



“Patel Integrated Logistics Limited
Q4 FY-24 Earnings Conference Call”

May 13, 2024

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

**MODERATORS: MR. VIKRAM VILAS SURYAVANSHI – PHILLIPCAPITAL
INDIA (PRIVATE) LIMITED.**



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Moderator: Ladies and gentlemen, good day and welcome to the Patel Integrated Logistics Q4 and FY24 Earnings Conference Call hosted by PhillipCapital (India) Private Limited.

This Conference Call may contain forward-looking statements about the Company which are based on the beliefs, opinions, and expectations of the Company as on the date of this call. These statements are not the guarantees 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 concludes. 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) Private Limited. Thank you and over to you, sir.

Vikram V. Suryavanshi: Thank you, Manuja. 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 the investment community. The 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. And 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 for taking their valuable time for attending Earnings Call of Patel Integrated Logistics Limited.

We are very happy to inform you that quarterly turnover including GST is more than Rs.100,00,00,000 quarterly more than Rs.100 crores.

Now, let me explain in brief financials of the Company for the quarter and the full year ended 31st March 2024:

So, let me first go to the profit and loss account of the Company:

We have for the quarter ended 31st March 2024, income from operation is Rs.101 crores other operating income is Rs.12 crores, total gross income from operation is Rs.101.30 crores less, goods and service tax Rs.15.45 crores that give us the total income from operation Rs.85.85 crores net of GST.

Other income is Rs.53 lakhs including total income from operations and other income is the Rs.86,38,80,000, in that if you minus the expense, the operation cost is Rs.77.95 crores. Employee benefit expenses are Rs.2.96 crores, finance cost Rs.81 crores, depreciation and amortization is Rs.69 lakhs or Rs.70 lakhs rounded off. Administrative and other expenses are



to Rs.2.15 crores. Then giving a total expenses of Rs.84.59 crores, that if I minus from the total income then the profit before exceptional and before tax is Rs.1,79,78,000. Profit, if I deduct the tax then the profit after the tax is coming Rs.1,66,77,000 for the quarter ended 31st March 2024.

Let me refresh this is a full year 31st March 2024. Let me give you the full year's figure as well. Full year 31st March 2024, income from operations is Rs.342.37 crores, other operating income is Rs.47 lakhs, total gross income from operation is Rs.342.84 crores, in that if we minus **goods** and service tax Rs.52.29 crores, then total income from operation is Rs.290.54 crores, other income is Rs.1.97 crores for the full year. I am giving total income including the income from operation and other income is Rs.292.52 crores, in that expenses are operation of Rs.261.62 crores, employee benefit expenses are Rs.12.47 crores, finance cost Rs.2.59 crores, depreciation and amortization is Rs.2.80 crores, admin and other expenses are Rs.7.35 crores, total expenses are for the year ended 31st Month 2024, is each Rs.286.84 crores giving us the profit before tax of Rs.5,67,56,000. In that if I reduce the taxes the net profit for the full year 31st March 2024, is Rs.5,53,81,000 giving us the EPS, earnings per share of Rs.0.86 for the full year.

Now, let me give you some balance sheet item figure also for the understanding of the listeners. For the 31st of March 24 as on Company has a property plant and equipment of Rs.34,89,50,000. Capital work in progress of Rs.5,41,000, investment property are Rs.13,18,27,000, intangible assets are Rs.42,57,000, financial assets of the Company in non-current investment is Rs.1,96,87,000, loans Rs.70,00,000, other financial assets are Rs.2,55,33,000. And that giving us a total non-current asset of the Company as Rs.53,78,00,000, current assets are inventories nil, financial assets current investment is Rs.2,74,00,000, trade receivables are Rs.90,76,27,000, cash and cash equivalents of the Company is Rs.13,69,00,000, bank balance other than above are Rs.18,66,00,000. The Company had its cash and bank balance of more than Rs.31,00,00,000. Loans and other financial assets are Rs.1,47,00,000. Total current assets of the Company Rs.10,91,00,000. Total assets of the Company is Rs.192,00,00,000.

Now, let me give you the liability side of the balance sheet as well. Equity share capital is Rs.64,58,00,000, other equity is Rs.54,73,00,000, during the total net worth of the Company is Rs.119,32,22,000. Non-current liabilities, financial liabilities, borrowing Company had Rs.8,56,00,000. Other financial liabilities are Rs.3,52,00,000. Deferred tax liability Rs.1,90,00,000, current liability, borrowing Rs.15,65,00,000, trade payables Rs.16,65,28,000, other financial liability are Rs.24,00,000, other current liabilities are Rs.26,25,68,000, total current liability is Rs.58,71,39,000, total current liability is Rs.58,71,39,000.

Company's cash flow has been improved compared to the earlier years. So, let me give you a little bit of figures of the cash flow as well.

Operating profit before working capital changes are Rs.10,26,83,000. Trade and other receivables, trades and other payable if I adjust then cash generated from operation is Rs.14,85,09,000. After then taxes net cash from operating activities Rs.12,21,04,000 after adjustment of the taxes, Company generated a net cash from operating activities



Rs.12,21,00,000. Then we have a cash flow from investing and purchase of fixed assets, sale of fixed assets or movement in fixed deposits, company's fixed deposits; now public fixed deposits Company used to have that has become now a totally almost negligible. It will be paid completely only the Rs.2,00,000 somebody had to take the money back from us, otherwise Company had entirely paid back the public fixed deposit which were earlier reflecting in the balance sheet. So, net cash in investing activity is audited Rs.8,71,57,000, from financing activity, as I was explaining to you repayment of public fixed deposits of Rs.2,25,62,000, by that the public fixed deposit become nil. Proceeds from long term borrowing is repayment of Rs.4,47,00,000, interest paid Rs.2,88,00,000, dividends paid Rs.64,00,000. As a result, the Company had become net debt free and Company is carrying a closing balance of cash and cash equivalent of Rs.17,49,00,000. Liquidity position of Company has been improved very well this year.

As I was explaining to you the financial numbers let me give you some percentage figures as well to understand more about the things. Broad income from operations grew by 33% year-on-year to Rs.101,0000000 as compared to Rs.76,0000000 in quarter four FY24 and 11% quarter-on-quarter to Rs.101,0000000 crore as compared to Rs.91,0000000 crore in quarter four FY24. This is due to as we were explaining in earlier calls, Company is giving lot of focus on turnover and economic improvement overall in the country also help us in improving our top line.

Now come to the bottom line, profit after tax increased by 22% year-on-year to Rs.1,67,00,000 crore from Rs.1,37,00,000 and quarter-on-quarter by 11% from Rs.1,50,00,000 to Rs.1,67,00,000 crore. So, there is an improvement in year-on-year, there is also an improvement on quarter-on-quarter. They definitely give us when the top line increase and the bottom-line increase. Let me give you the volume figure also, volume figure of the quarter increased by 21% to 15,276 tonnes from 12,590 tonnes year-on-year quarterly and on quarter-on-quarter, 1% increase in the volume from 15,115 tonnes to 15,276 tonnes. So, there is an increase in the volume quarter-wise also and year-on-year also.

Further, just to give you the update on the quarter. Yes, we have a geopolitical tension as you all know Red Sea crisis are there, it feels the Indian economy has done very well with the government focused on expanding airports to 240 by 2030. This move will drive significant growth in the logistics sector. This proactive approach combined with our effort has led to year-on-year turnover growth. Our FY24 EBITDA margin, our PAT as you can see, PAT has shown a growth. Further as you can see about the country as a whole, the airport authority of India planned capital expenditure of 30,000 crore over five years and the government's target of 1000 UDAN routes, to create 1000 UDAN routes will further boost the expansion of logistic into new territories. The Indian aviation sector rapid growth highlighted starting of the commercial operations by new airlines Fly91. We have a new airline in this quarter, Fly91. And further the Indian airlines as we know also that they have given a big order fleet expansion will be a very key driver of logistics sector growth in FY25. And we expect to keep the momentum for us as a Company also, the numbers which we have in the quarter gone by. We expect to keep that momentum.



Further, we are expecting some income tax refund and so which will further give us the liquidity. We are also, as we understood, give you the follow up on the last quarter concall. We have a property at Khar. We were actively pursuing how to monitor and how to use the property in a proper way. In that regard, whether we also are getting a confirmed or not, I will tell you what confirm we are getting is, now good interest from the big brand for operating that property. But further details cannot be shared at this stage and discussion stage. But just to assured you we are actively discussing and how to use our property which are there in the Company, so that the Company's financial gets more improved and we are able to reward all the stakeholders of the Company.

I will stop here only. Now over to Vikram and his team.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Pradeep Rawat from Yogya Capital. Please go ahead.

Pradeep Rawat: So, my first question is like, do you have any plan to lease aircraft for transporting freight?

Mahesh Fogla: Can you repeat please?

Pradeep Rawat: Do you have any plan to lease the aircraft for transporting freight?

Mahesh Fogla: So, let me explain this portion then you can take your further question. We definitely have no plan to own any aircraft or any lease because we have a tie up with all the airlines and the way we want to work in asset light model, so we don't have any plan to lease any aircraft.

Pradeep Rawat: Okay. So, can you comment on the kind of EBITDA margin that the leasing of aircraft like business generally get?

Mahesh Fogla: I can talk about our business where we are not owning the aircraft and there is a EBITDA of generally what we are earning is around near to the 4% to 5%.

Pradeep Rawat: Okay, fair enough. And regarding the difference between trade payables and receivables, that is quite high, which is keeping our significant amount of our capital occupied. Do we have any scope to increase our trade payables or reduce our trade receivables or discount any receivables?

Mahesh Fogla: Good question actually, correct. Trade payables we have, as you can see from the earlier our trade payables have increased that, that reduced our working capital requirement. Regarding the trade receivable, definitely it is an industry trend and we are focusing but, we don't, more than the trade receivable we will focus on the turnover also and trade receivables which are there in as per the industry norms and about bills discounting we can do but it will reduce the margin when we don't require money like that, as you can see Company has a surplus cash flow.

Pradeep Rawat: Okay. So, do we discount any receivables?



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- Mahesh Fogla:** No, but just to give you further we have taken insurance also for our trade receivable from the SBI life. So, if any unfortunate events happen, then they can get the backup from the insurance Company, that we have done.
- Pradeep Rawat:** Okay. So, can you comment on how long in terms of day that payable credits are issued to us?
- Mahesh Fogla:** Yes. So, there is a normal industry practice of let say 90 to 120 days.
- Pradeep Rawat:** Okay, fair enough. And next question is regarding the issue related to retaining of pilots for the airlines in India. Do you see any of your airline partners affected by it?
- Mahesh Fogla:** Yes, that is an issue of pilot strike and all those are there, but what in our case as we don't depend on a single airline. We have a tie up starting from Indigo, Vistara, Air India, SpiceJet, whatever name Akasa airline, we have a tie up with all the airlines so our operation don't get affected by this strike.
- Pradeep Rawat:** Okay. So, my last question is regarding the promoter holding, it's like reducing quarter-on-quarter from many quarters. So, any comment on that?
- Mahesh Fogla:** That will be not something I can tell you. Promoters have done, they have done previous two rights issues were there, promoters have shown their commitment, they have fully contributed, contributed more than what was required of their eligible contributors. That much only I can tell you right now.
- Moderator:** Thank you. The next question is from the line of Vikram Suryavanshi from Phillip Capital. Please go ahead.
- Vikram V. Suryavanshi:** Sir, you gave the volume for this quarter, but what was the volume for full year on this year and last year, on full year basis?
- Mahesh Fogla:** Yes, Vikram we have just to tell you, for the full year volume in the tonnage, in the tonnage is there of the Rs.57,229 is the tonnage volume for the full year Rs.57,229.
- Vikram V. Suryavanshi:** Compared to last year, full year?
- Mahesh Fogla:** Of the Rs.54,230. So, that is an increase in the turnover is there for the full year.
- Vikram V. Suryavanshi:** Right. And is there any mix between international and domestic volume compared to last year and this year, how is that mix changing?
- Mahesh Fogla:** Both, in our case basically both have increased. In the domestic we are able to increase from Rs.48,447 of the last year to Rs.49,662 that's domestic. I was able to get there Vikram, I want to convey to you, domestic loads figure, domestic body figure.



- Vikram V. Suryavanshi:** I got like Rs.48447 which increase to Rs.49662.
- Mahesh Fogla:** Correct, very well, very well.
- Vikram V. Suryavanshi:** So, domestic growth is hardly 2% to 3%. So, most of the growth has come from international?
- Mahesh Fogla:** Yes. Internationally is one of the thing it can trigger up. We are a little bit cautious in case of the domestic for this year, which is expected to improve in future but this year we have been cautious considering the receivables only, we were a little cautious.
- Vikram V. Suryavanshi:** Okay understood. And what was the revenue from the warehousing assets what we have in Chennai and Bangalore, for full year basis how much they are able to contribute and what are our plans regarding that in future?
- Mahesh Fogla:** Just to clarify, we don't have right now in Chennai because we have sold the Chennai land and we are now trying to focus on the Pune from that money, but that is still now in discussion stage, so I will not be able to comment more on that Pune. And Bangalore, it is basically right now in the rental model. So, it is given to one publicly listed Company only, so it is on the rental model it's going on and definitely we are thinking of something to do in the Pune with the money we have and create a warehouse, but still we are at discussion stage, let us see how the things unfold.
- Vikram V. Suryavanshi:** So, Bangalore how much is giving us a rental yield on annual basis and is it part of ours?
- Mahesh Fogla:** Rental is around Rs.4 to Rs.5 lakh.
- Vikram V. Suryavanshi:** Per month?
- Mahesh Fogla:** Yes, per month.
- Moderator:** Thank you. The next question is from the line of Pradeep Rawat from Yogya Capital. Please go ahead.
- Pradeep Rawat:** My question is about like; do we have fixed price contracts or variable price contracts and how we pass on the price increases by the airlines?
- Mahesh Fogla:** Correct. We basically have our main component, or the variable cost is aviation turbine fuel, ATF, if ATF prices are increasing or decreasing, we pass on to consumer, customer I mean to say. So, we don't get affected by the variation in the oil prices as you can see in the international. And further with the customer also and with the airlines also, we go by the policy open contract because look, prices can vary for airline-to-airline, timing-to-timing, day-to-day. So, we follow in that way only and definitely we follow the policy of not a fixed contract.
- Pradeep Rawat:** So, what I can understand is, that the variable cost is passed on real time basis right?



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- Mahesh Fogla:** Yes.
- Moderator:** Thank you. Next question is from the line of Vikram Suryavanshi from Phillip Capital. Please go ahead.
- Vikram V. Suryavanshi:** Sir, can you highlight about, how is the pricing environment and are we seeing improvement in the pricing environment or profitability for us or in terms of volume growth, in terms of some broad outflow going forward?
- Mahesh Fogla:** Vikram the prices are getting harder definitely as our Red Sea crises and all the other crises happen. So, definitely because what is happening is ocean routes are not available then people have to go for the air route. And definitely the prices are getting hardened. We are expected to be, there are passage of the capacity of the airlines also we experience in the month of March, which is getting age out now because the month year end pressured has come down. But at the same time, I can tell you our Company point of view, the things are looking good only and as we promised, we are able to deliver the turnover which is a quarterly turnover of 101 crore including GST. So, if things are looking good and then as we all know, we are in the election season and once the things are getting more clear in the month of June and as the economy improves, we are also expecting the thing to get improve only for the logistics sector and particularly for our aviation sector as well.
- Vikram V. Suryavanshi:** Okay, got it. And one just to extend the warehousing side initially we thought to expand even in Ahmedabad, Delhi, and other areas. But now looking since we have closed Chennai, so in long term what would be the thought process the kind of cash flow which is coming will we use mainly to expand our market share in the air side business or even warehousing could be another growth drive for going forward?
- Mahesh Fogla:** Yes, correct. As I was explaining to you definitely for Chennai, we are not going ahead right now but in place of Chennai we are actively exploring for the Pune area. And at the same time, we are also thinking of not only depending on the aviation or air aviation, as you know this Company was earlier known as Patel Roadways. So, we may explore that area also going head, that is also in the active discussion of our Board. So, we are actively looking for the opportunity both inorganic and organic to grow the business, to expand the Company.
- Moderator:** Thank you. Ladies and gentlemen that was last question for the day. I now hand the conference over to the management for closing comments. Over to you sir.
- Mahesh Fogla:** Thank you once again Vikram and his team for arranging this Earnings Call. We are, as I can tell you, things are looking on good for the country, as well as for our aviation sector, where we are right now earning major amounts of earnings. And in particular companies also doing well with the support of all of you, with all the stakeholders thank you again. I once again, thank you for arranging the call. Thank you.



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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. Thank you.