



AGARWAL INDUSTRIAL CORPORATION LIMITED

Petrochemicals (Manufacturers & Traders of Bitumen & Bituminous Products) • Logistics for Bitumen & LPG • Wind Mills.

CIN NO.: L99999MH1995PLC084618

November 28, 2023

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 2023-24 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 24th November, 2023, with regards to the Financial Results of the Company for the Quarter and Half year ended 30th September, 2023.


We confirm that we have uploaded transcript of the Q2 FY 2023-24 Earnings Call held on Tuesday, November 24, 2023 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

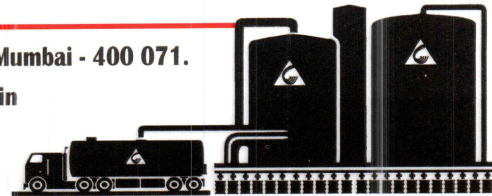

Dipali Pitale
Company Secretary & Compliance Officer



Registered Office : "Eastern Court", 201/202, Plot No.12, V.N. Purav Marg, S. T. Road, Chembur, Mumbai - 400 071.

• Tel: +91-22-25291149/50. • Fax: + 91-22-25291147. • E-mail : contact@aicltd.in

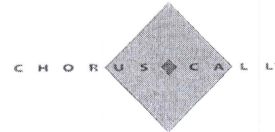
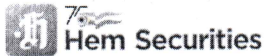
• Website : www.aicltd.in





“Agarwal Industrial Corporation Limited
Q2 and H1 FY '24 Earnings Conference Call”

November 24, 2023



MANAGEMENT: MR. VIPIN AGARWAL – CHIEF FINANCIAL OFFICER –
AGARWAL INDUSTRIAL CORPORATION LIMITED

MODERATOR: MR. RAMADHIN RANE – HEM SECURITIES LIMITED



Moderator:

Ladies and gentlemen, good day and welcome to the Agarwal Industrial Corporation Limited Q2 and H1 FY24 Earnings Conference Call hosted by HEM Securities. 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 an operator by pressing star and then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Ramadhin Rane from HEM Securities. Thank you and over to you, sir.

Ramadhin Rane:

Thank you, Dorwin. A very good afternoon, ladies and gentlemen. Thank you for joining the Agarwal Industrial Corporation Limited Q2 and H1 FY24 Earnings 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. A brief introduction for the benefit of our participants, Agarwal Industrial Corporation is India's largest private sector B2B logistics company.

As published on the Screener website, the market cap of the company is at INR1,392 crores with a P multiple of 14.3 and the current share price is INR930. Before we go on the main call, I would like to read the standard disclaimer. There may be forward-looking statements about the company and the subsidiaries which are based on the beliefs and opinions and expectations of the company's management as on date of this call. The company does not assume any obligation to update their forward-looking statements if these beliefs, opinions, expectations or other circumstances should change.

These statements are not a guarantee 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 evening to all and a very warm welcome to everyone who has joined us today. I take the pleasure of welcoming you all to the Q2 H1 FY '24 Earnings Conference Call of Agarwal Industrial Corporation Limited. Let me start by giving you a brief overview of the company's business and will then take you through the financials and we will then be happy to take questions if you have any. At the outset, we are pleased to inform that we have reported healthy numbers in terms of top line operating profit and bottom line in Q2 H1 FY24.

This we are able to achieve on back of strong volume growth since we have crossed total volume of 1,79,032 MT in H1 FY24 as compared to our 1,57,200 MT in H1 FY23, thus, facing a strong rise of 13.88% on a year-on-basis. Agarwal Industrial Corporation is an



integrated bitumen logistics and ancillary company. It plays a prominent role right from sourcing of bitumen to ocean transport to storage to value addition in the product and manufacturing to transporting that product to the final plants of the consumer and finally, laying on the road by our customers.

With a vast setup at our end and being fully integrated, we believe that there are high entry barriers to the industry. We have informed in the past year and again, we would like to highlight that there have been an increment growth in our operating profit due to onboarding of new bitumen vessels. This is a part of the company's strategy to secure timely availability of vessels for meeting the incremental demands that are prevailing in India.

We want to bring to your kind notice that the total volume of approximately 1,80,000 tons in the first half of FY24, we have done close to 60,000 MT of volume through our own vessels and we have added one more vessel in this financial, first half of this financial year that brings us to the total number of nine vessels and the ninth vessels is under dry dock and doing the maintenance work.

I would highlight some of other points that I would like my shareholders to know that year on year the company has been giving a good return on the capital and the company's profit on per metric ton has also improved in the last few years. The payment cycle of the company compared to what five years back, it has improved by a significant level and the company maintains a guidance target 5,00,000 metric tons compared to 4,25,000 metric tons in the previous year, which we had a target growth of around 18%.

Also, India being the second largest road network and has the lowest consumption of bitumen as compared to countries like USA, China, wherein for the same road transport requirement of bitumen is 3X, thereby providing a large opportunity in Indian market. This year, budget allocation of the road transport and highway ministry is rising. This year, road transport and highway ministry has achieved a push with the union budget raising the allocation by 36% to around 2.7 lakh crores for 2023-2024.

That is nearly a 10% jump over the budgetary allocation of INR1.99 lakh crores made in the budget of 2022-2023. Higher budget allocation was necessary to help the ministry meet the 25,000 kilometer road development target announced by the government in the year 2022-2023. Budget remains raising interest expenses and increasing land acquisition costs.

This along with the large quantum of maintenance work awarded by government and other agencies is creating continuous growth demand for the bitumen. We believe that we continue to grow in coming years and for 2024, we are expecting to grow at the same pace as in FY23. We will be efficiently utilizing our capital, providing more vessels, thus strengthening and smoothing the overall business of the company.

I would like to take you to the financials. We are happy to report that AICL has continued to demonstrate phenomenal results in Q2 FY24 as well as Q2 FY23. Coming to the quarterly results, during Q2 FY24, we have reported a 4.18% jump in the consolidated revenue from operations at INR231.91 crores on a year-on-year basis. Our EBITDA has increased by



12.17% at INR28.68 crores and we have reported a part of INR16.01 crores with an increase of 4.77 during Q2 FY24 as compared to Q2 FY23. However, on a half-yearly basis, the company has reported a 7.13% rise in total revenue at INR860.67 crores in H1 FY24 as compared to INR809.99 crores in H1 FY23.

The company has reported a 14.99% rise in EBITDA at INR70.79 crores in H1 FY24 versus INR61.57 crores in H1 FY23. Companies' HALF 1 FY24 PAT surged by 12.49% from INR38.74 crores in H1 FY23 to INR43.58 crores in FY24. We are seeing a constant witness rise in the return of capital from 14.65% in FY19 to approximately 24% in FY23.

I would now ask the coordinator to take the questions.

Moderator:

Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Ashish Kacholia from Lucky Investment Managers. Please go ahead.

Ashish Kacholia:

Good afternoon, sir, and to the entire Agarwal Industries Corporation team. And congratulations on a good set of numbers. Sir, my question is basically, what is your observation about our company's ability to take market share in the entire Bitumen supply chain? Are we being able to kind of increase our market share over a period of time or we are finding competition also responding? So just your thoughts.

Vipin Agarwal:

Thank you so much. As I have already spoken earlier, we have been witnessing a constant growth in the last few years. And if you consider the same level from last year, we have done around 4,25,000 tons and the target of 5,00,000 tons this year. And we hope that we will definitely reach this target. This will result in an overall increase around 18% to 20%. And going forward, the company will try to maintain the same level in the growth, in fact, higher.

As I already said, the demand in this road industry is so wide that even in the next 10 years, the demand for Bitumen would keep on increasing against the local production. The Indian production of the PHUs will limit themselves to 5.5 million tons as they do not have any more capacity to increase the production in India. So entire value chain of the additional quantity that would be required to make roads, it would definitely be contributed to imports only.

And therefore, we have already set up the logistics across the Indian ports and various factories wherein we would be able to supply across all the Indian States in a very effective manner, thereby increasing the company's total volume to a significant level in the coming years. And with the improved efficiency of our vessels, we would definitely add something on the bottom side as well.

Ashish Kacholia:

Yes. So the question basically is that since we have already captured a 25% to 30% share of the bulk market in the Bitumen in the private sector, is there room for us to take our market share even higher?

Vipin Agarwal:

Yes. If you say that the volume will be increasing, but of course any additional volume would definitely be helping the company in a higher volume from the current level. As the Indian demand in the next two to three years, it should come across 12 million tons. And the



additional volume will be supplied by the companies who have this kind of setup as we have in our company. The infrastructure setup with the logistics that we have in-house.

Moderator:

Thank you. The next question is from the line of Bhaumik Shah, an Individual Investor. Please go ahead.

Bhaumik Shah:

Sir, can you just throw some light on actually for coming two quarters, can you give some guidance on in terms of volume growth, revenue growth and also the effect on our bottom line actually? With the increased efficiency, since we have added the vessels and all, and with the increased efficiency and all, we can see that the P&L started improving actually in our company. So can you just throw some light on the volumes which will be there for the next two quarters and resulting into the revenue growth and resulting into the bottom line growth actually for the coming two quarters and the coming year, one year or so?

Vipin Agarwal:

As you are aware, the Q4 of the financial year is the peak season that the company achieves the highest sales. Considering the first half, we have done around 1,80,000 tons. We target, we have a target to achieve more than 3,00,000 tons in the next six months of the second half. Thereby taking the volumes to nearly 5,00,000 tons that the company has targeted with an improved PAT in terms of per metric ton which would be higher in comparison to the last year. So last year, it was around 2,200 per metric ton which would result in nearly 2,300 to 2,400 in the entire coming year on a per ton basis. And volume wise, of course, about 18% to 20% would be the increase in the volumes.

Bhaumik Shah:

Okay. Also, one more thing actually. See, I think in one of the con calls, you had told that actually currently we will be handling the 5,00,000 metric ton capacity which is equivalent to the capacity of one of the refineries actually. Do you see the scope actually that we will be able to do the volume growth in the coming years as well actually...

Vipin Agarwal:

Definitely. See, one of the PSUs is having around 6,00,000 tons of production in Mumbai. So we are targeting volume near to that refinery in the coming next few years. So if we are able to achieve 5,00,000 tons in this financial year, we will be closer to achieving that target of 6,00,000 tons in the coming next year.

Bhaumik Shah:

Correct. So with the increase in our fleet size and all, our vessels and all, we will be able to increase the volumes, right? That will not be a challenge for us to prove?

Vipin Agarwal:

With the increase in capex of, in the vessel size, we would increase both the volume and the bottom line by 25% in any additional vessel that we take it.

Bhaumik Shah:

Correct.

Vipin Agarwal:

The more vessels that we would be having at our end, we would be able to bring more volume in Indian various states.

Bhaumik Shah:

Correct. And the demand size, on the front of demand side, you are saying that it is increasing only, right? I think you told that...



- Vipin Agarwal:** There is absolutely no issues in the demand side because the road network is such as of now in India, even any maintenance job, if they take up, the requirement would always be more than what the current levels are.
- Bhaumik Shah:** Correct. And the new roads are increasingly being built, actually. That's what we see in the news, actually.
- Vipin Agarwal:** The new roads are always -- that is the target of the government, 25,000 kilometers.
- Bhaumik Shah:** Correct. 25,000 kilometers. Yes. That should be a challenge for the demand side, right? Demand is always there, actually. It's increasing only. In the increasing...
- Vipin Agarwal:** There is no substitute for Bitumen.
- Bhaumik Shah:** Correct.
- Vipin Agarwal:** Any additional network that the government is focusing on, it has to be supported by a supplier of Bitumen. Otherwise, roads will not be able to be built. And highways are all -- four-way highways are being built to six ways and six ways are being built to eight ways....
- Bhaumik Shah:** Correct. That we are seeing in the news every day, actually. So, we are aware about it. So, one thing is that, but we will be able to cope up with the increased volumes and all. So, that also...
- Vipin Agarwal:** That is one of the reasons why the company has gone into backward and forward integration. Wherein we are supporting each supply chain that is required in the supply of Bitumen. So, that is the reason we are having our own storage in India, logistic supply, land, as well as water, and procuring the product from the source of origin.
- Bhaumik Shah:** Correct. Correct.
- Vipin Agarwal:** This will not only help in increasing more volumes, but even incremental and official efficiency in terms of water supply.
- Moderator:** Thank you. The next question is from the line of Yash Kukreja from Equitree Capital. Please go ahead.
- Yash Kukreja:** Yes. Thank you so much for the opportunity, sir. So, my question is on the demand side only. So, sir, as in 2017, Bharat Mala 1 had a target of 35,000 kilometers. So, out of its 26,000 kilometers has already been done. And so, basically, though it was done at the twice the cost, so ministry has ordered road ministry to not apply for like more 8,000 kilometers. So, sir, on the demand, do you still see the demand like the 5 lakh tons for this financial aid? Is it possible?
- Vipin Agarwal:** Yes. We have very much possibility. We are already on the 50% of what we have done last year. Easily, easily. This volume is easily achievable at least if not 5 lakh tons, 4,90,000 tons or somewhere near easily achievable.
- Yash Kukreja:** Okay.



- Vipin Agarwal:** The peak season that will start November, December, Jan, Feb, March. These are the peak season. And we believe that with the coming of the elections next year in '24, there would be increased demand, in fact. And there has been more, more demand even from the NHI for imports now.
- Yash Kukreja:** Got it. So, and my second question is regarding the cost of the vessel. So, could you please just tell us about the cost of the vessel?
- Vipin Agarwal:** See, the nine vessels we have procured and the total capex would be around INR60 crores of this for this vessel.
- Yash Kukreja:** INR60 crores?
- Vipin Agarwal:** Yes. It would be around INR60 crores.
- Yash Kukreja:** Okay. So, any guidance for the capex for '25, for financial year '25?
- Vipin Agarwal:** On volume?
- Yash Kukreja:** No, no. Capex, capex side. Any guidance on capex?
- Vipin Agarwal:** As I had discussed in the previous call also and even in a few minutes back, we always, the more number of vessels that we would be having, it would help us not only in procuring more Bitumen, but also on the bottom line by giving us increased margin. So, whatever, \$15 I had given example in the last call, \$15 per mt. that we are paying to any third party to bring the product through any other supplier into India, that is outgo from Indian pocket. So, the more quantity that we would be able to bring in through our own vessels, we would save \$15.
- Moderator:** Thank you. We have the next question from the line of Pritesh Chheda from Lucky Investment Managers. Please go ahead.
- Pritesh Chheda:** Yes, sir. Just one question from a slide nine where you have given the cumulative capacity of the ships. So, there was 48,000 capacity in '23 and 54,000 ton capacity in '24. This is the 9th ship. Now, there was a lot of ships which were added last year during the year. So, you wouldn't have got the full year's utilization, right? So, the question is, this is a simple question that if you have this 54,000 capacity, what kind of volumes you can internally handle by this capacity of ships?
- Vipin Agarwal:** We should be able to handle around 2,50,000 tons to 3,00,000 tons with this capacity.
- Pritesh Chheda:** With this capacity. Yes. So, if you are doing a volume of let's say 5,00,000 tons FY24, theoretically half of that volume you can move to your ships if you had got the ships for the full year?
- Vipin Agarwal:** Yes. And one more point I would like to add here. The vessels that goes into the eastern side of India, it requires around 35 days to complete one voyage. So, any vessel that would go to the eastern side, the cycle of that vessel voyage would be lower -- higher than compared to the



vessel that comes into the western side of the India. They by cutting the total volume in the manner that we want to achieve through our own vessels.

Pritesh Chheda:

Okay. And when you...

Vipin Agarwal:

Just to give you an example, from 5,00,000 tons if suppose we have to supply around 50,000 tons to 70,000 tons in the eastern side, so that vessel, you require more vessels to complete that voyage instead of the vessel that you would do in the western side.

Pritesh Chheda:

Right. So, any case, it would be an optimum mix of going east, going west. So, that considering that you need to supply between everywhere. On this 54,000 tons, you can support the 2.5 tons to 3 lakh tons?

Vipin Agarwal:

Yes, we should be able to support.

Pritesh Chheda:

Right. So, basically whatever is your capacity, you can rotate that capacity 6x, right? 5x. 3,00,000 tons divided by 54,000 tons.

Vipin Agarwal:

Yes, sir.

Pritesh Chheda:

Right. And the last vessel that you added is about 6,000 tons?

Vipin Agarwal:

Around 5,500 tons carrying capacity, about 5,500 tons.

Pritesh Chheda:

So, we can do 5,500 tons into 5.5 tons, right?

Vipin Agarwal:

Yes.

Pritesh Chheda:

Okay. And the cost of that vessel you paid is about INR60 crores?

Vipin Agarwal:

Yes, around INR60 crores.

Pritesh Chheda:

Any vessel that you add, usually you have a payback in mind?

Vipin Agarwal:

We do have payback in mind, but as we had informed earlier also, we have targeted a return of between 20%-25% in any vessel that we take. So, around four years payback.

Pritesh Chheda:

Okay. Thank you very much. Okay. Just lastly, you would go to 100% of your volumes by your own vessel or you will have a mix of outsourced and own?

Vipin Agarwal:

Maybe we would like to have mix because during the monsoons, it is not possible for us to run the vessels in the Indian continent fully. So, during the monsoons, suppose if you consider second half of June, till maybe September or October first half, depending upon the monsoons, we have to run the vessels [beside 0:24:54] in other areas as well. Because in India, during the monsoons, the demand of work is not there due to the monsoons.

Pritesh Chheda:

Okay. Is this optimal?



- Vipin Agarwal:** We have to run the vessels in an optimized manner wherein we can use it in any part, UAE, other Southeastern countries, Singapore.
- Pritesh Chheda:** Okay. So, at 50% or 60% of your volumes being through your own vessel now, is this an optimum mix or you aspire to increase this even further based on?
- Vipin Agarwal:** We aspire to increase it further. We do aspire.
- Pritesh Chheda:** But not 100%?
- Vipin Agarwal:** Sorry, sir?
- Pritesh Chheda:** But not 100%. Higher than 50% what it is today?
- Vipin Agarwal:** 100%, sir, it would not be possible practically because of the monsoons as I explained. If we have 1,00,000 tons as capacity, but 1,00,000 tons, you will not be able to do it during the monsoons.
- Pritesh Chheda:** So, what is that optimum on your captive? 60%, 70%, 75%?
- Vipin Agarwal:** About 70%. You can say about 60%, anywhere between 60% to 75%, 78%.
- Pritesh Chheda:** Okay. Thank you very much, sir.
- Vipin Agarwal:** Thank you very much, sir.
- Moderator:** Thank you. The next question is from the line of Divya Sethi from Electrum Portfolio Managers Limited. Please go ahead.
- Divya Sethi:** Hi, sir. Congratulations on this amazing set of numbers. Firstly, my question was, like you just mentioned, the ninth vessel has been added. However, in the beginning you said it is under maintenance. So, has it already started contributing or what is the split going to be as per H2 FY '24?
- Vipin Agarwal:** It would be operational in the first week of December. It will contribute for four months in the current financial year.
- Divya Sethi:** Okay. Understood. And apart from INR60 crores that we have invested in this vessel, is there any other capex that we intend to do during this year?
- Vipin Agarwal:** It all depends upon opportunity that we come across. If there is any good opportunity where we get a vessel at a very attractive price and at the same time, we have the funds at our disposal to take it over, maybe, yes.
- Divya Sethi:** Okay. And any guidance on FY '25? Is it standard the way you mentioned in the past calls that it is going to be around...



- Vipin Agarwal:** It is very easy. If you see today's market, the vessel market is on the higher side. So, any vessel that we would take now, it would be 70% to 80% at a higher cost because of the higher market of shipping as of now.
- Divya Sethi:** Okay.
- Vipin Agarwal:** So, the guidance is always there for acquiring more capex in terms of vessels, but all depends upon the right opportunities at the right price.
- Divya Sethi:** Understood. All right. Sir, just one small question over here. Historically also, I have been noticing that whenever there is a drop, Q1, end of Q1 and Q2 has been the period where we report low revenues. Our gross margins always spike up in these quarters and otherwise in Q4 and Q1, we report lower gross margins, like if I talk about bitumen particularly. What could be the possible reason for that?
- Vipin Agarwal:** Can you repeat the question again, please?
- Divya Sethi:** Yes. So, just wanted to understand whenever there is a drop, I mean Q2 considering that is the lowest year-on-year, the quarter. So, the gross margins increase in this particular quarter in comparison to Q4, which is the highest volume contributing quarter?
- Vipin Agarwal:** Yes.
- Divya Sethi:** So, what could be the possible reason for that?
- Vipin Agarwal:** I do not see any reason in terms of percentage. Allow me to come back to you on this point, please.
- Divya Sethi:** All right. Sure. Also, another question here. bitumen, like it has been seen that it contributes around 3.5% to 4% every quarter and ship charting business is contributing around 25% to 30%. So, do we intend to lower our contribution in this particular business and increase ship charting? Any plans of that sort?
- Vipin Agarwal:** No. See, as I have explained earlier also, both the businesses are complementing each other. That is the reason that the freight that we were paying to the third parties, that plays a very important role. Logistics, again coming back to logistics, logistics is a very important part of any industry that we are into. So, the logistics side, which we were, the amount that we were paying to third parties, now since we have our own vessels in the subsidiary of UAE, we tend to have those income in that subsidiary. And on a consol basis, you can see the results.
- Divya Sethi:** Understood. All right. Thank you so much.
- Vipin Agarwal:** Thank you.
- Moderator:** Thank you. We have the next question from the line of Rahul, an individual investor. Please go ahead.



Rahul: Congrats on a good set of numbers. I basically have a question around your charting business. So, I wanted to take an explanation, like every quarter, we generate around INR25 crores to INR30 crores to INR40 crores from your charting revenue. So, what does this exactly, what's the product being chartered over here? Can you give certain explanation, like what is this particular revenue and how it's coming from?

Vipin Agarwal: Thank you so much. Charting is basically the voyage that we do in a particular vessel.

Rahul: Yes, I got that point. So, it's, you are providing, you tell that 50% of your volumes of charting of bitumen, it's done from the own vessels. So, only 50% is utilized, like you only take for 50% and the rest you outsource it to a third party. So, my particular question is then how is this revenue of around INR50 crores, INR45 crores for quarter 2 and INR38 crores for quarter 1 is being generated?

Vipin Agarwal: There is some, I think the point is not right. I have said 50% to 60% we are doing as of now, because of the number of set of numbers that vessels that we have, we are not able to fully utilize in terms of volume that we are targeting. But during the monsoons, we have to give it to third parties for on a chartering, say voyage charter or on a time charter, because during the monsoons, we cannot bring the product into India to the tune of the volume that we require.

Rahul: Yes, sorry to interrupt, but I get that point. But I am talking about the other quarters like your Q1, Q3 and Q4. At that point of time also, you are generating an average revenue of around INR35 crores from this particular segment?

Vipin Agarwal: Yes, we do.

Rahul: So, how do you get this thing? If your ships are fully utilized in bringing the bitumen, then what's the source of this revenue? Like, one side you bring the bitumen and the other side you ship different products?

Vipin Agarwal: All the bitumen, these are specialized vessels wherein the transport is done only on one side. The vessel goes back empty only after [inaudible 0:32:19].

Rahul: Okay. So...

Vipin Agarwal: We exchange that through voyage charter on for a charter.

Rahul: Okay. Then if you can explain like for the other quarters, other than the rainy season quarters and this revenue generation, where do you get this revenue generation?

Vipin Agarwal: If you see the revenues, the revenues have been stagnant on the same level even in Q1 or Q2. There is hardly any difference in Q1 or Q2. In the Q1, the vessels are chartered to third parties to bring the product into India or if you charter the vessels into some any other country, this revenue more or less remains the same because the freight portion calculation is more or less the same wherever you take the product to.

Rahul: No, I think you are not getting my question. Okay, we can connect later.



- Vipin Agarwal:** Yes, you can please mail. If there is any disconnect, you can mail your question, please. We'll be happy to mail you back.
- Rahul:** And the second question is what's your average cost of around INR5,500 we can take for the forward guidance that around INR60 crores will be the average capex for ship?
- Vipin Agarwal:** The average, yes. If we have to take a vessel carrying capacity around INR5,500, today the cost would be around INR65 to INR75 crores.
- Rahul:** Okay, and this is a fully – this is a huge vessel and it doesn't have an average life or usage life or something like that?
- Vipin Agarwal:** Any vessel, we have a vessel which doing – which is a 27, 28 year old vessel as well in the fleet and the current vessel that we have taken over, it is 13 years old. So easily 14, 15 years from now.
- Rahul:** Okay, so that's not...
- Vipin Agarwal:** Where in the vessel can do for 40 years, any vessel can do 40 years if you maintain properly.
- Rahul:** Okay, so it makes sense for you to do this. And just a last question, where are you prominent more into the volumes like the western side or central or, I know that eastern side you are not that volume?
- Vipin Agarwal:** We have volumes from all the parts. We have in -- from Gujarat, Maharashtra, Karnataka, Telangana, Haldia. So we have from northeast. It is balanced. Sometimes it is a few percentage here and there from in a particular belt, but more or less the demand is there across all Indian states.
- Rahul:** Okay, do you have any preference you PAN India platform, if you, storage flash on manufacturing plants all over India?
- Vipin Agarwal:** Preference in terms of – preference in storage in terms of storage would always be a port wherein you can have a storage facility. In the middle, in the mid states wherein there in land there is no water, you cannot bring any imported product in bulk. So any port location would be ideal to store the product, to bring the product and distribute.
- Rahul:** Okay. Thanks a lot.
- Vipin Agarwal:** Thank you so much.
- Moderator:** Thank you. The next question is from the line of Tanvi Jain, an individual investor. Please go ahead.
- Tanvi Jain:** Hello, sir. Congratulations on a very good set of numbers. My first question would be if you could just give me a rough idea about the margins that are coming individually from the shipping business and from the bitumen business? Earlier we had a margin of around 28% in the shipping business, but you said it is not sustainable because we have been giving them for



alternative use. Whenever we find a better pricing to third parties, we give it to third parties. If we have a better pricing to us, we keep it to us. So what are the sustainable margins in the shipping business and in the bitumen business individually?

Vipin Agarwal: See, today the shipping market is very good. In the last five years, we have maintained a minimum margin of 20% in the shipping side, which is constant on the last five years basis. And if you on an individual basis, around 10% in India, around 7% to 10% in India.

Tanvi Jain: So 7% to 10% would be for the EBITDA margins in the bitumen business?

Vipin Agarwal: Yes, EBITDA margins on an individual basis.

Tanvi Jain: Okay, and shipping would be 20% unlike 28% as we reported earlier?

Vipin Agarwal: Yes, it depends upon cycle, season-to-season. But on a year-on-year basis, if you see, that would be the optimum level that we can talk about.

Tanvi Jain: Okay, so 7% to 10%, somewhere between 7% to 10% for the bitumen business for the full year and 20% for the shipping business for the full year?

Vipin Agarwal: Yes. Yes.

Tanvi Jain: Out of the total volume that we've done in the first half year, how much was the volume from our own vessels for this first half year?

Vipin Agarwal: I have already said that it is around 60,000 tons from the own vessels.

Tanvi Jain: Okay, sorry, I just missed that.

Vipin Agarwal: No, no, no worries. Almost one third of the total quantity that we have done in the first half.

Tanvi Jain: Okay, and in the previous con call, you said that the 8th vessel, we will start getting the benefits from it in future. So have we started commercializing?

Vipin Agarwal: Yes, the 8th vessel is already operational.

Tanvi Jain: Okay, and one more thing. So when we talk, I'll just join in the question queue.

Vipin Agarwal: Sorry?

Tanvi Jain: I'll just join in the question queue again.

Vipin Agarwal: Yes. Sure.

Moderator: Thank you. The next question is from the line of Abhishek Sharda from HEM Securities. Please go ahead.

Abhishek Sharda: Thanks for the opportunity and congratulations for a good set of numbers. Sir, my first question is regarding margins only. So we have shown a significant improvement in operating



margins in this quarter, both on sequential as well as Y-o-Y basis. In the second half, our volumes will be almost 2.8 times as based on our guidance, right, as compared to first half. And we have mentioned that with increase in volumes, our operating margins will also increase. So, our margins in the second half should be better than first half. Is this understanding correct?

Vipin Agarwal: Yes, because the higher to volumes, the better realization you will get in terms of selling the product, so the higher margins.

Abhishek Sharda: So sir, we can expect better margins in H2 as compared to H1 of FY'24, right?

Vipin Agarwal: Yes, definitely, yes.

Abhishek Sharda: Of the bitumen margins.

Vipin Agarwal: Yes, bitumen and on the consolidated basis.

Abhishek Sharda: On the consolidated basis also. and sir, I have one small doubt. If we come to, if we like look at slide number nine of your investor presentation, there is a part vessel utilization, right?

Vipin Agarwal: Yes.

Abhishek Sharda: So basically, there are like three, you have said that 4.24 lakh volumes you have done in 2022-23. And 2.01 is done by our own vessels, right?

Vipin Agarwal: Yes, yes.

Abhishek Sharda: So almost, it's almost 50%, 45%, 50% is done by your own vessels.

Vipin Agarwal: Yes.

Abhishek Sharda: So how much actually total volumes is done by your own vessels? I mean, which will include, so total volumes will be 2.01 of your own and something of the third party also, right?

Vipin Agarwal: Yes.

Abhishek Sharda: So what is that number? Can you share that number also?

Vipin Agarwal: See, if you consider five lakh tons, so around two point The same calculation will go around 2.5 lakh tons or between 2.5 lakh tons to three lakh tons will be done through our own vessels. And balance will have to be done by through third party.

Abhishek Sharda: No, no, sir. That I understand. So basically, I want to understand that if we use our own vessels only, we will be like out of five lakh, we will be doing around 2.5 lakh, right?

Vipin Agarwal: Yes, yes.

Abhishek Sharda: And other than our volumes also, so our vessels will be like transporting other volumes also, like volumes of other third party also?



- Vipin Agarwal:** No. See, if we are using it 100% for our own vessels, still you fall short of this because the transit time also has to be considered. It is not necessary that 54,000 tons that we have capacity, it is in transit every time. You will have maybe 20,000, 25,000 in transit, another 20,000 for loading or waiting for loading. So, it is not that 50,000 will be entirely coming in a month and going back, then coming back. As I said, in the eastern side, I require around 25 days for one voyage. So, a vessel of 5,000 tons would do only six trips in the entire year or about seven to eight trips.
- Abhishek Sharda:** Okay.
- Vipin Agarwal:** That would be the guidance because eastern side takes double the time than the western side.
- Abhishek Sharda:** Right, right. So, basically, sir, if our total capacity is around 50,000 in our vessel capacity, so we will be doing around five to six times of the volumes of that capacity?
- Vipin Agarwal:** Yes, yes.
- Abhishek Sharda:** And, sir, that five to six times includes our own, like bitumen and other party bitumen also or we use vessels for our own bitumen only?
- Vipin Agarwal:** This we are talking about our own quantity.
- Abhishek Sharda:** Okay. And, sir, I want to understand how much actually volumes are transported to our vessels, which includes our own bitumen and other party bitumen also?
- Vipin Agarwal:** I would say 60,000 tons was done to our own vessels in the first half.
- Abhishek Sharda:** Okay.
- Vipin Agarwal:** Approximately 60,000, maybe a few tons here and there, but approximately 60,000 tons.
- Abhishek Sharda:** Okay, sir. Thank you. And, sir, any volume guidance for FY'25 also, like you have already mentioned around 18% volume guidance for FY'24?
- Vipin Agarwal:** Yes, that would be the guidance as of now and better guidance I would be able to give you after the completion of the Q3, maybe.
- Abhishek Sharda:** Okay. Okay, sir. Thank you for the detailed responses and all the best.
- Vipin Agarwal:** Thank you so much.
- Moderator:** Thank you. As we have no further questions, I would now like to hand the conference over to Mr. Ramadhan Rane for closing comments. Over to you, sir.
- Ramadhin Rane:** Thank you, Darwin. On behalf of HEM Securities Limited, I thank the management team of Agarwal Industrial Corporation for giving their time and responding to all the queries in a detailed manner. I would also like to thank all the participants for joining the call. Now I would like to hand over the call to Darwin for the closing remarks.





Moderator: Thank you. On behalf of HEM Securities, that concludes this conference. Thank you all for joining us.

Vipin Agarwal: Thank you so much.

Moderator: Thank you. Thank you all for joining us. You may now disconnect your lines.

Vipin Agarwal: Thank you.

