 7.8%, this PBT margin is from the result



release. And on the 5PL side, I think we started out with about 4.6% margins and now we have reached to 10% odd, which is commendable. So, where do we see the margins for 5PL settling and do we expect further improvement with 5PL in this segment?

**Sunil Nair:** So, Yash, the margin that we were talking about, the decrease of couple of percentages that is shown in last two quarters are basically because of the Snow Distribute which is contributing more into revenue at the lower margin. The 10% margin that Snow Distribute has in gross margin as we discussed in length last time, the net margin comes to around 3% to 4% in this business. And warehouse, which is at 13% gross margin this quarter, the contribution of warehousing in absolute terms has gone up, but Snow Distribute has grown in terms of the overall volumes. That is why the overall average has slightly come down.

**Yash Tanna:** Ok. And on the other verticals side, sir?

**Sunil Nair:** So, warehouse, we have 13% plus margin and transportation 8%. The major increase in the overall transportation figures is because of the SnowLink Technology wherein we are outsourcing the trucks where the margin is close to 12% to 13%. The contribution of these trucks is increasing in the overall business and that is what is helping us to go from 5% to 8% this quarter in transportation. In warehousing, the margin will sustain anywhere around 15% as we keep adding more and more warehouses. Overall price increase this year has been to the extent of 5% as against the typical inflation of 3% to 4%. So, we will continue to maintain margins in all the businesses. In the case of Snow Distribute, the gross margin will remain at 10% and net margin anywhere around 4%.

**Yash Tanna:** And on the 5PL side, do you expect margins to scale up. I mean on which scale, do you expect margins to improve as well?

**Sunil Nair:** See in case of 5PL with the Snow Distribute, we expect it to be around 10%. We are expecting to scale the business, but from a margin point of view, it will remain around 10%.

**Yash Tanna:** And similarly, the next question was on 5PL, we have grown tremendously I think we have 5PL trajectory business with improving margin as well. So I just wanted to understand the scalability of this business a bit better. Since we don't require a lot of capital for this business and I am assuming ROCE are better than the warehousing side as of now. Once this becomes a bigger pie of their revenues, our blended ROCEs should move up, right? Is the understanding correct firstly and what ROCEs are we doing in this segment and if we have a target number for the same?

**Sunil Nair:** You are absolutely right. As we have the share of Snow Distribute, which is a 5PL business, it is increasing, it will help us a lot in terms ROCE. We don't have an estimate on that for the future, but you are right because here the capital deployment is very little, only working capital for inventory holding. So, the whole efforts are to see how Snow Distribute 5PL business can grow. Last time we discussed, we talked about the IT system, now it is stable and you can see slight improvement as compared to last quarter and we expect similar improvement happening





every quarter. So, on average, we are expecting this year to add another Rs. 50 crores from this vertical.

**Yash Tanna:** And what are the current return ratios you are doing in the segment? ROCE?

**N Balakrishna:** Current ROCE at overall company level is around 8% to 8.5%.

**Yash Tanna:** And just one more question, if I may. We have mentioned that we are going for a Rs. 200 crores CAPEX in the next two years, this is almost a 40% addition to our current capacity. So the question is mainly related to how confident are we on utilization of these assets, once they start commissioning? Are we in talks with our clients and that once we start commissioning these assets, the utilization levels of these assets will pick up sooner than it used to, maybe 3, 4, 5 years ago?

**Sunil Nair:** So, Yash, what we do usually is when we decide the location for new setup, we do the demand estimation and mostly 60% to 70% of our utilization is done by the existing set of customers. So, we align our location and size of the warehouse depending on our customer growth plans. So, in first six months of commissioning, we expect facility to be in anywhere between 70 to 80% utilized.

**Yash Tanna:** Sorry, within what timeframe?

**Sunil Nair:** Within 6 months of commissioning.

**Yash Tanna:** Okay very helpful. Just a suggestion, sir, if we could keep our Snowman call separate and Gateway's call separate, maybe we could focus and ask more questions on both the businesses.

**Sunil Nair:** Sure, we will consider that.

**Prem Kishan Dass Gupta:** You are free to ask all the questions, you have asked many questions and we have replied. If there is anything still left, you can always talk to Sunil. Why I am saying that because now we feel that the Snowman is focusing on business innovation and we are actively looking at the future expansion and all the things and so to have a separate conference call does not really help. People who are following Gateway Distriparks, should also know what is happening in Snowman because at the end of the day we are 42% shareholder in that, so it should be considered as our core activity and we are not in a hurry to close the call. You can come back again in the queue if you have any more questions.

**Moderator:** Thank you. The next question comes on the line of Bhoomika Nair from DAM Capital. Please go ahead.

**Bhoomika Nair:** Sir just wanted to check on our Kashipur terminal. We were trying to kind of increase the rail share out there, they were already handling I think 3,000 TEUs per month. So how is the scale



up on that aspect and also how is the scale up from a rail perspective? They were already using the terminal, but transition to our rail etc., how is that kind of moving out? And is the monthly run rate still at 3,000 or has it gone up?

**Samvid Gupta:** Our volume there is roughly 3,000 and we have touched 3,500 also in a month, so it is doing well. Just to clarify, the rail share is 100% with us. We had only done third party rails, just ten days before the transition period, so all the movement from Kashipur is on our rakes and we see ramp up will continue and we will take it to 4,000 TEUs very soon.

**Bhoomika Nair:** And this we would be right now double stacking via the Garhi from a hub and spoke perspective, right?

**Samvid Gupta:** Yes.

**Bhoomika Nair:** How is the outlook in terms of volumes that we have in seen in terms of scale up at on an overall perspective, because Kashipur pretty much came towards the end of the year of last year only in the fourth quarter, so to that extent with Jaipur coming in, Kashipur kind of scaling up to 4,000, how is the trade kind of behaving and our market share and scale up there with this?

**Samvid Gupta:** Specific to Kashipur you are asking or over all rail?

**Bhoomika Nair:** Both Kashipur and overall.

**Rajguru Behgal:** So, for Kashipur, as Samvid was mentioning that we have been able to ramp up volumes, so that is primarily on account of our regular services and we were able to get hold of business from the catchments which are near to Kashipur for example Rudrapur, Sitarganj and Moradabad belt. So, we have been able to get not only the import volumes from our competition and from the nearby gas plants, but also we have seen some upsurge on the export volumes. So, very soon we will be touching that 4,000 TEU mark, given the kind of sales pipeline we have and the kind of projections which the current customers have given to us.

**Samvid Gupta:** And generally on other terminals, we are seeing some growth, exports are starting to pick up slightly. So, that 10% to 15% growth number that we are giving is looking on track.

**Rajguru Behgal:** I will also share the perspective in terms of our NCR terminals where good growth has started happening. So, if we look at our Garhi terminal, the auto volumes are back and the auto reefer volumes, then some electric and yarn volume, so they are contributing in the rise of export. In many case, import was always stable because of polymer and auto. But at the Faridabad terminal where we are doing a lot of buyer consolidation. So, there has been some uptick in the export order booking. So, all the cargo which is bound for US and Europe for Christmas season, that has also started coming in. That is one of the reason that we have done good volumes in July and we are saying that we will be handling very good and healthy volumes in the Q2 and this trend will continue.



- Bhoomika Nair:** Sir, from that logic, shouldn't the growth be higher than the 10% because there will be a full ramp up of Kashipur which was not there earlier and Garhi is starting to see traction plus Faridabad. Not to mention towards the end of the year, maybe not Jaipur, but it might be these terminals should kind of start seeing a better growth profile, so to that extent, our growth should be higher than 10%?
- Samvid Gupta:** So, the imbalance really matters a lot. We can technically handle much more imports if needed, but that will destroy our margins then create a further empty running and under frame running. Also from a rail capacity point of view, we are pushing our limit with 31 trains, so we have 3 more trains in pipeline which will be there before the end of the financial year, so that will also help us add to volume. So, until that comes in and the macros improve to a more balanced situation for our exports, that is why we are sticking with the 10% to 15% numbers.
- Bhoomika Nair:** And on Kashipur, how is on an overall blended basis, the rail has obviously seen you mentioned earlier has seen about a 9,000 odd EBITDA per TEU, is this comparable at Kashipur as well?
- Samvid Gupta:** Yes, it is similar.
- Moderator:** Thank you. The next question comes from the line of Jainam Shah from Equirus Securities Private Limited. Please go ahead.
- Jainam Shah:** So, this question mainly related to the CAPEX guidance for the Gateway as we are constructing in Jaipur, along with we are planning to add 2 or 3 more ICDs in upcoming months, so what kind of CAPEX outgo would be there for the Gateway in at least next 2 to 3 years' time?
- Samvid Gupta:** So, we will have about Rs. 300 crores CAPEX in the next two years. This will include 2 new terminals, upgradation at existing terminals in terms of warehousing capacity and extension of container yard as well as replacement of our vehicles and also balance construction works of Jaipur.
- Jainam Shah:** Got it. And apart from that, as we are adding 2 more new terminals, so is it safe to assume that those would be commencing the operation probably somewhere in 26 and ramping up volume in 27 and overall trajectory would be better post 26 only?
- Samvid Gupta:** Yes, I mean, once we finalize, post land purchase it will take about 12 months to construct it and then another 12 months to ramp up.
- Moderator:** Thank you. The next question comes from the line of Vipulkumar Shah from Sumangal Investments. Please go ahead.
- Vipulkumar Shah:** Sir would you repeat the export import mix please? I missed it.



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- Samvid Gupta:** So, it is about 57% imports, 43% exports for the last quarter, but we are looking at slightly better numbers in the upcoming quarter.
- Vipulkumar Shah:** So, should we end the year with 60-40, sir?
- Samvid Gupta:** It is very hard to say. We will have to see how the macros play out, but hopefully they are closer to 50-50 rather than 60-40.
- Moderator:** Thank you. The next question comes from the line of Jiten Rushi from Axis Capital. Please go ahead.
- Jiten Rushi:** Can you just highlight on the market share and the NCR region, as continuing with the previous question you had increased the market share in FY23. So can you articulate the percentage in terms of market share of Ludhiana and the whole NCR region - whether market share has gone up, so have you retained the market shares of 31% last time, so can you throw some light on that?
- Rajguru Behgal:** So, in NCR, we have been able to retain a market share of 17% Gurgaon and Faridabad both the volumes put together and at Sahnewal, we are having a market share of again, we are retaining 30%. In Uttarakhand markets, where we have started mapping that also, our market share has increased from 34% to 38%. So, that is where our volumes have also risen and we are able to capture market share.
- Jiten Rushi:** So, basically more or less, except for the Uttarakhand we have maintained our market share?
- Rajguru Behgal:** Yes.
- Jiten Rushi:** And on the new terminals which you are targeting, last time you have guided for the region of Northern and Central, we maintained the same guidance for the new terminal location?
- Samvid Gupta:** Yes.
- Jiten Rushi:** And the final question is on the CAPEX incurred so far, in FY24 in first quarter?
- Sandeep Shaw:** For this current quarter, we have incurred a CAPEX of Rs. 10 crores approximately and other than that we have done an investment in Snowman that is approximately Rs. 10.5 crores during Quarter 1.
- Jiten Rushi:** Sir for the full year is it safe to assume that we shall be doing a CAPEX of around Rs. 100 crores, Rs. 120 odd crores?
- Samvid Gupta:** It really depends on the new locations upcoming. So, we will maintain that guidance of Rs. 300 crores for the next two years and because Jaipur construction will be coming in, so that will be



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approximately Rs. 50 crores between now and March. And then, other than that all the other things are mentioned in the previous question, those will also come.

**Jiten Rushi:** So, far how much have you spent in Jaipur on CAPEX?

**Samvid Gupta:** Jaipur on the land approximately, we have spent Rs. 30 crores and then about Rs. 10 crores has been spent on the initial construction..

**Jiten Rushi:** So, basically Rs. 40 crores?

**Sandeep Shaw:** As on today, total investment we have incurred in Jaipur is approximately Rs. 40 crores.

**Jiten Rushi:** Thanks and that's all from my side.

**Moderator:** Thank you. The next question comes from the line of Kevin Gandhi from CapGrow Capital. Please go ahead.

**Kevin Gandhi:** My question was on the point of Snowman Logistics, so basically there was an article that private equities are interested in investing into the warehousing space. So can we expect some stake sale to Blackstone or other such private equities coming in future for Snowman Logistics? Thank you.

**Ishaan Gupta:** There is a lot of interest in warehousing and in cold chain in general, so that is the reason why we are like the other investors which you hear, we are also excited and we are having CAPEX plans and growth plans. Our cash flow support our growth and with our internal accruals and a comfortable level of debt, we can keep growing at the pace which we would like, so we will not be looking for any outside investment at this point and definitely not any stake sale from Gateway's point of view.

**Moderator:** Thank you. The next question comes from the line of Harsh Shah from Dimensional Securities. Please go ahead.

**Harsh Shah:** My question is for Snowman Logistics, during the current quarter we saw quite sharp increase in our own fleet from 239 to almost 309. So just wanted to understand, are we expecting a very high growth? What is the strategy here?

**Sunil Nair:** So, we have added 20 trailers in our business for moving these containers. At the same time, we have added 50 new refrigerated trucks. We will see disposing of some of the old trucks very soon. So, before we do that, we thought we should be replacing them with the new trucks, so that is the whole strategy. As informed earlier, we expect to be somewhere around 250-260 trucks owned and on a lease basis around similar numbers as we move forward.



- Harsh Shah:** And on the warehousing side, we have capacity of around 1,36,000 in pallets. So, next 2 years to 3 years what kind of capacity addition are we looking to, where do you see this nameplate capacity reaching over the next 3 years?
- Sunil Nair:** So, I can tell you about next 2 years as per our business plan, we would be adding close to 22,000 to 25,000 pallet positions with own investments. And around a similar number of pallet positions on a lease basis where we are going asset-light, which is largely focused on dry business. So, you can expect an addition of close to 50,000 pallet positions in 2 years.
- Harsh Shah:** 50,000?
- Sunil Nair:** Yes 50,000.
- Harsh Shah:** Out of this existing capacity of 1,36,000, how much would be leased?
- Sunil Nair:** The fully leased warehouse would be close to around 15,000-20,000 pallets.
- Harsh Shah:** 15,000 to 20,000?
- Sunil Nair:** Yes.
- Harsh Shah:** And these are totally dry warehouses, right? This 15,000?
- Sunil Nair:** So, mostly dry. A couple of 1000, maybe 2,000 or 2,500 would be cold also.
- Harsh Shah:** And for the 5PL business sequentially, we have seen decent bit of growth from Rs. 30 crores to Rs. 40 crores, so is it from the same clientele before, three clients which we had during the last quarter, did we have any additional client in this business?
- Sunil Nair:** No, at least the same 3 clients. They are all organic growth, as you know, one of our client is Tim Hortons. Last year they had started the business in June with 1 store, today they have 20 plus stores, so 20x business has become, since its startup. So, those organic growth since we are the natural partners, everything comes to us. At the same time for the other 2 clients, we have added some scope of work and new products are added into our 5PL service category. So, there is no new addition of customers, but there is new addition of scope of work and new products.
- Harsh Shah:** Sir, I didn't get your voice was quite muffled about the new addition?
- Sunil Nair:** New addition is in terms of new products that we are supplying to 5PL services to the same 3 customers.
- Harsh Shah:** Are we actively discovering new clients or anything that you can hear on addition of new clients during the current year?



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- Sunil Nair:** Yes, you will hear soon. We are working on it. As it gets close, we will share with you.
- Moderator:** Thank you. The next question comes from the line of Yash Tanna from iThought PMS. Please go ahead.
- Yash Tanna:** So, my question was of this Rs. 200 crores CAPEX, how much of debt are we planning to take and how much will be from our internal cash flows?
- Samvid Gupta:** So, we will maintain a net debt to EBITDA of 1.5:1. So, Snowman cash flows are healthy, so we will fund whatever we can internally and then some incremental debt will be there.
- Yash Tanna:** So, we won't exceed 1.5 times the net debt to EBITDA.
- Samvid Gupta:** Yes.
- Yash Tanna:** So, you didn't answer the question on the stake sale, but this quarter we have seen a buying by Gateway of around 1.5%, so is there any plan to further increase the stake in Snowman?
- Prem Kishan Dass Gupta:** Well, we bought about 1.5% last quarter. And depending upon the Gateway Distriparks cash flows because we have dividend to pay, we have our own CAPEX and we have our own term loans repayment, so we watch our cash flows very closely and I mean we don't mind increasing in the near future kind of another couple of percent, but timing is not, and it will all depend on the cash flows.
- Moderator:** Thank you. The next question comes from the line of Achal Lohade from JM Financial. Please go ahead.
- Achal Lohade:** My question was with respect to DFC, what is the progress on that? When do you see JNPT getting connected and once JNPT gets connected, how does it impact us?
- Rajguru Behgal:** So, the latest update on DFC is that the total 70% of the construction has already been done and the latest you must have heard about Dadri to Rewari stretch which is of 127 kilometers that got operational and we are already sending our trains via DFC only to Mundra and Pipavav. And regarding the stretch on WDFC which is yet to be completed at the stretch of around of 570 kilometers, so that is primarily from Sanand to JNPT. So, what DFC is telling us that it should be operational by end of next year, so those are the timelines which they have uploaded on their website and they have been constantly interacting with the senior officers. That is the timeline they are indicating.
- Achal Lohade:** But all the land acquisition issues, etc., all those sorted in your opinion or is that still ambiguous?
- Rajguru Behgal:** So, 90% of the land issues have been sorted, but 5% to 10% there are still some issues which hopefully it should be sorted out within next couple of months.



- Achal Lohade:** And how does it impact us once JNPT gets connected in terms of volume, competition, pricing and margins?
- Rajguru Behgal:** So, once JNPT is connected through DFC, the only difference will happen is that some of the volumes will shift from Mundra, Pipavav to JNPT. Right now almost 90% of our volumes are for Pipavav and Mundra. So, basically some of the shipping lines will start calling more at JNPT and then some of the customers will start handing over. So, what we are anticipating is there might be some 5% to 10% migration that is what we are anticipating initially. But then it all depends, we need to wait and watch. At this point of time, it is very difficult to give any number that what kind of business will be actually shifting from these ports to JNPT.
- Samvid Gupta:** But just to add one advantage that we will have, not all CTOs have a Pan India license, so some CTOs can only operate out of Mundra, Pipavav and not call on JNPT. So, there will be lesser competition for that route.
- Achal Lohade:** But is it fair to say that our market share at Mundra, Pipavav is much higher than what we have at JNPT at this point in time?
- Samvid Gupta:** So, for our volume, 90% goes to Mundra, Pipavav and 10% to JNPT. But we don't measure the Mundra rail volumes or Pipavav rail volumes because they go to all sorts of locations where we don't have a presence. For example, like Madhya Pradesh, UP, local Gujarat, Maharashtra, they are the markets being serviced from other CTOs where we don't compete, so we don't measure the port rail share that way.
- Achal Lohade:** But would this improve the lead distance and hence margin per TEU?
- Samvid Gupta:** Yes slightly plus JNPT right now is single stack, with DFC it will be double stack so that will also improve margins.
- Achal Lohade:** And any colors on the pricing because right now we see that it is the same price right, there is no differential pricing for the DFC?
- Samvid Gupta:** Yes the same pricing is expected.
- Achal Lohade:** The second question I had with respect to the lead distance, can you help us with respect to the lead distance for the rail business as a whole for 1Q?
- Samvid Gupta:** We don't kind of calculate because for us most of our terminals and business is from the North only so roughly 1,200 kilometers, 1,300 kilometers is the average lead distance.
- Achal Lohade:** Sorry how much 1,300?





- Samvid Gupta:** Yes, basically NCR to Mundra, Pipavav. And Sahnewal, and Kashipur will be slightly more, so it roughly comes to 1,300 only and it doesn't change for us quarter-on-quarter because all our terminals are here only. Viramgam is doing very less volumes, right now.
- Achal Lohade:** And just last couple of statistical questions, with respect to the rake addition plan you said 3 will be added by end of this year, but how about next couple of years? Has the issues with respect to the wheel set availability resolved or is still an issue?
- Samvid Gupta:** No, it has improved a lot in the sense that last year when we were looking for rakes, then we were told it will take anywhere from 12 months to 15 months for a rake delivery. But now they are available at 6 months' notice, so we don't see that being a challenge and we are planning to add 3 every year.
- Achal Lohade:** And just one more question with respect to the interest and depreciation, if you could give some sense for FY24? And the tax rate?
- Prem Kishan Dass Gupta:** Tax rate, I think Samvid explained earlier that we are paying MAT at the rate of 17% and we are getting the MAT credit, so this will continue according to our projections to Financial Year '27 and then the MAT credit will be utilized until 31 or 33. So, until then, we will be having this lower tax rate.
- Sandeep Shaw:** The interest cost for this quarter is Rs. 10.4 crores and based on our current projection and all, we will continue to pay interest cost of Rs. 10 crores approximately per quarter or based on our capital investment, it may come down also. Depreciation and amortization right now, whatever Rs. 23 crores of depreciation for the quarter, it will remain in the same line for the current year till the time new CAPEX addition happens, of Jaipur which will happen in the quarter 4.
- Moderator:** Thank you. The next question comes from the line of Harsh Shah from Jefferies. Please go ahead.
- Harsh Shah:** Just wanted to clarify on the EBITDA per TEU number which you gave, actually voice was not very clear. So, can you just repeat those numbers please? Thank you.
- Samvid Gupta:** So, for rail, it is approximately 9,100 and CFS, it is about 2,100.
- Harsh Shah:** And this is including your other income, right?
- Samvid Gupta:** Yes.
- Harsh Shah:** And what would be the same number for the last quarter 4Q?
- Samvid Gupta:** So, rail would be about 9,400 and CFS again similar about 2,100.



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**Moderator:**

Thank you. Ladies and gentlemen, that was the last question for today. Participants that have missed out due to time constraints can reach out to the management and SGA. On behalf of Gateway Distriparks Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.