February 21, 2024

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Dear Sir/Madam,

Sub: Transcript of Conference call

Please find attached the transcript of Q3FY24 post results conference call held on 14th February 2024.

Kindly treat this as compliance under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

For Snowman Logistics Limited

KIRAN PANACHIKKAL GEORGE

Digitally signed by KIRAN PANACHIKKAL GEORGE
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Kiran George
Company Secretary & Compliance Officer

Encl: as stated above

"Gateway Distriparks Limited &
Snowman Logistics Limited
Q3 FY'24 Earnings Conference Call"

February 14, 2024

Disclaimer: E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 14h February 2024 will prevail.

MANAGEMENT: **MR. PREM KISHAN DASS GUPTA – CHAIRMAN AND MANAGING DIRECTOR**
MR. ISHAAN GUPTA – JOINT MANAGING DIRECTOR
MR. SAMVID GUPTA – JOINT MANAGING DIRECTOR
MR. SIKANDER YADAV – CHIEF FINANCIAL OFFICER – GATEWAY DISTRIPARKS LIMITED
MR. RAJGURU BEHGAL – PRESIDENT-RAIL – GATEWAY DISTRIPARKS LIMITED
MR. SUNIL NAIR – CHIEF EXECUTIVE OFFICER AND DIRECTOR -- SNOWMAN LOGISTICS LIMITED
MR. N. BALAKRISHNA – CHIEF FINANCIAL OFFICER -- SNOWMAN LOGISTICS LIMITED

Moderator: Ladies and gentlemen, good day, and welcome to Q3 FY'24 Earnings Conference Call of Gateway Distriparks Limited and Snowman Logistics Limited. This conference can be contained certain forward-looking statements about the company, which are based on beliefs, opinions and expectation of the company as on date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict.

Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

Today on the call, we have Mr. Prem Kishan Dass Gupta, Chairman and Managing Director; Mr. Ishaan Gupta, Joint Managing Director Mr. Samvid Gupta, Joint Managing Director; Mr. Sikander Yadav, CFO, Gateway Distriparks Limited; Mr. Rajguru Behgal, President Rail, Gateway Distriparks Limited; Mr. Sunil Nair, CEO and Director, Snowman Logistics Limited; Mr. N. Balakrishna, CFO, Snowman Logistics Limited.

Now we open the floor for question-and-answer session. The first question is from the line of Achal Lohade from JM Financial.

Achal Lohade: Sir, can you help us with the EBITDA number for rail vertical and the CFS vertical, please?

Samvid Gupta: Yes. So the rail EBITDA per TEU is almost INR9,700 and CFS is slightly below INR1,300.

Achal Lohade: Can you help us with a broad split of this other income, what you are -- I mean it is very small, INR2 crores actually in this quarter, but it is like 50:50 allocated between CFS and rail? Because I presume the revenue and EBITDA number include other income, right?

Samvid Gupta: Yes. So it includes other income, slightly more towards the rail side. I don't have the exact split right now, but it's primarily all business-related other income. It's not any one-off sale or anything like that. So it's more just write back of some old provisions.

Achal Lohade: Okay. So if we look at the margins, Q-o-Q and Y-o-Y, there is a compression and obviously, it's also to do with the Busy Season Surcharge (BSS). Can you help us understand where are we? Have we passed on fully or there is still some pending pass-through, which is yet to be done?

Samvid Gupta: . No. So Q-o-Q, we have improved on the rail side. Even on the -- even on Y-o-Y, the rail side margin has actually gone up. CFS has taken a big hit. So their profitability is coming down as competition is increasing.

On the BSS part, we have passed on mostly now to most of our customers. And there was about -- actually we passed on to everyone now, there was anywhere ranging from 30 to 60 days' lag between some customers. So some of that hit has also been taken in this quarter.

Achal Lohade: Understood. So if I may ask, how do we explain the Q-o-Q improvement in the margins? And how do you see it sustaining going forward? Do you see this is a new range, INR9,700 plus or you think there could be any one-off or any particular mix, which has driven this improvement?

Samvid Gupta: Yes. It's basically a change of mix and increase in double stacking. So this quarter, we did slightly more. But the range will vary anywhere from INR9,000 to INR10,000 is what we've been saying. On a good quarter, it can be higher depending on the imbalance and lower double stacking, empty running, etcetera. So the range will still stay quite broad in that sense.

Achal Lohade: Understood. Now if you could talk about the momentum. I see in the press release, you have mentioned about the difficulties on the export front. But if you could help us a bit more understanding on the imports as well as exports? And how about the market share for 3Q in both the pockets?

Prem Kishan Dass Gupta: Yes, overall, the EXIM trade of India has dropped in Q3. And accordingly you can see that is reflected in the volumes also. But at the same time, we are increasing our capacity, both on the rail side. We have 33 rakes now, one more will be joining before the end of this financial year. So we anticipate a spur in demand, post-election later in the year, because the way everyone is looking at the Indian economy, there has to be a down-cycle. We cannot time it, but we should be ready for it, whenever it happens.

Achal Lohade: Understood. So how do we look at the growth? That's my last question. I'll fall back in the queue, sir, in both the verticals in terms of volume and the margins? Yes.

Prem Kishan Dass Gupta: Growth depends on various factors, like the BSS, rail has become slightly expensive than the road before. So some of the volumes are shifting to the road or has shifted to the road, but we have been able to strike a balance with some double stacking and all that. But to give a guidance, when it will happen, I mean, it will be very difficult, but we are keeping ourselves ready to capture the growth, which in medium to long term will definitely be there.

Samvid Gupta: And just to add on the short-term side, there will be some issues regarding with this Red Sea movement that's been happening. There has been a shift also in the EXIM – and export to import imbalance. We're back to 60% imports, 40% exports. So we have to wait for the macros, before giving a proper guidance for next year.

Moderator: Next question is from the line of Bhoomika Nair from DAM Capital.

Bhoomika Nair: This rail EBITDA per TEU at INR9,700 for the last couple of quarters has been in the range of about INR9,000. So there's clearly a very sharp improvement over the last 5, 6 quarters. This is despite probably some bit of the rail surcharge coming through has also the export, import imbalance. So can you elaborate in terms of how has -- how much double stacking has improved? And what kind of mix up for you is in that, we've seen a higher share of Garhi. So other terminals, what to say Faridabad-Ludhiana, which is what has driven this. Can you just throw some more color on this margin profile?

Samvid Gupta: Yes. So Garhi originating volumes are going up, and that is a direct double-stack service. So that has improved the margins and throughput over there. In Q1 this year, we were at about INR9,500 EBITDA per TEU; Q2 was lesser, closer to INR9,000. So it is fluctuating a bit. But it depends on a lot of factors like the volume mix imbalance, different types of customers who give us better margin, that can also vary up and down, some spot business that we pick up, empty running if we manage to reduce by getting something on the return load. So all those factors have contributed this quarter.

Bhoomika Nair: Okay. And is there any sense of how has double stack moved during the current quarter say, versus the last couple of quarters? How is that picked up either in terms of an index or a number of TEUs handed or number of weeks or whatever metrics that you are comfortable sharing?

Samvid Gupta: Yes. So it's about 42%, and we were about 35% to 37% earlier. Again, it fluctuates a lot quarter-to-quarter, and it depends on the volume mix also. So if it's direct for Garhi or if it's Sahnewal or Faridabad box is being carried on double-stack via Garhi, all those also make a difference. So here, we had more originating cargo of Garhi, so we got maximum benefit of double stack.

Bhoomika Nair: Got it. Got it. The other question is on the Kashipur terminal. So if you can talk about what are the current volumes like, how are the rail versus just the terminal volumes kind of stacking up? And what is the expectation going forward? And also in terms of the Jaipur terminal, what is the status of the same of it being operational, etcetera?

Samvid Gupta: So on the Kashipur terminal, we're still averaging about 3,000 to 3,500. Again, there is an imbalance situation over there where it's almost two-third import, one-third export. So until exports improve, we don't want to pick up more imports. That's why we're not seeing a rapid growth over there. But long term, we are still targeting over 5,000 TEUs per month over there.

And Jaipur, we are still -- we're working on it. Now we're looking at an alternative arrangement where we make a road-based CFS and then use a public user siding, which is right across our facility. So we have to rethink on our plans over there because it's taking some time. We'll probably have more information available next quarter, once we finalize our plans for that facility.

Bhoomika Nair: So there the rail approval is yet to come through and which is why it is taking some time. Is that understanding clear?

Samvid Gupta: Rail and some land-related issues as well.

Bhoomika Nair: Yes. I mean...

Samvid Gupta: On the Kashipur side, you were asking terminal and rail? So I just wanted to clarify all 100% of terminal volumes of Kashipur are guided on our trains only. We're not doing any third-party business out of Kashipur, so to answer that.

Bhoomika Nair: Okay. Sure. Yes. On Jaipur, you said there was some land-related issue. If you can just elaborate because the because the result note was not very clear. There was a note which was given around that as well. So if you can just explain what is this aspect, please?

Prem Kishan Dass Gupta: Yes Bhoomika, see we -- the total land parcel is 30 acres, out of which we own 21 acres there. Another 8 acres has been aggregated by someone with whom we have an MoU to transfer the land to us. Now that land, say about 8 acres of land that has been questioned, I mean, we are dealing with the government agencies to clear that issue.

Pending that, what we will do is that the entire infrastructure of the warehouse, container yard, empty yard, adjourning building, we will be going ahead. And until the time this land issue is clear, we will be then using the CRT, which is just across the facility and the station itself and it is common user facility.

So we will bring the trains over there and once the CFS and other infrastructure is ready, we will start with that, but that means that there will be a slight delay. Now, how much delay will there be, that we are evaluating and we'll be clear in the next couple of months. So therefore operations will be delayed by at least few months, then earlier guidance being given to you.

Bhoomika Nair: Sure. And if I may just squeeze in on this whole Red Sea issue, how is the outlook in terms of the current quarter or the way ahead? I mean have things settled down? Are we seeing volumes normalizing? Or is this still a challenge in terms of the import/export imbalance and things like that?

Rajguru Behgal: Hi, Rajguru here. So regarding the Red Sea issue, so the problem started in mid-December. So that effect is -- it started. Now effect is coming in January, but we are experiencing a spill-over volume that will happen in February and March. So hopefully, the volumes will start pouring in.

And export bookings are also, like we are having this trend that they are down because of the low inventory availability since -- because due to Red Sea mostly the cargo, which is coming from Europe and East Coast of US - Sso that is taking a lot of time. So that has put a stress in the system, and we are seeing low volumes. But definitely, what we are foreseeing is that we should be able to catch up in the month of February and March.

Moderator: Next question is from the line of Krupashankar NJ from Avendus Spark.

Krupashankar NJ: If you can elaborate on what would be your market share in NCR, Ludhiana and Ludhiana region right now?

Rajguru Behgal: So in Q3, our market share in NCR has been in the range of 16% to 17%. And in Uttarakhand, our market share was 27%. And at Ludhiana, so it was close to 22%. Yes. You are able to hear me?

Krupashankar NJ: No, I couldn't hear the Uttarakhand. After Uttarakhand, I lost you, sorry, can you repeat?

Rajguru Behgal: Okay. Okay. I'll again explain. So in NCR, our market share was in the range of 16% to 17%. And in Uttarakhand, so our market share stood at 27% because now we are seeing some increase in export volumes there. And in Ludhiana, we are having a market share of around 20% as of now.

Krupashankar NJ: Okay. Okay. There were challenges, competition challenges in Ludhiana because of a new ICD that is continued to getting -- is it continuing to get a bit worse over there?

Rajguru Behgal: So there are multiple factors. So one is that the new ICDs are coming up. There's another factor. We have also decided to do the business wherein we have decent margins. So we are not doing a business where the margins are less. So we have consciously taken a decision not to do that business.

Krupashankar NJ: Right. Right. Now my second question was more relating to the modal led volumes going back to road as Sir was mentioning earlier. So just wanted to understand, is this primarily because of the imbalance-led aggressive pricing by road? Or is it just -- are there any other factors relating to this shift in the modal side?

Rajguru Behgal: So one of the factors we have already explained is that due to this implementation of Busy Season Surcharge. So there has been some shift from rail to road. But again -- so we need to see that how long it can sustain. So -- but we are hopeful that the volumes will eventually come back.

Krupashankar NJ: So -- but sir, in the past, we have seen that all factors being equal, heavier import mix has resulted in fair bit of congestion at the port side, due to which road operators were giving a relatively better pricing on the export leg, leading to a higher imbalance. Now why I'm trying to drive this is, are you anticipating that the imbalance would have a significant impact on the profitability going ahead in the rail side of things?

Rajguru Behgal: No. So what we have done is we have been able to source empties from shipping lines, and there is some other business also we have been able to do. So if we look at this quarterly number, so we have been able to reduce our imbalance overall. So that is also one of the reasons like Samvid explained that there is a slight improve in the margin. So with the procurement of empties, which we are moving plus a reduction of imbalance.

Moderator: Next question is from the line of Harsh Shah from Dimensional Securities.

Harsh Shah: My question is on Snowman Logistics. If I look at the pallets handled volumes that is being given in the presentation, it's 11,86,000. So if I reduce the half yearly numbers of last presentation, then the volumes handled for this quarter is somewhere around 3,57,000 - which is quite lower than our previous two quarters run rate of 4,14,000. So Q1 was around 4,14,000; Q2 was 4,14,000 again; and Q3 is somewhere around 3,57,000. So just wanted to get a sense on this decline in our pallet handled volume?

Sunil Nair: This is Sunil Nair. Yes the pallet-handled this quarter has been a little lower due to the seasonalities. Typically, this quarter 3 is lean on the ice cream business, and this is the time when the seafood also is on a leaner side, which both are a large volume setbacks for us, and that's the reason that our handled pallets are less.

Harsh Shah: Because even if I look at it on Y-o-Y basis, we did 3,95,000 in Q3 of last year compared with -- in comparison with 3,57,000 so there is decline on Y-o-Y as well. So is it a temporary phenomenon? Or are we seeing a slowdown in the industry, something of that sort?

Sunil Nair: Sorry, your voice was breaking, but what I understand is you are saying, even on Y-o-Y basis, there is a reduction?

Harsh Shah: That's correct. There is a 10% reduction.

Sunil Nair: Y-on-Y number. You're talking about pallet handled? Or?

Harsh Shah: Yes, yes, pallets handled.

Sunil Nair: No. Pallets handled, there is no reduction; it is greater than last year.

Harsh Shah: I will check it out. So sequentially, if I look at the revenues, the revenues hasincreased rather 4%, 5%, but the pallet volume handled has declined. So is there a sharp increase in the realization? Is that correct?

Sunil Nair: Yes, there is a 5% increase in our average realization for pallet. And the pallet handled are slightly better when you take YTD basis as compared to last year?

Harsh Shah: Got it. And sir, in terms of margins for our warehousing business...

Moderator: Harsh sir, sorry to interrupt, we're not able to hear you.

Sunil Nair: Your voice is breaking.

Harsh Shah: My question was on the margin. Last year, we were at around 22% EBIT margins for our warehousing business, which has come down to now 18%, 18.5%. So is it purely because of mix or what was it exactly?

Sunil Nair: It is purely because of mix, recently from -- because we have added a lot of leased warehouses in dry segment, where the margins are lesser, but they are on leased warehouses with no capex. So it's because of the blend which is changing, as we are moving towards asset-light wherever possible. So this will keep moving little lower as we add more and more leased warehouses into our capacity.

Harsh Shah: Okay. And in the transportation segment, again, the margins were lower especially back to maybe around about 2%. In last quarter, we had spoken that you had added a few vehicles for which you had incurred expenses but had not built much of revenue. This quarter again if you see the margins are even lower sequentially, 1.5% at EBIT level?

Sunil Nair: We are not able to hear you properly.

Harsh Shah: Is this better now?

Sunil Nair: Yes, when you ask this question, you are better.

Harsh Shah: So my question is on the…

Sunil Nair: Your first question was on the margin, why it is a couple of percent less.

Harsh Shah: Yes. My question is on EBIT margin with the transportation business.

N. Balakrishna: Yes. It is Balakrishna here. See the one big reason for the reduction of margins in transport business is - because if you are comparing year on year, this year we have added 70 vehicles. So, those depreciation have come in and started here. Whereas last year, all the vehicles were fully depreciated. There was no depreciation at all. That is the only reason year-on-year. Otherwise, it is the same margin. Even if you look at Q-on-Q, the margins are same.

Harsh Shah: Okay. You are saying at EBITDA level, the margins are comparable, are better?

N. Balakrishna: Yes. But if you look at EBIT level, the depreciation will be factored in current year. So, it is not comparable year-on-year.

Harsh Shah: Got it. And last question is on the trading and distribution business. For the last 4 quarters, we have been at around INR35 crores to INR40 crores range. So just wanted to get an understanding of what kind of growth can we expect going ahead? And I believe we were in discussion with 3 or 4 clients. So any progress on that front?

Sunil Nair: Yes. So in distribution business, the major category that we are having today is ice cream, which is followed by the QSR and being lean season for ice cream, winter is a lean season, you see an impact in Q3. But as we move forward in Q1, you will see the upward trend. Typically, we have added 20 new products into our 5 years hitting this quarter. And these are something which will start giving business to us by the end of Q1, which is around March, these new addition of SKUs will start contributing in revenues. So we will see some upward trend in the coming quarter.

Moderator: Next question is from the line of Govindlal Gilada from an Individual Investor.

Govindlal Gilada: Okay. I don't know any questions. Sir, only request is that your presentation, press release, they are almost at the beginning of the call, they are uploaded on BSE. It will be convenient if at least, 15-20 minutes you upload them -- so by the call begins, we can go through them and if any questions, it is convenient to clarify them, sir.

Prem Kishan Dass Gupta: Okay. Point taken. We will do that.

Moderator: Next question is from the line of Abhijit Mitra from Aionios Alpha Investment Management.

Abhijit Mitra: So just to understand the change in shares across regions. So what we are seeing is a very sharp drop in Ludhiana over the past couple of years, maybe 1, 1.5 years now. I understand part of it is driven by the imbalance, imports would have gone up significantly, which you don't want to capture. But say 10%, 15% kind of volume growth is possible by maintaining around 20%, 25% market share in Ludhiana? Just trying to get your sense on that.

Prem Kishan Dass Gupta: Yes, that is quite possible. But at the same time, we should not ignore the fact that there are 6 ICDs in Ludhiana market -- sorry 5 ICDs in Ludhiana market. And so there is competition where everyone wants to have their market share. We have cautiously given up some business because that was either low margin or minus at EBIT level.

So we didn't want to go for that. But we do have a strategy where, I mean, we will definitely try to increase our market share to what you are saying. Right now it is in the range of 20% to 22%. We -- definitely 25% is achievable and the team is working towards that.

Samvid Gupta: Just to add to it, I mean, our preference is always to focus more on the EBITDA rather than volume. So we won't be increasing volume just because to increase volume. We have to look at profitability first.

Prem Kishan Dass Gupta: And the second thing is this Faridabad Terminal, which is still not double-stack and work is in progress and once it becomes double-stack, not only the originating volumes from Faridabad will increase but Sahnewal -- Sorry Kashipur can be routed through Faridabad. So, we think we cannot put a timing, but yes, some visibility is there that it is going to happen in the near future.

Abhijit Mitra: Got it. So of course, barring the intermittent or the near-term impact on account of the disruption which you mentioned you saw in Jan, the next couple of years, what kind of volume growth you sort of envisage in the rail business on a direction, if we have to sort of put in a direction as to the guidance that you want to have?

Prem Kishan Dass Gupta: See, on our part, we are increasing our capacity as earlier mentioned by others also on the call. We can only be ready for the next round of volumes, that will come in. Right now, Red Sea impact, except for the delays due to normal route by shipping companies from the East Coast, Canada, USA, and from Europe - once this delayed cycle is through, I mean then every other shipment will be following that route and then there will be regular flows.

To say about 1 or 2 years, the geopolitical situation today is very, what do you say, uncertain. The wars do have impact on the supply chain and on the cost and even on the consumption patterns.

So I will not be able to give you a guidance for the next 2 years, but all we can say is that we are increasing our capacity. And also, we are hoping that things will improve for India, of course, where the growth is projected at 7% of the GDP - we will definitely be one of the leading countries in the world. So we will keep our fingers crossed and we would be able to give some more guidance at the end of the financial year, when we have the next conference call.

Abhijit Mitra: Got it. Thanks. That’s all from my side and all the best.

Management: Thank you.

Moderator: Thank you. Next question is from the line of Urvi from Artha India Ventures.

Urvi: Hi, good evening.

Management: Good evening.

Urvi: My questions are on Snowman Logistics. What is the kind of growth that we are expecting on the top line and bottom line for each of the segments? And what will be the key drivers for the same? Hello?

Sunil Nair: Okay. So in terms of warehousing, we are expecting the usual growth of 10% to 12% as we start adding more facilities. We have recently added Guwahati , which is a completely leased facility. And we are looking for a couple of more such options. While at the same time, we are constructing our own facilities in Kolkata and for the first time, BTS model in Lucknow, which are in process. And very soon, we plan to add a couple of more locations in next 12 to 18 months.

So here, the growth primarily depends on the capacity that we create. So far, we are creating capacity by investing, but now we are aggressively exploring options of leasing as well. So we are expecting 10 plus percent of growth in warehousing segment, while in transportation, our SnowLink initiative, which is aggregation of fleet capacities that is more or less streamlined, and we are expecting a similar or slightly better growth in the transportation as well.

With 5PL distribution business, we are expecting around 20%, 25% growth thereon, on a year-on-year basis.

Urvi: Got it. So as per a couple of calls back -- a couple of earnings calls back, the management had target capacity to INR2 lakhs by FY '25. So are we still on that target or on the same path or have you revised the targets?

Sunil Nair: We are still targeting to have that capacity by the end of this year with a mix of lease and own.

Urvi: Got it. And the facilities that are coming up in Kolkata and Lucknow, will they be like a leased-out facility? Or how will that look? What kind of makes...

Sunil Nair: Kolkata is owned facility and Lucknow is BTS facility. these are under construction. It'll take another 6, 7 months for it to be ready. Guwahati, we have leased 100%.

Urvi: Got it. And in the transportation segment, in the previous call, it was mentioned that we have also -- we've added a couple of trailers to cater to the logistics from ports to warehouses and will explore opportunities there. So what are the plans on that? A little clarity on that.

Sunil Nair: So we find it a good model, and we'll be expanding on that as well as we go forward.

Urvi: Will that be an asset-light model? Or will the trailers be pursued?

Sunil Nair: It will be a mix model, like we have in transportation now, we have close to 300 old trucks and around 200, 250 leased, but we will continue with this mix.

Urvi: And...

Sunil Nair: One more thing in terms of Lucknow. It is not a fully owned facility. It is a built-to-suit facility where we will have an investment only in the refrigeration part and the rest will be invested by the partner who is building the facility as per our specification.

Urvi: Got it. And in this distribution segment, in the 5PL segment, in the last quarter, you guys had mentioned that you were looking there three key customers in the pipeline. So what is the status there? And we have they started contributing to the revenues? And have you tried monetizing that?

Sunil Nair: No, not yet. It is taking time for that to start. But we have added 20 new products to our existing set of customers, where the enlisting of product has been done. And in a month or 2, their orders, they'll start delivering the revenue for us.

Urvi: Got it. Just one thing, I missed the growth that you had mentioned for the transportation segment, if you could please repeat on that.

Sunil Nair Transportation segment, I was saying, it will be somewhere around 15% growth that we are looking for as we go forward, with a mix of owned vehicles as well as the Snowlink-related partners.

Urvi: Got it. Thank you.

Moderator: Thank you. Next question is from the line of Bhoomika Nair from DAM Capital.

Bhoomika Nair: Yes, sir. Thanks so much for the follow-up. Sir, on the CFS business, right, in this quarter, we've seen a fairly sharp decrease of profitability. How should one think about this? Is this something which should kind of sustain, going forward? Or does it come back to that INR1,700, INR1,800 kind of per TEU kind of profitability?

Samvid Gupta: So this quarter was exceptionally low. So we think it will be somewhere between -- INR1,700 also might be possible. But I think realistically, around INR1,500 per TEU is something we will be looking to target in the upcoming quarters. But there is an issue over there in terms of discounting, competition. The ground rent component has basically disappeared. So we are looking at value-added services and things like first mile, last mile to improve our revenue and EBITDA over there.

Prem Kishan Dass Gupta: And Bhoomika, you know CFS industry, how it has shaped over the last 10 years. So -- because of the direct port delivery and the competition. It is going to a level where I mean we are actively looking at monetization of of some of our landbanks in the CFS business. And it is already done.

I mean one part is already done -- that we have monetized more than INR20 crores in this financial year by selling some part of the land – from the location. And there are some extra parcels of land, which we don't think that in the long run, it is required for CFS business.

And simple warehousing, just dry warehousing will not make sense, looking at the life of land over there in those locations. So our effort is to monetize part of it. And we'll see, I mean, what our margin that Samvid said. This one is the lowest. But INR1,500 is something that we can look at. And maybe we will try and increase some volumes also. But something or the other keeps on happening like, for instance, export of rice was banned, that impacted the business at a couple of locations.

And generally, in the EXIM business in Q3, if you look at the whole country- if take out what is shipped by air, let's say, like for instance gold and all that, and there has been a drastic downward trend in Q3. In the rail business, we have been able to maintain 16% to 17% of our NCR market share. But in CFS, it is getting worse and worse.

Bhoomika Nair: Right. And is this across locations? Or is there specific location, let's say, JNPT or Vizag or something like that?

Samvid Gupta: So Vizag saw the big decline because of rice and we were heavily dependent on that. JNPT the volumes are there but the pricing is really bad. Chennai we've increased volumes but again pricing is a bit of an issue so all across and Krishnapatnam the port is hardly doing any container vessels now. So there are issues all across.

Bhoomika Nair: Okay. So coming to rail business I mean, it's happening to see this kind of an improvement in the EBITDA per TEU and ranging around 9,000 plus level. Now if I some things about it - the Kashipur volumes have kind of stabilized around 3,000-3,500 TEUs per month and Jaipur has gotten pushed out to a certain extent. So how should one look, I mean obviously there will be some interim-related challenges due to Red Sea. Keeping that aside, if one was to take more like say a one year out or six-nine months etcetera, later, where will the growth really be coming from?

Is it really the industry growth shift from road to rail or are we really looking at increased market share gains and Garhi that will drive the volume growth. So if you can just help us in structurally how should we look at growth in terms of the rail volumes?

Prem Kishan Dass Gupta: See Garhi will definitely have some growth because like you must have seen this announcement that the complete built-up unit has been opened up at Mundra Port of vehicles to cars passenger cars and all that, has been opened up at Mundra Port and at ICD Garhi. So this is a development which has happened 2 days ago. So, Garhi and even otherwise, we see traction in Garhi terminal -- and Garhi will still continue to remain flagship of the company.

At the same time, Faridabad being single stack, we had some competition from a competitor who went to double stack few months back and some of the volume shifted there because of the costs that a double stack train can offer vis-à-vis as a single stack. So we are expecting that Faridabad volumes which have gone down considerably will pick up. Rajguru would have a better idea of when this double stack work will be completed at Faridabad.

And then finally, before Rajguru takes up, JNPT is something that we are looking at -- some sections of JNPT section have been completed. And so we expect the commissioning of JNPT DFC say in this calendar year. So that will also have a positive impact on the volumes. Rajguru, what is the situation on Faridabad double stack?

Rajguru Behgal: Yes. So what we are expecting is that within another two months' time, we should be able to start double stacking from Faridabad terminal. And we have also identified a couple of new customers. So once the double stack starts, so we will be starting new dedicated trains from Faridabad, towards the port and vice versa, including the Kashipur volume. So that will augment the overall business volume of Faridabad terminal.

Bhoomika Nair: Got it, sir. And in general, are we looking at more rail share growing up? Or are we looking at driving those? Or is it going to be more driven by market share expansion at these terminals?

Samvid Gupta: More on macros and expansion at the terminals. Road to rail shift will be a slow shift. Maybe something happens on the JNPT side. Maybe something happens on the JNPT once it gets connected to DFC, some shift is there. But other than that in the long run, it's like a 1%, 2% shift per year from road to rail.

Bhoomika Nair: Okay. Got it. Thanks so much. Thank you.

Moderator: Thank you. Next question is from the line of Achal Lohade from JM Financials. Please go ahead.

Achal Lohade: Yes. Thank you for the opportunity, sir. The question I had was with respect to market growth. Is it possible to get some colour for 3Q as well as nine months for these three pockets, NCR, Ludhiana and Kashipur?

Samvid Gupta: Yes, just one second. We'll have to -- sorry, so the Uttarakhand market declined by about 20% -- 18% to 20%. The NCR market also -- this is Q-on-Q. NCR market was also down by about 5%, 7%. And Ludhiana market is slightly up by about 4%, 5%.

Achal Lohade: And when you say Q-o-Q, you mean 2Q to 3Q or 3Q FY...

Samvid Gupta: Yes, yes, Q2 versus Q3 this year.

Achal Lohade: Now -- and in similar fashion, if you could tell how the volume change has been for us in these three pockets?

Samvid Gupta: So like our market share is almost been flat actually, at this. So we've gone up and down almost the same way.

Achal Lohade: Understood. Okay. Now the second question I had was Mundra and Pipavav has been connected on DFC for last few quarters now. So in terms of the key benefits, is it fair to say that the bulk of the benefits are already reflected in the current double-stacking index/ the efficiency part? Is that a fair assessment?

Samvid Gupta: No, actually, there's been some crew shortages and all, especially when there's a switchover from DFC to Indian Railways network. So what we were doing at around 30 hours has gone back up to 48 hours for NCR, Gujarat. JNPT is at about 80 hours. So there is scope for improvement in terms of speed.

And on the weight side, we still haven't got the upgraded tracks on the Indian Railways network, which you can see us go carrying from 68 tons to 81 tons on a double-stack basis. So when that comes in on an end-to-end basis, our overall double stacking can increase by a lot more. So that's something - these two benefits will really help us in the long run.

Achal Lohade: And just to clarify, this 68 to 81 tons is more of a rake issue rather than the rail network issue, right? The feeder routes can take this 81 ton rates, right? Is that a fair...

Samvid Gupta: No, not yet. So the Railways are upgrading the tracks. But right now, it's not done. All three of our new rakes are the 81 ton capacity ones, so we can't carry it on those three rakes at least. But right now, no route is really fully end-to-end DFC. You have to take some feeder route somewhere or the other, either -- origin or destination. So you can't carry 81 tons right now anywhere.

Achal Lohade: And you think this can be converted into -- the rail network could be converted to 81 ton anytime soon or it will take its own sweet time?

Samvid Gupta: It will take some time. There's no clear timeline on it, but it's not a very long-term thing.

Achal Lohade: Got it. Just another question I had with respect to the stake in Snowman, so can you help us understand what is it now, as we speak, our holding in Snowman? And what is the thought process here? How do we look at -- are we looking at converting into a subsidiary and hence consolidation? Or we would stop at less than 50%?

Prem Kishan Dass Gupta: See, we have increased our stake by 4% in this current financial year. Under creeping acquisition, the maximum we can acquire is 5%. So we can acquire 1% until FY24. And then next year again buy 5%. So depending upon the cash flows of Gateway, which we see, I mean, are quite good at present, we will be looking at crossing 50% and then consolidate our --Then it will be classified as subsidiary. So it all depends how the Gateway business, GDL businesses goes and cash flow at the parent company is.

Achal Lohade: Got it. Can you help us understand what has been the OCF and capex for nine months?

Samvid Gupta: Sorry, the what?

Achal Lohade: Cash flow from operations, capex.

Prem Kishan Dass Gupta: I think these figures –

Samvid Gupta: we'll get back to you on this. Frankly, we don't have them right on our hand...

Achal Lohade: No problem. And if you could help us understand with respect to capex for FY24, FY25, FY26, what broad numbers we can pencil in?

Samvid Gupta: We'll basically -- while we have plans for new terminals, since we don't have a strict timeline on them, we'll give it closer to time. But as and when those terminals come up, it will be anywhere, depending on the size and land prices, INR100 crores to INR200 crores per terminal. But we'll see when that comes. Other than that, there is no immediate capex as such apart from finishing Jaipur.

Achal Lohade: And what would that be quantum figure?

Samvid Gupta: Up to INR50 crores, INR60 crores at most.

Achal Lohade: INR50 crores, INR60 crores, okay, And…

Samvid Gupta: No, INR50 crores, INR60 crores for Jaipur. And then if it's a new terminal, that can range from INR100 crores to INR200 crores per terminal.

Prem Kishan Dass Gupta: So we have to keep on upgrading our equipment also. So some of the re-stackers which have reached there, A, where we are getting new incentives shortly to replace the old one. So that capex will keep on continuing and some small capex we keep on doing by I think by adding yard area and all that. So Sikander will contact you and give you these figures, we didn't have this ready. But we have incurred capex during the first nine months of -- or 10 months of this year. So, we will share.

Achal Lohade: Got it. Just last question, if I may. Looking at what is happening in terms of the near term, whether it is the macro issues, micro issues in terms of competition, is it fair to say that in case of rail more of high single-digit, early teens is a fair number to work with for next two, three years in terms of volume? And for CFS, the INR50 crores, INR55 crores EBITDA run rate quarterly -- annually, is that a fair assumption for the next couple of years, assuming normal situation?

Samvid Gupta: So on the rail side, we'll still be looking at double-digit growth, especially after our volumes at Ludhiana and Faridabad have come down. There is scope to, again, increase on that base as well as Viramgam terminal, there is a good pipeline there. So we'll look at double digit only. On the CFS side, yes, there is a decline. It's hard to say where we'll end up at. But it would be along, say, what we've done for nine months right now, if you pro-rated. Similar number for next year is something that will be there -- maybe even a slight decline, actually.

Achal Lohade: Understood. And just one more with respect to tax rate, what is the number we should work with for FY24, FY25, FY26?

Sikander Yadav: So tax rate, with the standard tax rate there's a 30% plus surcharge.

Samvid Gupta: So we have the 80IA tax benefits. I think we'll basically be paying MAT and then getting MAT credit on it. Effective tax rate will be about 17%-odd-.

Prem Kishan Dass Gupta: And then we will – once this finishes say by '27, then we will be able to utilize the MAT credit for the next few years also. So since -- by 2031 or 2032, we'll have these tax benefits.

Achal Lohade: All right. This is very helpful sir. Thank you, so much.

Management: Thank you.

Moderator: Next question is from the line of Pranay Khandelwal from Alpha Invesco. Please go ahead.

Pranay Khandelwal: Hi, sir. Thank you for the opportunity. Can you just update us on any other capacity expansions that we are looking at other than Kolkata and Lucknow? And any other new opportunities in the leased cold storage? This is on the Snowman side.

Sunil Nair: Hi, this is Sunil here. So after Kolkata and Lucknow, we will be planning one facility in Bhubaneswar and one in Krishnapatnam - these are the confirmed ones. And by the end of this month or beginning of March, we'll be finalizing our budget for next year. So we might add a couple of more facilities which could be built to suit or co-invested facilities like we have Lucknow one. So we might add a couple of more in this.

Pranay Khandelwal: Okay. And also, I missed this part, but can you update us on the new clients for the 5PL business? What is the update there?

Sunil Nair: So what I said earlier is we have not added any new client, but we have added 20 new products for our existing set of clients. So we are looking for adding -- increased revenue of from the existing set of clients with these new products, which are done at -- to our five-PL sourcing services. These are listed with the clients now, and we expect in a month's time it will start generating revenue to us.

Pranay Khandelwal: So are they in conversation of adding any new clients? Are there any ongoing conversation?

Sunil Nair: Yes, we are in conversation, and we realized that this is a changed management for our clients to completely outsource their sourcing activities. And it takes a little longer time than the usual other services that we offer. While they are aligned with some of them, the decision making, and some want it to be changed only when the financial year is changing and all of those kind of things. So we have four to five good hot leads, but they are not yet closed and hence I can't confirm on that.

Pranay Khandelwal: Okay. All right. And can you also tell me the feedback on the CFS business. I believe it was last quarter that we added those assets and tried our hands at that business. What's the feedback from our customers for that? So with that, we are...

Samvid Gupta: Sorry, which assets did we add in CFS business?

Pranay Khandelwal: For Snowman itself, we added some trailers.

Sunil Nair: Right. So we have very encouraging feedback. At the same time, overall operations are also well-managed. And from a costing and commercial side also, we find it attractive. We're plan to have some more trailers in some on own investments, some on leased basis, in other locations attached, wherein we can move containers from port to our facilities. So we'll be planning this in the next financial year.

Pranay Khandelwal: All right. Thank you. That will be all.

Sunil Nair: Thank you.

Moderator Thank you very much. Ladies and gentlemen, that was the last question for today. Participants who have missed out due to time constraints, they can reach out to management and SGA for Gateway Distriparks, or associated partners for Snowman Logistics. With that, we conclude the conference. Thank you for joining us, and you may now disconnect your lines.