



PILL:SEC: APR 24-25/84

31st October, 2024

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.

BSE SCRIP CODE: 526381

NSE SYMBOL: PATINTLOG

Subject: Transcript and Audio Recording of conference call pertaining to Audited Financial Results (Standalone) for the quarter and half year ended 30th September, 2024.

Dear sir/Madam,

Please find below the link of audio recording and transcript of the presentation made on 30th October, 2024, on Audited Financial Results (Standalone) of the Company for the quarter and half year ended 30th September, 2024, is attached and also available on the website of the Company at www.patel-india.com.

The said results were approved by the Board at its meeting held on 29th October, 2024

This is for your information and records.

Thanking You

Yours faithfully,

For PATEL INTEGRATED LOGISTICS LIMITED

Avinash Paul Raj,
Company Secretary cum compliance officer.

CC to Calcutta Stock Exchange



“Patel Integrated Logistics Limited Q2 Earnings Conference Call”

October 30, 2024



MANAGEMENT: MR. MAHESH FOGLA – EXECUTIVE DIRECTOR
MR. AVINASH PAUL RAJ – COMPANY SECRETARY
MODERATOR: MR. VIKRAM SURYAVANSHI – PHILLIPCAPITAL
(INDIA) PRIVATE LIMITED



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Moderator: Ladies and gentlemen, good day, and welcome to the Patel Integrated Logistics 2Q FY25 Earning Conference Call, hosted by PhillipCapital (India) Pvt. Ltd.

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 are not guarantee of future performance and involve risks and uncertainties that are difficult to predict.

As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation conclude. Should you need assistance during the conference call, please signal an operator by pressing “*” then “0” on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Vikram Vilas Suryavanshi from PhillipCapital (India) Pvt. Ltd. Thank you, and over to you, sir.

Vikram Suryavanshi: Thank you. Good afternoon and 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 question-and-answer session with investment community.

Management is represented by Mr. Mahesh Fogla – Executive Director; and Mr. Avinash Paul Raj – Company Secretary.

Before we start with the question-and-answer session, we will have “Opening Comments” from the Management.

Now I hand over the call to Mr. Mahesh Fogla for “Opening Comments”. Over to you, sir.

Mahesh Fogla: Thank you, Vikram, and his team for arranging this call. Very warm welcome to all of you for taking out your valuable time in attending this call. Wish first of all, all of you a very Happy and Prosperous Diwali.

We are happy to inform you that due to support of all of you and more particularly about our royal shareholders, we have completed the rights issue just now, just in the month of October, which was over-subscribed more than 3x. Just to inform you also not to waste any day. We immediately after receipt of the right to proceed, repay the term loan and that will help in the coming quarter in saving the interest cost and also in releasing the properties which are mortgaged. So, property will be mortgage-free. Also, we will have saving in interest cost in the coming quarter. So, this is a very positive development which happened in the month of October just to update all of you.



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Further let me talk about the September quarter for which this call has been arranged. Let me just first explain you the quarter-wide number. Very happy to inform you that our income from operation has increased by 26% year on year.

Let me give in detail the numbers. Income from operation for the September quarter only was Rs. 99.22 crores. Other operating income was Rs.15 lakhs. Total gross income from operation Rs. 99,38,000 minus GST of Rs. 15,16,000. We have a net income from operation of Rs.84,22,000, which is more than 26% of the corresponding quarter of the last year of having a net income from operation of Rs. Rs. 66.85 crores. And then we have other income of Rs. 96 lakhs, giving a total income for the quarter of Rs. 85.18 crores. Expenses, if I minus from that, operation cost of Rs. 76.73 crores. Employee benefit expenses of 3.29 crores. Finance cost which is decreasing by quarter-to-quarter and will decrease further also is only of Rs. 43 lakhs. And depreciation and amortization of Rs. 65 lakhs. Admin and other expenses of Rs. 1.99 crores, giving us the total expenses of Rs. 83.11 crores. Again, the net income of Rs. 85.18 crores, giving us a profit before tax of more than Rs. 2 crores, in fact Rs. 2.07 crores.

And that if I minus the taxes it is coming Rs. 2.03 crores, giving us the EPS only for the quarter of Rs. 0.31 per quarter.

Before the half year let me give you the profit also. Year on year jumped increased by 51.26%, to Rs. 2.03 crores as compared to Rs. 1.34 crores of the corresponding quarter of the last year.

Now let me give you the half yearly figures:

Half yearly figures are almost Rs. 200 crores. In fact, it is actually the figure of Rs. 195.98 crores. Other operating income of Rs. 28 lakhs. Total gross income from operation of Rs. 196.27 crores. And minus GST of Rs. 29.94 crores, giving us the net income from operation of Rs. 166.33 crores. In that if I add up other income of Rs. 1.52 crores, giving a total income for the half year of, after the minus of GST of Rs. 1,67,86,000. Expenses, operation cost of Rs. 151.75 crores. Employee benefit expenses of Rs.6.67 crores. Finance cost of Rs. 88 lakhs. Depreciation and amortization of Rs. 1.36 crores. Admin and other expenses of Rs. 3.57 crores, giving total expense for the half year of Rs.164.25 crores. Giving us a profit for the half year ended September 24 of Rs. 3.60 crores before the tax; after the tax it became Rs. 3.56 crores, giving us the EPS of Rs. 0.55. And by that our income from operation has been half year to half year increased by 30% to Rs. 166 crores. Again, the Rs. 127 crores of the quarter of the last year.

Further, net profit has increased further by 49.7% to almost 50% half year basis to Rs. 3.56 crores as compared to Rs. 2.38 crores of the corresponding quarter of the last year. So, definitely we have a very good quarter this quarter. Almost the income increased by 30%, profit increased by 50%, and things are looking very good only.

Just to give you the volume wise figure also:



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Our volume quarter-on-quarter increased by 6% to 14,724 tons. Again the 13,873 tons total in immediate last quarter, I mean June quarter. So, look, everything with God's blessings and with the support of all of you, and the economy is improving. Numbers are showing good growth. We have an increase in volume as I was explaining to you. And also, because we have a well-diversified portfolio. Geopolitical challenges also. We are able to keep ourselves away from the geopolitical challenges.

A I was explaining to you in the beginning, we have already repaid a loan of Rs. 9.73 crores, some loan repayment supported by the rights issue and our internal accrual, which will improve definitely the balance sheet of our company.

Further, we have also strengthened our Board by bringing one of the well-known personalities, Mr. R. Kannan in the Board. Further, definitely the results are already in the public domain also. But just to give you, we have given a cash flow. We have quite good liquidity in hand. And as well as the balance is also looking further improved compared to the earlier period. Continued improvement in the balance is happening. And things are looking good from all the angles. That only I can talk about right now.

And I am happy to answer any questions. Over to Vikram.

Vikram Suryavanshi: I think we will move to the question-and-answer session. Operator, you can manage the question queue, and we will start to move to the questions.

Moderator: Okay, sir. Thank you very much, sir. We will now begin the question-and-answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Ankur, is an individual investor. Please go ahead.

Ankur: First of all, congratulations on a good set of numbers. Sir, my question is that now since you have repaid your loan and made your properties mortgage-free, what do you think you are going to do? How do you think you are going to mobilize the properties that you have?

Mahesh Fogla: Thank you, Ankur ji for encouraging and motivating us. One of the objectives of making the loan repayment was to make the property mortgage-free and to explore the opportunity for monetization. We are in continuous discussion with the developers also and other people also on how to best monetize the property. Unfortunately, or fortunately, it takes time because these are one of the decisions which have a long-term impact.

But definitely, I can assure you, we are in regular discussion internally also and externally also on how to best utilize the property which can benefit all the stakeholders. But at this stage of time, it's difficult to tell further because it's a little bit confidential and we are talking with multiple people. So, what stage is there and whom we are talking with is difficult right now.



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Ankur: Sir, I am talking about as a company. Today, let's say we are having a market cap of about Rs. 150 crores. And as per our last con call, the property that you value is also in three figures. So, let's say you are able to monetize via sale, for example, and you get the money, what do you think we are going to do differently so that we can provide impetus to the revenues of our company? Or are you planning to just sell it off and special dividend or something? What is the plan? Or I could frame this question as to, how do you see your company in, let's say, 3 to 5 years from now?

Mahesh Fogla: You are very much right, Ankur ji. One of the things is that both options can be there. One thing can be there. We can redevelop the existing property, or we can do the outright sale. But that only we are evaluating. But which will give us the best value for all of us, we will go for that. We have not closed the decision that either we will go for the development. As you know, properties are in the heart of the city. So, there are multiple options out there. One can be the outright sale. One can be the redevelopment. One can be some other businesses put there. So, there are multiple options we are evaluating. And as you rightly talked about in the 3- to 5-year, definitely, as we can see our value of the property, which are there almost equal to or near to the market capitalization of the company. So, a good value of the properties are there.

And I understand your point. And definitely as we are explaining the forward look for the future, this property will definitely strengthen our balance sheet and the company in manifold.

Ankur: Sir, I get your point. In terms of finances, the company will be very solid. There is a value proposition. Let's say, because if in case we have something in our balance sheet that is equal to our market cap, and once we liquidate it, we will have the entire amount, let's say, in liquid form or in some form of the other.

Mahesh Fogla: Sorry, the last sentence I could not get, Ankur ji. Last sentence, what you told?

Ankur: What I am trying to say is that if in case as an investor or a shareholder, I am today valuing the company, I would say that, oh, it's a very valuable company since we have assets as big as our market cap. But if in case I am an investor, how would I benefit from the company? One thing would happen is that the revenue grows, company increases profits and sends dividends to the shareholder. One thing is that. So, what I really want to look at is that how do we increase our revenues and increase our profits? As a value, we are a very good company. Some day or the other, we will liquidate it. But as a company, when we want to grow, what are your thoughts in future as to how are we going to increase our revenues and PAT? How do you think the money that we will get from it? What are the bottlenecks that we are facing that we are not able to increase it so rapidly?

Mahesh Fogla: You are rightly telling about whatever we get the profits, in whatever form we get the profits from all these properties or the business we develop, all this definitely will be in the company only, in the publicly listed company only as we are talking about. We don't have any short-term plan; we have a long-term plan. And whenever we get any benefit of this property, there can be



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multiple options to reward us. Definitely, as a public shareholder, also the promoters are also not very high. As you know, only 36.84% they hold. So, a sizable public holding is also there. So, it will go to the public only, maximum amount.

And we understand that see, definitely, we can have it when the money comes in the company only. It will definitely give the impetus for us to grow the revenue, more and more revenue. And as we can see, our revenues are growing quarter-on-quarter also. And if we have a muscle power of money also, capital also, it will grow further, definitely. And just to tell you that we have a vision also to grow the company further, and we all are striving all the time.

Only thing is that little time is taking up for closing the deals of the property, which way we have to go. That only giving us little challenges. Otherwise, definitely the company, as you were explaining about, company has a valuable property, which are ultimately the part of the public listed company only. And it will be the part of the reward to the shareholders whenever the money comes or whatever the business grows. That only I can tell at this stage.

Ankur:

So, I understand. If in case I have time, I will just add on the last question. Since you have given a clarification that you have freed your property from mortgage. If in case I have a property and my company has a property and it is mortgaged, still I can do business or monetize the property as I wish, right? But to free it from mortgage, that option can only be taken, or we would like to go ahead and take that option only when we want to sell it off. Because if in case it is a mortgaged property, a company can always monetize it the way the company wants. The only problem will arise for a mortgage property is that when I want to sell it off and I am not able to sell it off because it is mortgaged. So, monetization option was always open for you before also.

Mahesh Fogla:

Correct, Ankur. I got your point. You are correct actually. Monetization is always but what is the flexibility if I have a mortgaged property and if I have a non-mortgaged property, then the company has the flexibility to monetize in the way the company thinks is the best interest of all stakeholders, correct? That added flexibility we got now plus interest saving is there. Definitely, interest saving of the loan is there, correct? But we were convinced that by mortgage free, we have got added flexibility to utilize the property in the best interest of all of us. That is it.

Ankur:

I got your point, sir. All the best from my end and thanks a lot for answering my questions.

Moderator:

The next question is from the line of Vikram. Please go ahead, sir. Good evening, sir.

Vikram Suryavanshi:

So, how is the update on Pune expansion facility and when we can see contributing to the revenue or what kind of potential revenue we can see from the development of Pune?

Mahesh Fogla:

Vikram, thank you for asking this question. Yes, we are exploring but right now, at this stage, we will not be able to tell you about the new venture which we are exploring, how much revenue will be there and what will be the potential for that. Yes, it will be definitely into the EPS



accretive that I can tell you, that I can assure you, but definite numbers at this stage will be difficult to say.

Vikram Suryavanshi: And what was the volume for this quarter and if it is possible to break between domestic and international volume?

Mahesh Fogla: For this quarter, we have a domestic turnover for the quarter is 12,784 tons. And international we have 1,959.

Vikram Suryavanshi: 1,959 tons.

Mahesh Fogla: Correct, sir. So, total turnover, if I add up both domestic and international, total tonnage for the quarter is 14,724 tons.

Vikram Suryavanshi: And if you look at I think the last quarter volume was slightly higher than this quarter?

Mahesh Fogla: No, sir. Actually, this quarter is higher than the immediate last quarter, total tonnage was 14,535 tons. Again, we have received this time 14,724 tons.

Vikram Suryavanshi: How is the outlook in terms of the second half because typically second half is relatively better in terms of volume, market looks and in terms of competitiveness.

Mahesh Fogla: And look, in this quarter also looked to be because Diwali came now in the October month only. And what the feedback I am getting from the field also now still the festive seasons are going on. After the Diwali, Christmas are there. So, outlook is very good. Only challenges which are there, Vikram, now because demand is not a challenge for us. Demand is not a challenge. Challenge is the capacity because luckily we are catering to all the airlines starting from Indigo, Air India, Akasa, all the airlines which are operating in India all the foreign airlines also we cater to. So, okay, we have little less challenges, but overall, there are the challenges of the capacity of the airline. Demand is there but getting the freight in the airline becomes a challenge now. As you know that some of the airlines have been grounded also because of the engine issue and all this, So, that things are there. Otherwise, demand is not an issue. India Aviation sector demand is growing, and airports are growing and what I am expecting now, Indigo definitely one of the major ones. So, if the number of passenger aircrafts increase, which are grounded now, then outlook will further good only.

Vikram Suryavanshi: But because of this capacity constraint, are they increasing the prices and probably it might impact profitability? Or how one can look at in terms of pricing and margin environment?

Mahesh Fogla: Pricing is more or less quarter-to-quarter, if you see, it is same only. Prices are not much increasing quarter-to-quarter. But the point is that see, volume we can do more if more aircraft are available. So, it will be helping in the volume and ultimately the turnover also. That things are there. Prices are not getting hardened now quarter-to-quarter, I am not seeing them.



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Yes, from the last year, prices have hardened now, that is true because of all this Ukraine crisis and Israel crisis and all this one, but in the international basically. But I am not expecting the quarter-on-quarter changes in the prices. Now we all are expecting the number of aircraft get increased and we have more further volume and then the turnover also.

Vikram Suryavanshi: And just 2 more questions. One on the receivable side, how you'll do the management about receivable, working capital. And second would be on any update on tax refund.

Mahesh Fogla: Correct. Vikram, thank you. About the receivables, as a company, we actively monitor and as risk mitigation measures, we have taken freight credit insurance also from the SBI Life. So, competition is there. And Vikram, as you know, we could increase the turnover further also because of our prudent and a close eye on the receivables, we don't want to do the turnover, which is at a very high turnover, but risk our capital, risk our receivables, that is one of the reasons we want to be prudent enough. And rest assured, we have a very close eye on the receivables, and luckily the team which we have is working for almost 2 to 3 decades, so they know every pulse of the customer also. We are very confident that the customer which we deal, we will be able to not risk our anything.

Further about the income tax refund, yes Vikram, that is there which is taking time, assessment is going on. We are continuously in the discussion with the income tax regulators also. We have a scrutiny going on and definitely we are expecting that hopefully something will come before this financial year, but let us keep our fingers crossed because the way the regulators are operating now, nothing can be certain about anything now. But only thing I can tell you hopefully our assessment is progressing in the line which we are expecting. So, we are hoping something would come up.

Moderator: Ladies and gentlemen, as there are no further questions, I now hand the conference over to Mr. Vikram Vilas Suryavanshi for closing comments. Please go ahead, sir.

Vikram Suryavanshi: Yes. We thank the management for giving the managing for giving us an opportunity to host the call. And before closing, sir, do you want to have any closing comment.

Mahesh Fogla: Yes. Look, the company completed successfully the rights issue as of now and company formed from all the stakeholders. We are growing and we will grow definitely with the blessing of all of you and with God blessing. And we are hopeful about the future and hopefully, something good will come out in the future about our noncore asset also. And once again I thank you all of you for taking your valuable time and attending this call. Hopefully, we will be able to grow more and more and reward our shareholders also. That is our objective. Thank you.

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