

PILL:SEC: 23-24/23

29<sup>th</sup> May,2023

To  
BSE Ltd.  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Fort  
Mumbai – 400 001.

To  
National Stock Exchange of India Limited  
Exchange Plaza,  
Bandra-Kurla Complex,  
Bandra (East),  
Mumbai – 400 051.

SCRIP CODE: 526381

SYMBOL: PATINTLOG

Dear sir,

**Subject: Transcript of Presentation on Audited Financial Results (Standalone) for the quarter and year ended March 31, 2023.**

Pursuant to Regulation 30(6) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the transcript of the presentation made on May 26, 2023, on Audited Financial Results (Standalone) of the Company for the quarter and year ended March 31, 2023, is attached herewith.

Kindly note that announcement pertaining to audio recording of said presentation is already submitted to stock exchange on 27<sup>th</sup> May, 2023.

Yours faithfully

For PATEL INTEGRATED LOGISTICS LIMITED

  
Avinash Paul Raj  
Company Secretary cum compliance officer





**“Patel Integrated Logistics Limited Q4 FY-23 Earnings  
Conference Call”**

**May 26, 2023**

**MANAGEMENT: MR. MAHESH FOGLA – EXECUTIVE DIRECTOR, PATEL  
INTEGRATED LOGISTICS LIMITED  
MR. AVINASH PAUL RAJ – COMPANY SECRETARY,  
PATEL INTEGRATED LOGISTICS LIMITED**

**MODERATOR: MR. VIKRAM VILAS SURYAVANSHI – PHILLIP CAPITAL  
(INDIA) PRIVATE LIMITED**



*Patel Integrated Logistics Limited  
May 26, 2023*

**Moderator:** Ladies and gentlemen good day and welcome to the Patel Integrated Logistics Limited Q4 and FY23 Earnings Conference Call hosted by PhillipCapital (India) Private Limited.

As a reminder all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference, please signal an operator by pressing '\*' then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Vikram Vilas Suryavanshi from PhillipCapital (India) Private Limited. Thank you and over to you sir.

**Vikram Suryavanshi:** Thank you Dorwin. Good afternoon and a very warm welcome to everyone. Thank you for being on the call of Patel Integrated Limited.

We are happy to have the Management with us here today for a question-and-answer session with the investment community. Management is represented by Mr. Mahesh Fogla – Executive Director, Mr. Avinash Paul Raj – Company Secretary.

Before we start with the question-and-answer session we'll have opening comments from the management. I will hand over the call to Mr. Mahesh Fogla for opening comment. Over to you sir.

**Mahesh Fogla:** Thank you Vikram. Thank you, Darwin for arranging the call. It is a great opportunity for me to explain the Company. This is the maiden call we have arranged first time in the Patel Integrated Logistic Limited, analyst call.

First of all, let me give some background about the Company:

Patel Integrated Logistic Limited formerly known as Patel Roadways Limited. It was formed in 1962 and it is the first multimodal logistic Company. And over a period of time, it got evolved itself and then we became public listed also and then Company had a journey and there are some significant developments happening in the Company which I will enumerate to you right now. After 1962 this Company has incorporated then become IPO and then it became Patel Air Freight also Company came apart from the roadways Company. Then both the companies merged together. Then 2019 Patel Roadways there was a slump sale and Company began to focus more on the air freight business and then we have a little not good time due to COVID and the airline close and all this were happening. After that we were able to complete the right issue for the Company, thanks to all the shareholder support and successfully raise the money through the right issue. Promoters contributed their contribution also in the right issue and through that fundraising we were able to reduce the debt.

And now if you can see the result, which I will explain you in the next few minutes our interest cost has come down and as a result the benefit of interest cost came down only in the last quarter not for the entire quarter. So, in that the benefit of the saving and interest cost will be reflected in future quarters. At the same time the operation also stabilized and I will explain you the little



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bit about the results. Our Patel Integrated Logistics limited FY 23 PAT increased by almost more than double to 4.9 crores. Before that our revenue increased by 18% year-on-year to 280 crores. Also, our EBITDA also increased by 21% to 12.33 crores. There is an operating EBITDA increased by 34% to 10.33 crores. Our total volume increased by 22% to 54,231 tons.

Now the thing is there we are also in the process of complete digitalization of our operation. The Company is a pioneer in logistics and our technology was time tested technology. We are now further improving that process. I want to explain to our listeners also that temporary closure of Go First airline will not affect the Company operations. reason is that our model is that we are not depending on a single airline. We have Indigo, Air India, Vistara, Air Asia, SpiceJet. We deal with all the airlines. So, if there is any issue in one airline it does not affect our operations. Earlier Jet Airways was there, which closed down but it has not affected our operation because we don't depend on a single airline. Now positive thing is that Air India being privatized and there is a lot of synergy between Vistara, Air India and Air Asia which will be helping the overall air cargo sector. We are being a major market player definitely getting benefited.

Now we are observing that the aviation sector is pre pandemic levels. It's coming back to the pre pandemic level giving growth to the overall business. Further airlines are going to add as we can see the Indigo has given a big order or the Air India has given a big order for the new aircraft and we use the passenger aircraft for moving our goods. So, it is very beneficial for us. There is also a new airline, Fly91 is expected to be operational by September 23 and we are dominated by road transport. But the aviation sector is also growing by 22% as per our honorable Minister Nitin Gadkari. We have 50 small airports also coming up under the mission Udaan. As the number of airports are increasing and wherever the cargo facility will be there, we will be there definitely. So, it will be a very good factor for us. It will be favorable for us. Government is giving lot of thoughts on the logistics sector. There is a new logistic policy came NLP which will also benefit our Company and as to the overall logistics sector. Everybody's thrust is now on the logistic cost and as we are in the consolidation of cargo and we are committed to moving the goods with the minimum cost and with the faster movement. So, we are aligned with the cost of our honorable Prime Minister Mr. Narendra Modi.

Commenting again on the results, we will continue to look for the growth as our operation got stabilized, our financial got stabilized. We have continued with our growth momentum and delivered a good performance in FY23. For FY23 the total income grew by 18.35% year-on-year while PAT increased by double to 1.15 times to 4.90 crores. As I was mentioning over the last few years, we are continuously reducing debt and we are already now net debt free. That is reflected in our results also and that will give us a benefit because the Company has lots of realty which are getting mortgaged free from bank. So, we are now actively exploring to monetize the real estate in the Company to give the overall benefit to all the stakeholders in the Company. Lowering the interest cost definitely improving the profitability and it will be in the future quarter also it will get more reflected and with the positive environment and the favorable economic environment for the logistic business we are very confident that we will be able to maintain that growth momentum and create value for our all stakeholders. As the economy



grows, we will also grow and being a major market player in our area operations we are expecting to grow much bigger than anybody else in our area operations.

With these comments now I hand over back to Vikram.

**Moderator:** Ladies and gentlemen, we will now begin with the question-and-answer session. The first question is from the line of Sanjeev Kumar Damani from SKD Consulting.

**Sanjeev Damani:** First question is that how many trucks we own today for transportation, medium size, large size or long trailers etc. and how much are associated with us and do we do only air cargo work or we do road transportation of material as well? Kindly reply sir.

**Mahesh Fogla:** Thank you for asking this question. It will help me to clarify the model of the Company right now also. We are now predominantly an air cargo Company but definitely wherever the overnight journeys are we use the trucks and not the aircraft. So, yes, we move the goods through the trucks also. But we want to continue to now become at a asset light Company and in our book we are not carrying any substantial trucks in the Company.

**Sanjeev Damani:** And do we carry only air cargo nowadays or we also do that business of booking trucks and supplying them and making earnings out of it?

**Mahesh Fogla:** Yes sir. Wherever the overnight journey is there, goods can be moved overnight only and don't require a very long time, we definitely move the goods through the road also. At the same time otherwise, we are more focused on the air cargo. We are also looking now further opportunity in the roadways. Now things are getting stabilized. As the opportunity will come for the road for us then we may look for the things in the other way.

**Sanjeev Damani:** Now the next question is what kind of bookings we are having in air cargo? Is it materially a very costly material like gold, silver or currency or jewelry or some costly medicines etc. or do we carry lot of other things also? I just wanted to understand what is the scope of this activity.

**Mahesh Fogla:** We are carrying all the goods which can move through the air. We are not talking about only the goods which are very costly goods. Just to give you the little bit heads of what we move, we definitely move the e-commerce goods like electronics from e-commerce Company, we move the pharma goods. We move perishable goods. We move document definitely. As you're talking about, we very selectively do. We don't do regularly with the costly which you are talking about. But at the same time being a major market share and being present all over India more than 100 locations whoever want to move the goods through the air definitely we come into picture.

**Sanjeev Damani:** Our outstandings are very large and you have written that this is a normal practice of the trade. How can we control it because then we can save lot of interest if we get....?

**Mahesh Fogla:** Can you repeat the question if you don't mind?



**Sanjeev Damani:** Yes, why not? We have a very big outstanding debtor. The collection is very large. So, how we can control the collection and you have written that this is a normal practice of the trade? So, how can we improve upon collection so that we save on the interest cost of our money involved?

**Mahesh Fogla:** I fully appreciate your concern. At the same time what is happening is there now when you see the comparable sales. Sales excluding the GST. While the debtors are including GST. So, there is already a 20% gap between the sales and the debtor, 18% is the GST. Another thing is there, that's the reason we were very conservative about our exposure to debtors and otherwise we can also go in hyper growth. But we will go in the growth mode but not in the growth mode at the cost of the debtor. Just to give you Dhamaniji, for the safety of our stakeholders we have now taken insurance against our debtors also. God forbid if another COVID or any unfortunate situation comes then the money is secured. Further is that we are continuously monitoring our debtor. That is the prime area for our senior management of the Company. We definitely don't allow the debtor to go more than the industry practice. If required we are ready to sacrifice the sales for also that. Our team is even like that also, they don't go at the cost of inching the sales unnecessary increase the debtor. So, we are continuously monitoring and we have a very strong mechanism on monitoring the debtors. As I was mentioning you it's an industry practice but we definitely ensure that we don't go non collectible debtor more than the industry norm.

**Sanjeev Damani:** Can you quantify the number of clients that we are attending and percentage of business from such clients? For example, the first large 10 clients which contribute more than 50%-60% business on a repetitive basis, do you have some sort of classification of customers where you have a long term tie up for example Amazon or any such Company which is doing air mixing of the electronic goods? So, are we connected with so many big names? If it is comfortable, can you specify certain clients name?

**Mahesh Fogla:** Just to clarify Dhamaniji, this is the USP of the Company. We don't depend on a single client. We don't depend on a single client just to clarify you again. We have more than definitely we have more than triple digit, four-digit number of clients are there and our endeavor always is there not to depend on any biggies. Yes, biggies are there in our customer list but we have a very clear mandate and ethos of our Company. That culture of the Company from the beginning is there to spread our customer list and we don't want to depend on a single customer. To be frank with you will be surprised not a double-digit percentage also.

**Moderator:** We have the next question from the line of Ankur Shawaria, an individual investor.

**Ankur Shawaria:** My first question is that in your presentation you are always highlighting the growth of the air industry which result in growth of your business. But I don't think that there is a direct proportion between the airline business and growth of an air carrier. Please correct me if I'm wrong.

**Mahesh Fogla:** About your pointing out that whether the growth of the passenger aircraft is linked to our growth of our business, it is there because we don't use freighter aircraft. We use the passenger aircraft only to move our goods. Whenever more and more passenger aircraft will be there and more and



more airport where the air cargo facility is there, we get a benefit of this growth of the airlines. That is the reason we are mentioning to just for the information of all of you that if the passenger aircrafts are increasing or if the number of airports where the air cargo facilities are available then being a major market player and being present all over India our business fortunes also hopefully will be getting lifted.

**Ankur Shawaria:** As I understand most of our debtors would be people like us who want to take our cargo from one place to the other. So, how come we have debt, isn't it that it should be advanced payment from the customers for airline carrier?

**Mahesh Fogla:** Just to clarify you, we are more into the B2B segment. We are more into the B2B segment, so what happens we are a contributor of cargo, customer give the cargo to us in the airport. Then from airport to airport we move the cargo through the aircraft. Definitely how the customer gets benefited because we do the consolidation of cargo of the multiple customers and then move the goods. So, we are using the passenger aircraft only to move the goods. I hope I clarify you or I'm happy to clarify you again if I'm not able to clarify.

**Ankur Shawaria:** But the debtor is almost 93 days. So, do you think....

**Mahesh Fogla:** We are talking about the debtor's figure. The debtor figures are 90 days. Can I explain sir?

**Ankur Shawaria:** Sure sir.

**Mahesh Fogla:** Debtors are 90 days definitely because we are in the business of B2B. We are not in the B2C. So, there is airlines we have to pay in advance and the customers pay in and around the 90 days as we're talking about. But the only thing if you see that as I was explaining in my previous answer debtors' figures include the GST of around 18% but sales figures don't include the GST of 18%. So, this proportionately debtors look little higher. However, to safeguard our interest we have also taken our trade credit insurance also from SBI Life. As I was explaining 90 days debtors is okay but we definitely continuously monitor and we don't allow our debtors to go overboard. We are as a culture of the Company we are going to sacrifice the sale. But we don't want to expose ourselves to debtors where the risk is there.

**Ankur Shawaria:** Who are our major competition as of now?

**Mahesh Fogla:** We are a public listed Company which has presence pan India. But there are local level competitions there definitely but not in our area of operation which are a pan India network. There some names are there which are in the local level not in the pan India. We are in the niche area of our consolidation of cargo through the passenger aircraft, moving the goods.

**Moderator:** We will move to the next question which will be from the line of Anil Bhagwani, an individual investor.



**Anil Bhagwani:** I want to ask you what are the future prospects of the Company Mr. Mahesh because what I'm seeing is that I'm a quite old investor in your Company and being an NRI I have been long term investment. But what I'm observing is now the Company is coming up but still a long way to go. So, my question is how are the prospects in the next quarter and the next year financial year, so can you please give me the confidence that is it advisable to go for a long-term debt because I'm already holding it for 3-4 years?

**Mahesh Fogla:** Bhagwaniji thank you for investing in our Company and showing faith in our Company. As you rightly say a few years back there was a concern in the Company and issues were there, that's why we come out with the rights issue and turn around the Company. Now with the support of all of you, we have been now continuously reducing the debt and last quarter we had substantially reduced the debt which benefit will be visible in the future quarters and as a benefit of reduction of debt our prime real estate also got mortgage free. As a result, now we are exploring how to exploit that prime real estate and create value for all the stakeholders. Further since the aviation sector is growing, our business is also growing so I can definitely tell you the prospects look very good and what I feel whatever like happened, happened. Now the things are looking up and up only.

**Anil Bhagwani:** My next thing is that I wanted to know what about the advertisements side like digital or otherwise because nowadays you know everybody's going for advertisement so I am not able to see any advertisement in digital or like other side. So, can you please explain me are you going for these types of advertisements or only B2B is enough for you?

**Mahesh Fogla:** Anil ji definitely I have taken your point and we have appointed a public relations agency also very recently and they are exploring the way how to create because as you rightly talking about, we are a Company which had a very strong brand recall was there and you may use to have a jingle also which were recalled by everybody. Now again we are going into that part and we are just creating our awareness about the Company again and I hope your concern of that in the future will not be there.

**Moderator:** The next question is from the line of Rishikesh from Robo Capital.

**Rishikesh:** My first question is if you could provide any growth outlook our guidance, can we get back to our pre-COVID levels of revenues and EBITDA margins and how would that be possible like what is your roadmap going ahead?

**Mahesh Fogla:** It will not be a challenge. I don't find any challenge; Company is now in the more strong footing. If you have gone through our results also you can see the first time after many years, we have a positive cash flow showing, correct. And we have financial stability there and luckily the aviation sector is growing leaps and bounds and we don't want, it's not that we will stick ourselves to the aviation sector. We are a public-listed Company and wherever the value can be created we will be open for that and we definitely want to reach the pre-COVID levels, even higher than that also.





- Rishikesh:** Any indication like by when can you reach pre-COVID levels maybe the FY24 or would it take like 2-3 years or something, any kind of broad?
- Mahesh Fogla:** Yes, to be frank with you that our timeline you are mentioning in that definitely it will be there.
- Rishikesh:** So, by FY24 are you saying that?
- Mahesh Fogla:** I don't want to give an exact timeline but in the next few years definitely.
- Rishikesh:** So, in the next few years you are expecting a pre-COVID level of (+400) crores of revenue?
- Mahesh Fogla:** Yes, and more about the turnover. Turnover definitely is the priority. Apart from that profitability also the priority. So, profitability also we want to improve, our profitability also and create long-term sustainability for the Company, its one fundamental want to improve. So, Company can sustain long-term and it is a value for all the stakeholders.
- Rishikesh:** My second question is what is the contribution of the warehouses in the revenues?
- Mahesh Fogla:** Right now, we have a warehouse there but that is not as such, right now it is in the rental model. So, there is not a significant contribution but we are now actively exploring our real estate which we have to how to utilize it for the warehouse so in the next future time I will definitely able to identify what will be the contribution of warehouse. Right now, we don't have a significant contribution from our warehouses there.
- Rishikesh:** Can you just broadly share what you want exactly do with the warehouses and as you said you have though the land or the warehouses already with you or you will be renting it out?
- Mahesh Fogla:** We have land, complete warehouse in Bangalore already. We have land in Chennai, we have a tie up in Pune also. Pan India, we have places are there and definitely we will see the economic value coming up through the warehouse business. We will be going for it and we are actively considering that line of business of our also, how to grow it.
- Rishikesh:** So, like mentioned in your PPT like around 2 lakh square feet of warehousing space completely owned by you?
- Mahesh Fogla:** No, not completely owned by us, partly owned by us partly in the lead model.
- Rishikesh:** Just lastly just wanted to get a sense on the warehousing business as well as on the air freight business. So, on warehousing business like steady state what kind of EBITDA margin does the business make? And even for the air freight business?
- Mahesh Fogla:** Air freight business will be a high-volume low EBITDA business definitely. But being assets light business that will have a volume business and we are expecting now we are in the range of EBITDA of 4% to 5% and Rishikesh EBITDA can be a little bit a misnomer in our case also



because my fixed cost also come in the EBITDA. So, if I able to increase the turnover as were talking just now so all the turnover which will be increasing and the corresponding, the gross margin will increase, that will come back to the in the EBITDA margin only and that will give the higher EBITDA margin. So, our focus and right now what the EBITDA is there that is not correctly representing the thing because the ecosystem which we develop over a period of time and the employee strength definitely is for the capability is much higher than what we are using right now.

**Moderator:** The next question is from the line of Sachin Kumar, an individual investor.

**Sachin Kumar:** My question was that right issue 40 crores were raised, was that issue raised for long term debt raised or used for short term debt?

**Mahesh Fogla:** We have made that Company net debt free. If you are able to see. You are able to see now Company' debt have reduced a lot. In that our major portion is long term, ours is basically more working capital, working capital is there, so we have reduced the debt of working capital. Wherever we have got the saving of interest cost we did, you are able to see our interest cost in this quarter, compared to last quarter is reduced by half. We have not got the benefit of the full quarter so we have made our Company net debt free and we will definitely try to reduce the further the interest cost of the Company by using internal accruals. Apart from the growth of the Company we will use our internal accruals now also for further reducing the interest cost. By reducing the debt and in turn which will reduce the interest cost.

**Sachin Kumar:** By the way your re-value was very nice in '16-17 from that time I have investment, in this Company I am an investor from a long time. In 16 years, 500 crores were your sales revenues. When will we able to reach that revenue?

**Mahesh Fogla:** In the next few years only, you will not have to wait for long. The reason is what happened that time in 2019 we have divested our one division and for that 150 crores turnover gone away that time. And then the COVID came and all these issues came up. Now again like we are 18% growth over the last year and we want to maintain that growth momentum and we will definitely want to strive to the higher turnover and in the next few years we'll get the turnover which what you are talking about.

**Sachin Kumar:** You mentioned that mortgage lands were there, you have mortgage free lands, so where are those lands?

**Mahesh Fogla:** Correct. As we got the right issue, money we have repaid our loan so when we repay the loan that again that loan, we have to put earlier our property. That property got mortgage free, property mortgage free is one in the Santacruz, Khar, in the prime one there and then in Pune also there are multiple properties are there which got the mortgage free due to the loan repayment.



- Moderator:** The next question is from the line of Rishikesh from Robo Capital.
- Rishikesh:** One question more I have so basically a few years down the line what kind of ROCEs are we looking to achieve?
- Mahesh Fogla:** I want to achieve definitely the double-digit ROC. I cannot give a definite number to you but we want to double the ROC which we are achieving now.
- Rishikesh:** One last question I had regarding warehousing business that we are planning to increase more going ahead. So, can you share broad unit economics for the warehousing business?
- Mahesh Fogla:** That unit economic is that warehouse definitely give a higher EBITDA. But it's an asset heavy business. So, the definite number will be difficult in this forum to talk about. But warehouse business is like that that that only if you take the money in the loan then it gets break even in 7-8 years. If you use your own money then it can break even in 4 to 5 years. That's the broadly I can talk in this forum right now.
- Moderator:** The next question is from the line of Ankur Shawaria, an individual investor.
- Ankur Shawaria:** I would like you to throw some light on your sports size of the business. I think you have opened some gym or something. Is it a continuous business that you're looking at or was it just a thought out of the....
- Mahesh Fogla:** Just to clarify you actually basically we have a one property in Bandra. There was a complete floor over there and which was remain back end and for utilize that floor we have tie up with the UFC GYM and opened the gym and that giving us the regular revenue. Of the revenue steady revenue like rental revenue basically rental revenue like that. We are getting the regular revenue and that is we have no intention to remove our focus from the logistics sector, which is our prime focus or the additional realty which we have in the Company. We want to focus on two area.
- Ankur Shawaria:** When you say that you want to monetize the land that you have got free from the bank. When you say monetize do we understand that you want to sell it or you want to open warehouses or lease it to other people?
- Mahesh Fogla:** There are multiple options. We are exploring to be frank with you. We have ready building is there. It can be redeveloped; it can be outside. We have not freezed our options till now. Whichever is more beneficial to us or more beneficial to us mean more beneficial to the Company and to all the stakeholders we will go that option. It got mortgage free just few, we have just now filled that collected paper from the bank also. So, we are now actively considering that point and it will take some time for us. To monetize I mean it can be any option. We are not freezing our option that we will only sale or will not redevelop or we will not bill it whatever is good for the Company we will do.



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**Ankur Shawaria:** And my last question is are we thinking of entering from B2B to B2C? That might reduce our trade receivables and the cash cycle might be reduced if it is B2C?

**Mahesh Fogla:** Definitely that is the one positive in the B2C but there is another negative in the B2C with that. What happened in the B2C sometimes it become a capital guzzler because for distributing one item you have to spend a full amount of money and which can be a very cash burning at a point of time. As you can understand some, I don't want to point out the name of some of the logistics companies which are into the last mile delivery and burning the cash. So, we will do that wherever it required we will do collectively but we will not go overall. Conserving our cash also is our priority.

**Ankur Shawaria:** Thank you for answering all my questions and I really hope that we have these con calls every quarter so that we are all the more-clear about the Company and the future prospects.

**Mahesh Fogla:** You have to tell Vikram about that.

**Moderator:** Thank you. As there are no further questions from the participants, I would now like to hand the conference over to the management for their closing comments. Over to you sir.

**Mahesh Fogla:** Thank you all the participants and it's very nice to interact with all of you. It also gives us some insight about how you feel about the Company, where we should go, how we should operate the Company. It's nice of all of you to take your time and come in this conference. We can again assure you that the Company is now getting more and more fundamentally strong. And as you can see the results are also getting better day by day. And definitely we want to be in the growth path and we want to grow and as the economy growing logistics sector definitely will grow. And at the same time, we have a benefit of our realty which also we want to exploit and give the value to all the stakeholders. Thank you once again to all of you.

**Moderator:** Thank you. On behalf of PhillipCapital (India) Private Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.