



February 12, 2024

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| BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001. Tel: 022 - 2272 1233 / 34 Fax: 022 - 2272 2131 / 1072/ 2037 / 2061 / 41 | National Stock Exchange of India Limited Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051 Tel: 022 - 2659 8235 / 36 / 452 Fax: 022 - 2659 8237/ 38 |
| Scrip Code: 532345 ISIN No.: INE152B01027 Re.: Allcargo Gati Limited | Symbol: ACLGATI ISIN No.: INE152B01027 Re.: Allcargo Gati Limited |

Dear Sir/Madam,

Subject: Transcript of the Analyst/Institutional Investor Meetings/ Earnings Call under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations 2015 ("Listing Regulations").

Reference the captioned subject, this is further to our letter dated January 30, 2024 and February 05, 2024, with respect to the Q3FY24 Earnings Con-Call with respect to the Unaudited Standalone and Consolidated Financial Results of the Company for the Third Quarter ended on December 31, 2023.

The aforesaid Transcript will also be uploaded on the website of the Company i.e. www.gati.com.

Kindly take the above on your record.

Thanking you,

Yours faithfully,
For Allcargo Gati Limited
(Formerly known as "Gati Limited")

T.S. Maharani
Company Secretary & Compliance Officer
M. No.: F8069

Encl.: As above



“Allcargo Gati Limited
Q3 and 9M FY’24 Earnings Conference Call”

February 05, 2024

Disclaimer: E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 5th February 2024 will prevail.



**MANAGEMENT: MR. PIROJSHAW SARKARI – MANAGING DIRECTOR
AND CHIEF EXECUTIVE OFFICER, GESCPL –
ALLCARGO GATI LIMITED
MR. ANISH MATHEW – CHIEF FINANCIAL OFFICER –
ALLCARGO GATI LIMITED
MR. SANJAY PUNJABI – INVESTOR RELATIONS –
ALLCARGO GATI LIMITED**

MODERATOR: MR. RISHITH SHAH – NUVAMA WEALTH AND INVESTMENT LIMITED

Moderator: Ladies and gentlemen, good day, and welcome to the Q3 and 9-Month FY'24 Earnings Conference Call of Allcargo Gati Limited hosted by Nuvama Wealth and Investment 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 the date of this call. These statements do not guarantee the future performance of the company, and it may involve risks and uncertainties that are difficult to predict.

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

I now hand the conference over to Mr. Rishith Shah. Thank you, and over to you, sir.

Rishith Shah: Thank you. Good afternoon, everyone. On behalf of Nuvama Wealth and Investment Limited, I welcome you all to the Earnings Conference Call of Allcargo Gati Limited. We are pleased to have with us the management team represented by Mr. Pirojshaw Sarkari, who is the MD and CEO of GESPL; Mr. Anish Mathew, the CFO; and Mr. Sanjay Punjabi, Investor Relations for Allcargo Gati Limited.

We will have opening remarks from the management now, followed by a Q&A session. Thank you, and over to you, sir.

Pirojshaw Sarkari: Thank you, Rishith. Good afternoon, and a very warm welcome to everyone on our Quarter 3 and 9-Month FY'24 Earnings Conference Call. We have uploaded our results and earnings presentation on the stock exchanges and company's website. And I hope everyone had an opportunity to go through the same. As mentioned, along with me, I have Mr. Anish Mathew, the Chief Financial Officer of Allcargo Gati Limited; and our Investor Relations team.

I will now share an overview of the economy, industry and business, after which will hand over the call to Anish to discuss the financial performance of the company for the quarter and nine months ended December 2023.

To start with, as per the composite scheme of arrangement announced, the international supply chain business of Allcargo Logistics will be demerged. Both GESPL and ASCPL will be amalgamated into all Allcargo Gati, following which, Allcargo Gati will be merged into the resulting Allcargo Logistics, hence forming two listed entities; one called Allcargo ECU and the other Allcargo Logistics. We expect the scheme to be completed in the next 12 to 15 months.

A bit on the economy, in the recent World Economic Report released by the IMF, global economy to continue to be resilient in 2024 after a better-than-expected 2023. Major economies

farings well during the second half of 2023, coupled with falling inflation in many regions of the world, has reaffirmed the confidence of a better performance as compared to 2023.

Global GDP is projected to grow at 3.1% in 2024 and 3.2% in 2025. This growth projection is low as compared to the historical average of 3.8% witnessed during the last couple of decades, barring, of course, the COVID years. Geopolitical tensions around the globe like conflicts in the Middle East and Ukraine will continue to impact trade and commerce.

In the midst of a gloomy global economy, India has been the bright spot. The e-way bill volumes for December 2023 total INR9.52 crores; and for November 2023, they were at INR8.75 crores. These figures signify resilient domestic trade and transportation activity. Furthermore, GST collection in December 2023 reached INR1.65 lakh crores, marking a 10% year-on-year increase.

IMF has projected India's GDP growth to remain steady at 6.5% for 2024 and 2025. The growth in India is expected to be driven by domestic consumption and government policies that support local manufacturing.

From an update perspective, I would like to share. We have appointed Mr. Uday Sharma as the Chief Commercial Officer at GESCPL. Uday brings over two decades of experience in business development, organizational turnaround, franchise development as well as strategic planning. Before joining Allcargo Gati, he was working with Delhivery, Spoton and Safexpress. He was the COO of Spoton.

Now I will share some highlights on the growth pillars of Express business. To start with sales acceleration, the fruits of our sales acceleration initiatives can be witnessed through our volume growth. For the quarter ended December 2023, we have registered an 11% volume growth as compared to last year. Would like to share here that we have been clocking a monthly volume of approximately 100,000 tons consistently.

We have undertaken initiatives such as customer service process engineering and customized offerings to maintain customer stickiness and convert lost customers. We have also redesigned the SME incentive policy and initiated digital onboarding for faster customer activation. The sales team has also undertaken yield management initiatives like minimum selling price for all new businesses and setting up digital wallet for SME customers.

Infrastructure amplification, we are well on our way to complete the first phase of infrastructure. Out of the eight hubs that we had planned under Phase 1, six hubs are operational. These hubs have helped us in improving our service levels, which in turn has helped to gain client confidence and incremental business. I would like to share with all of you that we have inaugurated the Indore hub recently.

Operations excellence. We are bringing in cost effectiveness and efficiency in performance by creating a network of teams. There is special focus on data analytics for data-driven decision making.

On the technology front, we have initiated the rollout of dimensional weighing and scanning machines across four of our locations. These DWS machines help in reducing revenue loss due to inaccurate dimensions and weight capture. This will help improve billing transparency, revenue collection, and simplify the process. These machines have now been rolled out across 12 locations. And as mentioned earlier, GEMS 2.0 development is already in progress.

With this, I would like to hand over the call to Mr. Anish Mathew, our CFO, for financial highlights for quarter 3 and 9 months FY 2024. Over to you, Anish.

Anish Mathew:

Thank you, Phil. Good afternoon, everyone, and a very warm welcome to our Q3 and 9 months ended FY 2024 earnings call. I'll take you through the highlights of financial results for the third quarter ended December 2023. Before I share the financial highlights, I would like to talk about key initiatives we have undertaken with a focus on improving overall performance.

As communicated to you all in the Q2 FY2024 earnings call, we did a significant clean-up of accounts receivables. The initiative was directed towards accomplishing the objective of improving the cash flow and drive adherence to the payment terms by customers.

With the objective of sustaining this financial discipline, we enabled customer code blocking for long overdue customers. While the initiatives helped improve the cash flow, reduction in DSO and ECL provision, we witnessed drop in the business from some high-yield customers who have been consistently defaulting on the payment terms. This had an impact on the volumes as well as the yield in Q3 FY2024.

We are confident that with the improved service levels and continuous customer engagement, these customers will eventually come back with volumes. Our ECL for 9 months ended FY'24 is a reversal of INR1.4 crores as compared to a provision of INR20 crores for 9 months FY'23, which shows a net improvement of INR21.5 crores.

The second initiative is to increase the margin, and one of the component is to improve our yield by taking price hikes. The process was initiated in the mid of Q3 FY2024, and we expect this to be completed by Q4 FY'24. Parallely, we are working on mix of optimization, which includes higher share of business from key customers with high yields, MSME and retail customers, etcetera.

The third initiative is pivoted towards cost optimization. I would like to highlight here that one of our major costs, which is the line haul costs, has declined by approximately 5% on a year-on-year basis. Our endeavor is to continue our focus on further reducing this cost and have lined up a couple of initiatives directed towards this objective. Apart from direct cost optimization, as mentioned above, we are also looking at optimizing the fixed cost.

All the above initiatives would help us drive our performance in the coming quarters.

On to the financials, I would like to start with the highlights of our Express business first. The company has shown strong performance in terms of volume, driven by operational excellence and sales acceleration initiatives.

The total tonnage handled for Q3 FY'24 stood at 3,18,000 tons as compared to 2,87,000 tons handled in Q3 FY'23, representing a growth of 11% year-on-year. Revenue from Express business stood at INR371 crores in Q3 FY'24 as compared to INR379 crores in Q3 FY'23. Corresponding gross margin stood at 21.7% for the quarter ended December '23, as compared to 27.8% in the same quarter last year.

EBITDA for the Express business stood at INR7 crores in Q3 2024 as compared to INR21 crores in Q3 FY'23. Client mix for the quarter ended December 2023 for KEA, SME and retail stood at 69%, 14% and 17%, respectively.

I'll now move to discuss the performance on a consolidated basis for Allcargo Gati. Our revenue for the quarter ended December 2023 stood at INR424 crores as compared to INR441 crores for the same period last year. The gross profit for Q3 FY'24 stood at INR81 crores as compared to INR107 crores for Q3 FY'23. And the EBITDA for Q3 FY'24 stood at INR7 crores as compared to INR19 crores for Q3 FY'23.

On the sale of non-core assets, there has been good progress. We've been able to sell three more properties in the current quarter, and the total non-core asset as on 31st December stands at INR72 crores.

With this, I would like to open the floor for questions-and-answers.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Amit Agarwal from Nuvama Wealth & Investment Limited. Please go ahead.

Amit Agarwal: Yes. My first question is, if you can explain the exceptional item which is reported in the P&L this time, what is GIPL exactly? And what is the write-back for? If you can just explain the thing in detail.

Anish Mathew: Yes. So there are three exceptional items. The biggest one is a write-back of INR23.6 crores, which is basically a liability which we had created in 2016 with respect to corporate guarantee given to IDFC on behalf of GI Hydro Private Limited. GI Hydro is a company managed by erstwhile promoters.

IDFC invoked the bank guarantee in 2017-'18, and since the invoke we made a provision way back in '17-'18 for INR23.6 crores. Now that GI Hydro has paid the money to the financial institutions, and IDFC has relinquished this corporate guarantee, we took a reversal of the provision. So that is the major item which is forming part of the exceptional item, which is INR23.6 crores.

The other one is INR9.42 crores, which is basically the gain on sale of noncore assets. We sold three properties during the current quarter, which resulted in a net gain, which is to the tune of around INR9.42 crores. And there is a small gain actually on account of one settlement which was done for one property, which is giving us a benefit of around INR50 lakh. So three items cumulatively contributes to the INR33.52 crores of exceptional items reported actually for this quarter.

- Amit Agarwal:** So this amount, this GIPL, is it a subsidiary of Allcargo Gati now?.
- Anish Mathew:** No. For GI Hydro Private Limited is not forming part of Allcargo Gati. This is basically managed by the erstwhile promoter, Mr. M.K. Agarwal.
- Amit Agarwal:** So this amount did not go from Allcargo Gati's balance sheet? Am I correct on that?
- Anish Mathew:** Yes, right. Yes. So that provision we are carrying in the books, and GI Hydro paid out the money. So, there is no need for carrying this provision in the books of account. Hence, we have reversed the provision because the entire loan has been repaid by GI Hydro Private Limited in Q3.
- Amit Agarwal:** Sure, sir. Sir, my second question refers to the hub expansion, which you've got. You reached about 6 hubs out of 8 hubs. So my question is, firstly, when is this impact of the hub expansion going to reflect in the margins. If I may, ask when could we see probably reduction on rationalization of cost completely? Is it going to take some time? Or it's going to happen in next year? So if you could just explain the impact of that and when would it happen?
- Pirojshaw Sarkari:** So as mentioned by Anish in his speech also, we have seen continuous reduction in our direct operating cost as a result of not just the hub expansion but bringing in efficiencies. So that has already started happening. The network effect comes in when more hubs get built out/renovated. So it's a continuous process.
- Moderator:** The next question is from the line of Siddharth from Blue Star Investments. Please go ahead.
- Siddharth:** Sir, I have a couple of questions. Firstly, on intrazone deliveries, I understand there is a cost advantage, but that is at the cost of yield. How much of our total volumes this quarter were intrazone? Just to understand the impact on our margins.
- Pirojshaw Sarkari:** Yes. So that kind of detail, we don't have out in the public domain segmenting interzone, intrazone, etcetera.
- Siddharth:** Okay, sir. Sir, the second question is that on the digitalization front, what are some of the initiatives which will help us in improving our operations?
- Pirojshaw Sarkari:** So the major initiative, of course, is the build-out of GEMS 2.0, which is now 3.5 months down the road with Tech M, and that is a full-fledged system that will be ready in the next 12 months.
- Having said that, there are some other projects that we had taken, which are now fructified, for example, the POD, which gets uploaded in our system. The visibility of that POD was not very good in the earlier GEMS system, which now, through the efforts of a start-up that we have kind of utilized, we have a much better POD visibility for the billing perspective and for our customers to view it.
- We also have other digitization that we have put in place in our control tower. So our control tower to be effective needed a lot more proactive digitization to happen. We have made improvements to our control towers, thus being able to make sure that the line haul works on time every time.

So a few such digital initiatives have been put in place to optimize our costs. As you know, our front-end sales team have already implemented Salesforce.com, and that is the CRM that we use to interact with our customers. So, these are some of the initiatives that we have put on the digitization.

Moderator: Thank you. The next question is from the line of Viraj Shah from Shah Investments. Please go ahead.

Viraj Shah: Just wanted to know on the volume side, despite volumes increasing, we haven't seen any major increase in revenues. Can you throw some light on the yield? Also, are the volumes on the back of the price discount or the industry-wide realization has dropped? If you could throw some light over there?

Pirojshaw Sarkari: So again, this quarter, we have initiated cleaning up our receivables. And as with Anish's speech also, we have initiated certain processes which have kind of either got the high-yielding specifically MSME customers to stop trading with us since they were not paying up or diverting their volumes outside of the Gati network.

So when you see that our client mix has moved with 69% in the large and MSME 14% and the retail being 17%, the main effect is not that the large have increased, but the effect is that the MSME have reduced, and that is where the high-yield customers who were in the MSME have kind of -- 2 things that have happened. One is we ourselves have stopped their trading because of their outstanding, which we had to collect. And secondly, they themselves moved out from shipping with Gati. So that is the major impact that we've had on our yields.

Having said that, we have initiated a project for price increase with our customers. And this quarter, we will be finalizing that so that by March end, we will have new rates with most of our customers, which will come into effect from 1st April of next year.

Viraj Shah: Okay. Understood. Could you also share some light on the integration of contract logistics business with Gati? And what are the synergies over there? By when we can see the synergies playing out, if there is any?

Pirojshaw Sarkari: So with regard to the merger, etcetera, we have put out the schemes, which are in the public domain, and I'm sure you must have read those.

With regard to the benefits of the 2 business, there are quite a few benefits of the 2 businesses. Number one, being that Gati itself has 3,500-plus customers on its portfolio, and the contract logistics business being a small and newer business for the group can leverage cross sale with these customers who would have warehousing requirements.

The second benefit is from a warehousing perspective, the business is pretty sticky with the customers, whereas Gati Express business is pretty commoditized. So if you have a customer that is doing both warehousing and distribution with one company, then that entire business becomes sticky with the customer. And last, but not the least, one can always optimize the overhead costs of both the organization.

So there are N number of benefits that can come in, including one technology right from warehousing to final POD. So there are many, many benefits that one could get if you're doing both these lines of businesses. Even the customers would like to give their end-to-end logistics to one particular service provider. That's the way I see it.

- Moderator:** The next question is from the line of Anshul Agrawal from Emkay. Please go ahead.
- Anshul Agrawal:** Sir, I wanted to get some sense around...
- Moderator:** Sorry to interrupt, sir, but the volume on your line is very low. If you could please speak closer to the mic?
- Anshul Agrawal:** So am I audible now?
- Moderator:** That is much better. Please go ahead.
- Anshul Agrawal:** Great. So I wanted to get some sense on the competitive intensity in the B2B express market, sir. The reason why I'm asking this is generally H2 is a strong half year for B2B express market. And for Q3, we have seen a Q-on-Q degrowth in volumes for our company. So I just wanted to get some sense around is it an industry-wide phenomenon or something else that we can read across? Hello? Am I audible?
- Pirojshaw Sarkari:** Yes.
- Anshul Agrawal:** Shall I repeat my question or...
- Pirojshaw Sarkari:** Yes, please.
- Anshul Agrawal:** Okay. Great. So sir, I wanted to get some sense around the competitive intensity in the B2B express market. The reason I pose this question is what we have generally observed is Q3 and Q4 are stronger quarters for B2B express market, but I believe our volumes have degrown quarter-on-quarter. So I wanted to understand if this is an industry-wide phenomenon or something in particular for us.
- Pirojshaw Sarkari:** So it's a mix of both actually. If you see industry-wide also quarter-on-quarter, many of the companies have shown a degrown. But for us, specifically, because we initiated in this quarter certain processes for making sure that large outstanding customers we stop their trading by ourselves and make sure we first collect the money from them, that has also affected our top line growth in a sense but definitely cleaned up our receivables.
- Anshul Agrawal:** Okay. And any specific reasons why the industry has degrown in this quarter?
- Pirojshaw Sarkari:** So one of it, if you actually see for the month of September itself, there was a huge surge in volume. Pre-festive volume came in, in September, far ahead of last year. That was one major reason that the next quarter had lesser growth. But second is the sentiments itself because of the geopolitical reasons outside of India got the consumption down a bit.
- Anshul Agrawal:** Okay. And any feelers for Q4, sir?

Pirojshaw Sarkari: So Q4 seems to remain the way Q3 has been, and we don't see any major change over there.

Moderator: The next question is from the line of Krupashankar NJ from Avendus Spark. Please go ahead.

Krupashankar NJ: My first question was more on the underlying weakness what you're seeing. I mean is there any sector which are showing a bit of green shoot with respect to tonnage growth? Or is it subdued across all sectors?

And second question would be more relating to your path to scale from these levels. How are you looking at your strategy for the next couple of years, given that the market has become quite competitive and there are emergence of a lot of new players in the space who have become quite aggressive with respect to pricing? So what is the management strategy with respect to the scale-up plan?

Pirojshaw Sarkari: So as far as the growth strategy is concerned, as Gati, we have learned a lot dealing with the fastest-growing segment, which is the SME, MSME segment. And we are pivoting our strategy over there in the sense that while we still believe that, that is the segment that will give us both the growth and the yield, the way we have been dealing with that segment is going to change.

Previously, we had a large sales team feet on the street and were giving normal credit to this segment. We're changing that strategy. We are pivoting to having a contactless sales for the MSME side of the business and changing the credit policy to make it more cash on delivery rather than giving credit to that segment. We strongly believe that while one cannot do without that segment and the growth will come from there, the way we deal with that segment has to change, and that's a big change that we are bringing in.

And now with Uday coming in, who has actually run this segment in his previous avatars in Delhivery and Spoton, brings in a lot of insight into how to deal with this segment. So that is one clear area of change that we are going to bring about in our growth strategy.

So it's not growth from where, but growth how, which is going to change for us as we move forward. And we'll establish this entire contactless strategy in this quarter so that from April of next year, it is up and running.

Krupashankar NJ: But coming to the first question which I asked is that on the commodities, wherein which there is some bit of traction, any comments on that?

Pirojshaw Sarkari: So you see, it's a very dynamic environment right now. Had you asked me just about 25 days back, I would have said automotive has really shown growth. But suddenly, in the last couple of weeks, even the automotive segment, we are seeing a little lull over there for whatever reason. So I can't put my finger on which segment is showing really exceptional growth. I think it is like an overall lull before a storm.

Krupashankar NJ: Got it. So now following up on your comments with respect to the earlier part where you were explaining about pivoting towards more of SMEs, but we're incrementally seeing that there are a lot of competitors who are adopting the -- a similar strategy. Don't you feel that it will become overcrowded to a large extent and they'll be spoilt for choices due to which, again, things may

not be as lucrative as it is now? Because you've seen that happen in the past, right, in many segments in Express itself.

Pirojshaw Sarkari: See, I think the SME, MSME segment in India is so large and so huge and so untapped by the organized players specifically that this opportunity is not for 1 or 2 players. It's for the entire industry to grab.

Secondly, as I said even earlier in my call is that there is a clear shift that is happening from the unorganized segment to the organized segment as far as logistics in general and express logistics, in particular, is happening with these MSME, SME vendor/producers who now are aspiring to sell their products through the e-commerce platforms all over India. So the opportunity is huge. The per customer size of business is very small. And therefore, we, as Gati, have decided to change the how over there. But otherwise, the opportunity is extremely large. In fact, this is the segment that is going to propel even India to the next stage of its economic growth.

Krupashankar NJ: Is it fair to assume that the SME base, our service level being similar across peers would harp upon the pricing of each of these players –which will gradually lead to the choice of service provider? Is there a pecking order in which how large corporate thinks vis-à-vis SME thinks with respect to choosing a service provider?

Pirojshaw Sarkari: The choice that a large service provider has because of the sheer volume that they can give is very different than what an SME can really demand. So I think it's a very different ball game. SME wants to be shown that they are equally important, but they can give us a far better yield than what a large player can give because they cannot demand price because of volume the way a large player can do.

Also, – the serviceability part, as I said, of an SME has to be looked at slightly differently from a cost perspective because while yield may be higher, the cost of servicing an SME definitely is also higher if you do it in the traditional way. And therefore, we are looking at how can we do it differently such that the cost of servicing an SME can get us the required gross margin that we need as an organization moving forward.

Moderator: The next question is from the line of Kevin Gandhi from CapGrow Capital Advisors. Please go ahead.

Kevin Gandhi: So basically, I have two questions, sir. How much of the credit loss provisions can we expect in the upcoming quarters? Or are we done with the credit loss provisions? That's the first question.

And for the SME, if we move to the cash model, how much of the growth de-acceleration can we expect in the coming quarters?

Pirojshaw Sarkari: Anish, you want to answer the first one?

Anish Mathew: Yes. ECL provision, we don't expect a significant reversal of provision of ECL provision. Whatever actions we have initiated, that has resulted in a significant reversal in the 9 months ended 31st of December. There might be some reversal, but that, again, actually would depend roughly on how much of the cash flow improvement did you get in the balance of the quarters

because this is a model based on the cash flow, right? So that might increase or improve, but it's not going to be that significant as you have seen in the first 9 months of the current financial year.

Pirojshaw Sarkari: So as far as the second question is concerned, it is not going to be a pre-cash pick up, as you said, cash pick up. I said it is going to be a delivery-based payment, which means that the minute we deliver the consignment for MSME, we invoice them and get payment from him. We are pretty confident we have done a lot of work on this. And also, like I said, we've got a very senior resource who has worked this model before in his earlier avatars. And we believe that, that will not short change volume at all for us.

Moderator: Thank you. The next question is from the line of Rushabh from RBSA Investment Managers. Please go ahead.

Rushabh: Sir, just wanted to understand more on the gross margin front. Directionally, we are earlier targeting a band of 28% to 32%, which is an optimal target for a good B2B express company. And currently, we are at 21%, 22%. I understand there are a lot of restructuring that has happened and a lot of efforts that have undergone. So directionally, sir, how should we look at it in FY'25? Can things get more worse from here or directionally, we can expect some improvement from FY'25 onwards?

Pirojshaw Sarkari: So definitely, the way we see this is that starting quarter 1 of FY'25, quarter-by-quarter, we have to see improvement in the gross margins because we are going to leverage volume and gross margin with the existing overhead costs to get our EBITDA margin. And with all these processes that we are setting up, that's the way we should look at how Gati will move from quarter 1 of next financial year.

Rushabh: Sir, strategy-wise, like you mentioned that we had to pivot strategy for MSME. So for each of our, say, strategy for retail, KEA and MSME, do we think we have a right strategy in place now so that we can balance volume growth as well as gross margins?

Pirojshaw Sarkari: Absolutely.

Rushabh: Okay. And sir, last question on the fundraise. I think last time, there was an announcement that you're looking for a fundraise. So is there any update on that, sir?

Pirojshaw Sarkari: So I think whatever we have put out in the public domain remains.

Rushabh: Okay. So for shareholders, it will be right if we show some good improvement in margins and then we go for the fundraise. I'm sure that's the way you must be thinking as well, but I just wanted to get your sense here.

Pirojshaw Sarkari: Like I said, whatever we have decided, we have already put up in the public domain. I have no individual sense on this.

Moderator: We have the next question from the line of Rishith Shah from Nuvama Wealth and Investment. Please go ahead.

- Rishith Shah:** Sir, just one question from my end. So we said earlier in the call that we are asking for price hikes which will maybe be implemented in this quarter and will be visible in the financials from the Q1 of FY'25. So in that sense, what kind of price hikes have we asked for and this may impact what percentage of customers? That was my question.
- Pirojshaw Sarkari:** So we have clearly targeted all the customers for a price hike except for the large customers who come onboard through an RFQ since those we cannot change anything. As far as our targeted price hike is concerned, we are looking at a 6%, and we call it an inflationary price hike with the customers themselves. So that's what we are looking.
- Rishith Shah:** Okay, sir. This will basically impact all our KEAs as well as the SMEs, not the extremely large ones that comes through RFQ but the other ones?
- Pirojshaw Sarkari:** Yes, all the rest, including retail.
- Moderator:** Thank you. The next question is from the line of Ravi Shah from Opal Securities. Please go ahead.
- Ravi Shah:** So can you share the utilization at the Mumbai hub and Bangalore hub? And also, have they reached the optimal revenue potential? And by when can you expect their full potential to be explored from these hubs specifically?
- Pirojshaw Sarkari:** So generally, when we build out hubs in the Express Logistics business, we build out looking at our capacity for the next five to six years. These hubs are never built with current capacity because, as you know, these are built-to-suit hubs, and they cannot be changed every year because it takes more than a year, first of all, to even build out a hub.
- So as far as the capacity utilization is concerned, both these hubs have enough capacity, which will take us to the next 5 years in Gati from a growth perspective. I think what is important is the turnaround time of the truck. And I can tell you that in both cases, the turnaround times of the truck have improved by more than 40%.
- Ravi Shah:** Understood, sir. Thank you for the detailed answer. I also had another question. So can you update us on the sale of the petrol pump? Sir, what is the status currently on that, if you can give a brief idea? Thanks.
- Pirojshaw Sarkari:** Anish, can you please?
- Anish Mathew:** There is no update on the sale of petrol pumps. It's remained as it is. We are awaiting confirmation from oil marketing company. As and when it comes in, we will set the process. The process would include taking the Board approval and taking this approach to the shareholders. So we are still awaiting approval from OMC.
- Moderator:** Thank you. The next question is from the line of Tirth Gosar from Svan Investments. Please go ahead.
- Tirth Gosar:** So in this budget, a new rule has been implemented by the central government that all the buyers have to pay back all their dues to MSME businesses by 31st March and on all, henceforth, orders

have to pay them within 45 days. So with this being implemented, do you think that all the businesses that you've stopped from MSMEs may come back? And what's your take on this?

Pirojshaw Sarkari: I think these are two different things that you are talking about. What the rule is about payments to be made to MSME, not payment receivables from MSME.

Tirth Gosar: Yes, payments made to MSMEs. So with this thing implemented...

Pirojshaw Sarkari: For us, it is payment receivable from MSME.

Tirth Gosar: So my take on this is as they receive their payments early they may be able to make the payments to you as per your requirements may be before than what you are expecting. So my take was that them receiving their payments within 45 days and improving their working capital cycle, they may be able to give you payments earlier. So is there any take on that?

Pirojshaw Sarkari: I have not looked at it that way. Generally, I can comment by what you are saying, it should be positive.

Tirth Gosar: Okay. Thank you.

Moderator: Thank you. Ladies and gentlemen, that was the last question. I would now like to hand the conference over to the management for closing comments. Over to you, sir.

Pirojshaw Sarkari: So thank you, everyone, for attending this call. If you have any more questions, you can reach out to our Investor Relations team or contact our IR partners, SGA. Thanks once again.

Moderator: Thank you. On behalf of Allcargo Gati Limited, that concludes this conference. Thank you all for joining us. You may now disconnect your lines.