AGARWAL INDUSTRIAL CORPORATION LIMITED

AGARWAL GROUP

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

CIN NO.: L99999MH1995PLC084618

March 03, 2025

To, **BSE Limited** Corporate Relationship Department P.J Towers, Dalal Street, Fort, Mumbai- 400001 Scrip Code: 531921	To, **National Stock Exchange of India Limited** Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai 400051 SYMBOL: AGARIND; Series: EQ

Dear Sirs,

Sub.: Transcript of Q3 FY 2024-2025 Earnings Call Pursuant to Regulation 30 and 46 read with Clause 15 of Para A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Please find enclosed Transcript of the investor conference held on 28th February 2025, with regards to the Unaudited Financial Results of the Company for the Quarter and Nine Month ended December 31, 2024.

We confirm that we have uploaded transcript of the Q3 FY 2024-2025 Earnings Call held on Friday, February 28, 2025 on our website viz: www.aicltd.in.

The above is for your kind information and records.

Kindly take the same on your record.

Thanking you,

For Agarwal Industrial Corporation Limited

Vipin Agarwal
CFO

Agarwal Industrial Corp. Ltd.
AGARWAL GROUP

"Agarwal Industrial Corporation Limited Q3 & 9-Month Ended FY25 Earnings Conference"

February 28, 2025

MANAGEMENT: **MR. VIPIN AGARWAL - CHIEF FINANCIAL OFFICER, AGARWAL INDUSTRIAL CORPORATION LIMITED**

MODERATOR: **MS. ASTHA JAIN - SENIOR RESEARCH ANALYST, HEM SECURITIES**

Agarwal Industrial Corp. Ltd.

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Moderator: Ladies and gentlemen, good day and welcome to the Agarwal Industrial Corporation Limited Q3 & 9-month ended FY25 Earnings Conference Call hosted by HEM Securities.

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 Ms. Astha Jain – Senior Research Analyst from HEM Securities. Thank you and over to you, ma'am.

Astha Jain: Thank you. A very good evening, ladies and gentlemen. Thank you for joining the Agarwal Industrial Corporation Limited Q3 & Nine Months Ended FY25 Earnings Call.

Joining us on the call today from the Management Team is Mr. Vipin Agarwal – Chief Financial Officer. We will commence the call with the opening thoughts from the management post which we will open the forum for Q&A round where the management will be glad to respond to any queries that you may have.

Before we go on to the main call, I would like to read this standard disclaimer:

There may be forward-looking statements about the company and the subsidiaries which are based on the belief, opinion, and expectations of the company's management as on the date of this call. The company do not assume any obligation to update their forward-looking statements, if those beliefs, opinions, expectations or other circumstances should change. These statements are not guarantees of future performance and involve risk and uncertainties that are difficult to predict. Consequently, listeners should not place any undue reliance on such forward-looking statements.

With this, I will hand over the call to Mr. Vipin Agarwal – Chief Financial Officer, to take it forward. Over to you, Vipin sir.

Vipin Agarwal: Good afternoon, everyone. I am delighted to welcome you all to the Q3 & 9-month FY25 earnings call of Agarwal Industrial Corporation Limited. We truly appreciate your time and presence as we review our company's performance, key achievements, and strategic outlook.

Agarwal Industrial Corporation Limited has solidified its leadership in bitumen logistics by strategically investing in fleet expansion, storage infrastructure, and supply chain optimization with Rs. 500 crore deployed in shipping assets, the company has built a robust value chain that enhances cost efficiency and ensures uninterrupted supply. Management remains confident in sustaining margins despite market volatility, attributing stability to its backward integration and efficient sourcing from UAE and Oman. The company's growing PSU engagement now contributing nearly 20% of revenue along with its 40,000 metric ton storage terminal coming up at New Mangalore Port strengthening it's logistics network which will generate revenue of around US $2 million.

The company has inducted its 11th vessel, MT AQUILO, with a carrying capacity of 11,500 expanding its fleet under AICL Overseas FZ-LLC to 11 vessels with a total carrying capacity of 1,14,000 MT approximately. Also secured a project from HPCL to supply 49,000 MT of VG 30 and 9,000 MT of VG 40 bitumen with a total deliverable value of approximately Rs 255 crores. As and when the company feels, we will be acquiring more vessels and more acquisition into terminals.

India's bitumen consumption is projected to rise by approximately 14% in this Fiscal Year 2024-25 reaching an estimated 10 MT. The search is driven by the government's focus on infrastructure development including the construction of national highways and state road projects. The Ministry of Road Transport and Highways has set a provisional target to construct 10,421 kilometres of national highways in FY25, slightly lower than previous year achievement due to election related delays in state clearances. Despite the challenges, the ongoing and upcoming infrastructure projects are expected to sustain the demand for bitumen and related materials, positioning us to effectively support and contribute to India's expanding infrastructure landscape.

I would now take you to the financial performance of the company:

Let me now provide an overview of our financial performance for nine months FY25 compared to 9 months FY24:

Revenue for FY 9 months 25 were Rs. 1,575.49 crores reflecting a 16.80% increase from Rs. 1348.86 crores. That Net Income in turn at 85.15 crores, registering a growth of of 19.57%. Earnings per share at 56.93, up by 19.58%. EBITDA at Rs. 154.47 crores, marking a 33.13% increase year-over-year rise.

For Q3FY25, we delivered a strong performance. Revenue at Rs. 542.11 crores, up 11.05% from Rs. 488.18 crores. EBITDA at Rs. 55.76 crores affecting a 23.26% increase from Rs. 45.24 crores. Earnings per share stood at 18.52. These numbers are a testament to our focused execution, operational efficiency, and ability to meet growing market demand.

I would now like to take you through our business and operational highlights for the nine months:

Volume, the company has recorded a sales of approximately 350,000 tons of bitumen and allied products reflecting a notable 20.03% growth from approximately 292,000 MT in the

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nine months last year. The Ancillary Infra segment, which accounts for over 75% of company's business, recorded a 13.46 revenue growth in nine months FY25 compared to nine months FY24. The company has inducted the 11th vessel MT AQUILO with a carrying capacity of 11,500 metric tons, expanding the fleet to 11 vessels with a total carrying capacity of 113,500. We also secured a project from HPCL to supply 49,000 MT of VG 30 and 9,000 MT of VG 40 with a total deliverable value of Rs. 255 crores.

Going forward, I would like to take you to the strategic outlook for the company. The company has targeted around 20% year-on-year growth in both revenue and volume. However, election-related delays in state-levels impacted the pace of infrastructure execution, leading to an expected growth of around 15% instead, aiming for a 20% CAGR in EPS in line with our historical growth. ROCE and ROI guidance plans to maintain a healthy ROCE and ROI of approximately 20% consistent with previous years. The Indian bitumen market is expected to reach USD 6.8 billion by 2032, growing at a CAGR of 4% from 2023. Growth is driven by major infrastructure initiatives such as Bharatmala Pariyojana and PMGSY. In 2023, bitumen imports surged by 31% to 3.42 MT, the highest since 2012, reflecting increased demand for road construction. The industry is shifting towards sustainable practices and modified bitumen products to meet future needs.

I would now like to take questions, if any.

Moderator: Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press '*' and '1' on the touchtone telephone. If you wish to withdraw yourself from the question queue, you may press '*' and '2'. Participants are requested to use handset while asking a question. Ladies and gentlemen, we'll wait for a moment while the question queue assembles.

First question is from the line of Yash Kukreja from Equity Research Capital. Please go ahead.

Yash Kukreja: Thank you so much for the opportunity, sir. Sir, my first question is, our asset base has increased by Rs. 184 crore Q-o-Q, and also our liabilities have also gone up by Rs. 150 crores. So out of this Rs. 184 crores, I am assuming Rs. 60 crores will be for vessels, Rs. 40 crores will be for the storage terminals. What is the remaining Rs. 84 crores for and also what will be the debt position by March 25?

Vipin Agarwal: Thank you for your question. The debt has primarily increased due to vessel acquisition and on the terminal side there is no debt increase as on date. And by FY25, we assume the debt to be increased by approximately Rs. 100 crores.

Yash Kukreja: Okay, got it. And my second question is do we stick to our guidance of doing volume of 6 lakh tons with the EBITDA of 3,900 per ton in FY25?

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Vipin Agarwal: Yes, you mean to say EBITDA per ton?

Yash Kukreja: Yes.

Vipin Agarwal: Yes, we are sticking to that level of EBITDA per ton approximately between 3,800 to 3,900. And as informed in my opening remark, we are targeting 6 lakh tons. However, due to the clearance from various projects due to elections, central elections and other government state elections, we may reach somewhere near the targeted metric tons or maybe a growth of around 10%-15% from last year.

Yash Kukreja: Okay, got it, sir. My last question is, sir as we look ahead, what will be our primary focus? Like will it be enhancing EBITDA per ton or driving the volume growth? So this question is as we get more contracts from BPCL and HPCL now, so how do we plan to approach such opportunities? Like are we willing to accept lower margins for higher volumes or do we prioritize margin **0:11:07**___now?

Vipin Agarwal: It would be a mix of both the things, but of course EBITDA margins as we have seen the growth for last few years, it is always on the higher side. So our primary target would be increasing the EBITDA per margins as well but keeping in mind the volume we would try to balance both the sides.

Yash Kukreja: That is it from my side. Thank you, sir.

Vipin Agarwal: Thank you.

Moderator: Thank you. Next question is from the line of Dhananjay Mishra from Sunidhi Securities. Please go ahead.

Dhananjay Mishra: Yes, sir, just need to, if you have already indicated the volume for this financial year is close to 6 lakh tons.

Vipin Agarwal: Yes, that was already done in the previous calls earlier.

Dhananjay Mishra: Yes, so in next year, I think you have in your initial remarks guided for 20% growth in volume. Is that correct?

Vipin Agarwal: Sorry, can you just come back again please? Sorry?

Dhananjay Mishra: When we talk about next financial year in terms of volume growth that you are envisaging, can we expect 20% growth going forward into FY26 also?

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Vipin Agarwal: Yes, that is always the target for the company where growing at least at 20%, but if you see the past few years, we have maintained a growth percentage in terms of volume between 15% to 20% which we target even in the future.

Dhananjay Mishra: Just to get a sense because now you see that the budget, the last financial year FY25 which we are ending is not that good in terms of major awards for the infrastructure sector and especially roads. But we have heard in the recent concalls which has been done by a couple of large road players. They have hinted that by March the government is going to come up with almost NHAI will come up with Rs. 1,50,000 crore worth of order announcements, awarding of orders. We have seen lull for last 6 to 9 months, but next 1 or 2 months, before March, they are talking about this large number. And the similar trend is expected in FY26. So your take in terms of order awarding, not only from NHAI, but maybe from a couple of state governments what is your sense on that will be really helpful.

Vipin Agarwal: As informed, we are in line with the growth volume that we have projected. But yes, what you are mentioning is totally true. There are numerous projects which are already in pipeline which are already been allotted and which are going to be allotted in the next few months. And considering all these projects which may execute in the next financial year, we may target a higher volume. In that sense, your question and the information that you have is totally true that there will be more projects that would be allotted in next few months which may result in higher volumes in the next financial year.

Dhananjay Mishra: Okay and sir just one fundamental question there because when we see this number of express ways which have been recently built up like this Nagpurwala Samruddi where they have used the cemented one and not the cold tar based. And then we are also hearing a lot more Expressways which are going to be built up in the immediate future. Even Maharashtra is talking about 2-3 larger Expressway projects with even J Kumar Infra has talked about in the recent concall. So how are we going to tackle this fundamental question that instead of coal tar if they use more and more cemented roads in Expressways, how it will impact our business? Just your sense on that?

Vipin Agarwal: I have been answering this question even in the past few concalls. There are only a few projects that the government has allotted that has been built on concrete. Most of the new projects are all based on bitumen. They are not concrete. They are all flexible. So there is no major rigid work that is happening for NHAIs. Maybe some states, inside cities, they may be doing the concrete, but all the major highways are still flexible, which is bitumen.

Dhananjay Mishra: And can we expect a similar margin run rate between Rs. 3,800 to Rs. 4,000 per ton even in the next financial year?

Vipin Agarwal: Yes.

Dhananjay Mishra: Okay. And sir, any more CAPEX program that is there, because I think the major CAPEX tha you do is towards acquiring vessels which support your business?

Vipin Agarwal: As I said in my opening remarks, I have highlighted that we would be going forward with an opportunity that we will be getting in terms of maybe setting up another terminal or vesse acquisition.

Dhananjay Mishra: Okay, so what is the CAPEX guidance for next financial year to support this volume growth?

Vipin Agarwal: Maybe around Rs. 100 crores-Rs. 150 crores as we have indicated even in the past.

Dhananjay Mishra: And what is the typical working capital cycle? Will we operate with the similar workin capital cycle or is there any scope for further improvement?

Vipin Agarwal: Maybe a 10%-15%-20%, maybe more working capital required to achieve more volumes.

Dhananjay Mishra: Okay. But in terms of days, the cycle is going to be the same what we are right now.

Vipin Agarwal: In fact, the cycle should improve.

Dhananjay Mishra: Okay, got it. Thank you, sir. I will be in queue for further questions. Thank you.

Vipin Agarwal: Thank you.

Moderator: Thank you. Next question is from the line of Mudit Jain from HEM Securities. Please g ahead.

Mudit Jain: Hello sir. Good evening. Am I audible?

Vipin Agarwal: Yes.

Mudit Jain: So sir, my question was what is the realization value of bitumen in Q3FY25 compared to las year?

Vipin Agarwal: Sir, your voice is not clear.

Mudit Jain: Am I audible sir right now?

Vipin Agarwal: Yes.

Mudit Jain: So sir, my question was what is the realization value of bitumen in Q3FY25 compared to las year? And what is our expectation for bitumen prices going forward?

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Vipin Agarwal: The realization value last year, it was around 43,000 odd. And this year, nine months, it is around 45,000 tons. So a difference of around Rs. 1,500 per MT in terms of realization value.

Mudit Jain: Okay, and sir what is your expectation going forward?

Vipin Agarwal: It should remain at this level.

Mudit Jain: 45,000?

Vipin Agarwal: Yes, and 9 months we have in front of us because we have the results. Next quarter it should be around the same level as there is no major volatility in the prices.

Mudit Jain: Okay, sir. And sir, the margins in our charting business and vessel operating business have fallen both sequentially and year-on-year basis. So any specific reason for that?

Vipin Agarwal: There were a few vessels that were in dry dock. Due to that there are times when there are some vessels which have to do the dry docks, they don't operate in that quarter. So maybe that effect comes once in two years.

Mudit Jain: Okay.

Vipin Agarwal: And maybe vessels that are under repairing because of some cyclone, due to some cyclone repairs.

Mudit Jain: Okay. Sir, what are the sustainable margins in the segment? The chartering business and the vessel operating business?

Vipin Agarwal: 20% which has always been in the past.

Mudit Jain: 20% in both the segments.

Vipin Agarwal: In the chartering business.

Mudit Jain: Okay, sir. So what is the current order book status?

Vipin Agarwal: Sorry?

Mudit Jain: What is the current order book status, sir?

Vipin Agarwal: We declared HPCL, BPCL that is the major order book that we have. Rest of the sales is not order based, it is a continuous business.

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Mudit Jain: Okay. And then one of our previous con-calls, you mentioned that we would like to double the volumes in next three years. So will it be fair to assume that FY28 volumes will be double of what we'll achieve in FY25?

Vipin Agarwal: We assume that we should be able to double the volumes as we have indicated in the past few calls. Going forward with the demand that we expect in the coming 2-3 years, we definitely expect the volumes to be doubled. It's subject to the favorable conditions even from the government side wherein funds are available in the state and from the NHAI and projects are executed in the manner they have been awarded.

Mudit Jain: Okay. Thank you.

Moderator: Thank you. Before we move to the next question, a reminder to the participants to ask a question, you may press '*' and '1'. Next question is from the line of Sangeeta from Cogito. Please go ahead.

Sangeeta: Sir, one question I had was that there was some concern post the budget that the allocations towards roads were slowing down. Is that likely to impact the opportunity for us or is there enough opportunity from whatever states may be doing if you could just explain that landscape?

Vipin Agarwal: I am sorry. Can you just repeat the question again, please?

Sangeeta: The question is that in the budget this time we saw that the allocation for roads had not gone up that much. Is that likely to be a constraint for our growth in any way going forward?

Vipin Agarwal: No, thank you. I don't think any constraint for the growth in terms of what the allocation has been done by the government because there are already enough projects that have been in the pipeline which are already under execution. So these execution would be happening in the next financial year or the budgeted for the next financial year, those are yet to come. We are assuming the demand and the supply and the volume growth, assuming today's infrastructure projects that have already been allotted, but yet, this is subject to the payment from the government, different state bodies or the central government making towards these projects. So that is very important in terms of volume when we are considering. Which hopefully should be favorable. There should not be a major constraint, maybe a 5%-10% here and there. But even the state and the center wants to complete all the projects that they have allotted.

Sangeeta: Right. And do you see any increased activities in terms of projects being undertaken by the states? There are a lot of state roads and smaller roads, etc. also which need to be constructed over and above highways. Is there any activity happening on that side?

Vipin Agarwal: There are activities happening in all states which are already having good amount of funds at their disposal. They are definitely doing. Other states maybe they have some plans of maybe arranging the funds and then doing small roads, I mean to say the rural roads. But definitely they are all working on all fronts because the center's focus is on the infrastructure. Even the states are focusing on joining all the roads within the state to smaller villages as well.

Sangeeta: Okay. If I can ask one more question. Your role really comes in the imported bitumen, right, largely?

Moderator: Your voice is breaking in between somewhere.

Sangeeta: Okay, can you hear me?

Moderator: Yes, this is better. Please proceed.

Sangeeta: Yes. So your role comes in largely when we are looking at imported bitumen. So recently we've heard some news about some of the companies like BP, HP etc. announcing increase in their human supply, right? They're getting into more bitumen projects. Again, how does that impact you or will we remain a net importer for quite some time to come?

Vipin Agarwal: Ma'am, I am not able to connect to your questions because there is on and off breakage in the question that you've asked.

Sangeeta: Okay, one second. Let me just try. Can you hear me now?

Vipin Agarwal: Yes.

Sangeeta: Okay. So my question is that BPCL and HPCL did recently announce they're going to be increasing some capacity for bitumen. Does that impact your business in any way?

Vipin Agarwal: No, I have not heard any major increase in the production from their side but there are different plans by the refinery wherein they would be in fact taking products from other importers on a higher side than producing themselves.

Sangeeta: I see. Okay. And one last question. We saw in the third quarter, we saw a big increase in depreciation which kind of ate away into the improvement in EBITDA that we have seen. Is that because of the new ship coming onto the books and it's not fully utilized and are we likely to Therefore see this balancing out in the quarters to come?

Vipin Agarwal: So the depreciation is basically from the vessel side only but it is on a quarter-to-quarter basis only. There is no new vessels that were depreciated in the last quarter except for the bigger one which was acquired last year and I think nine months is what it has been depreciated towards.

Sangeeta: Right. So was that vessel fully utilized in the third quarter?

Vipin Agarwal: Yes. The vessel has been utilized, yes.

Sangeeta: The vessel has been utilized?

Vipin Agarwal: Yes.

Sangeeta: So then why is it that we actually did not see the improvement in EBITDA coming down to the PBT level in the third quarter?

Vipin Agarwal: As I mentioned a few minutes back, there was a dry dock of some other vessels which was going on. During that, those vessels are not in use.

Sangeeta: Alright. Okay. Thank you, sir.

Moderator: Thank you. Next question is from the line of Suyash Bhave from Wealth Guardian. Please go ahead.

Suyash Bhave: Thank you for the opportunity. Am I audible?

Vipin Agarwal: Yes, sir.

Suyash Bhave: Sir, I wanted to speak a bit about volumes and demand. So, historically, H2 has been our, Q3-Q4 have been our peak quarters. But in this year, in Q1 and Q2, we had a very good volume growth on a YOY basis. Probably some of the best quarter volume growth we had in Q1 and Q2. But in Q3 we had a volume degrowth. This is supposed to be our peak quarter. So can you give an insight about that?

Vipin Agarwal: Yes, see, first half is basically, as mentioned, we have been applying to PSUs as well. So that additional volumes may have affected the growth of volume. But the third quarter, there has been improvement, a little bit of quantity is there. There is increase by at least some percentage in the third quarter due to the elections going on which resulted in lower road construction.

Suyash Bhave: Alright, so on the shipping side, on an average, after how much time period does a ship has to go into dry dock and what kind of maintenance or repair expense?

Vipin Agarwal: It is actually the overhauling of the vessel which usually happens anywhere after 2 years and within 3 years.

Suyash Bhave: Okay, and what kind of expense do we have maybe as a percentage of the capital cost of the vessel? Is there any trend as such?

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Vipin Agarwal: A bigger vessel may have a lower percentage of CAPEX compared to smaller vessels which repairing is on a higher side. That's why we are primarily focusing on acquiring bigger size vessels of nearly 10,000 to 15,000 which results in higher margins and even in terms of percentage the CAPEX is lower, when we do the dry dock.

Suyash Bhave: Okay, sir. Understood. So just one last question. We, if you don't count our latest Mangalore terminal, we have around 30,000 MT of all India storage capacity.

Vipin Agarwal: 30,000?

Suyash Bhave: Yes, 30,000. So this storage terminal at Mangalore, I think it's a 40,000 metric tons. So any insight as to why more than half of our future storage capacity will be at one port?

Vipin Agarwal: We are actually focusing on two things. It is a terminal not only for our consumption. It is a full terminal, approximately 40,000 tons, wherein we will be storing our products and balance we plan to do in the second phase after starting the first phase, wherein around 20% 25% of storage will be used for our own consumption, wherein the leased tank that we have today, we will be leaving that tank and utilizing our own storage tank and the balance 70% to 75%, we plan to lease it further. So that is a part of further business in the backward integration or even in the forward integration where we will be leasing the tanks which the company will not be using.

Suyash Bhave: Okay, alright sir, understood.

Vipin Agarwal: Totally terminal business wherein we will be leasing the tank as well.

Suyash Bhave: Yes, understood. Thank you, sir.

Vipin Agarwal: Thank you.

Moderator: Thank you. Next question is from the line of Dhananjay Mishra from Sunidhi Securities. Please proceed.

Dhananjay Mishra: Just a follow up question. Thanks for the opportunity. Sir, if we see the last nine months, we have done closer to rounding it off closer to Rs. 1570 crores or Rs. 1600 crore topline assuming this Rs. 45,000 realization on the bitumen. And if you do 6 lakh volume, we are expecting close to Rs. 2,700 crore topline. Is it something which is possible in these three months? Means the ask rate is close to Rs. 1,100 crores for this quarter.

Vipin Agarwal: Total turnover you mentioned?

Dhananjay Mishra: Six lakh tons and average realization for...

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Vipin Agarwal: Nine months, what you have mentioned? I think you mentioned higher number than...

Dhananjay Mishra: 16, close to 1600. The first quarter was 700, second was 326 and this December quarter was 542.

Vipin Agarwal: 31/12, the total turnover is around 1582. Yes.

Dhananjay Mishra: Correct, close to 1600 and if we assume 6 lakh volume and Rs. 45,000 realization, we are talking about almost Rs. 2,700 crores. So the asking rate for fourth quarter is close to Rs. 1,100 crores.

Vipin Agarwal: Assuming that we will be considering completing 6 lakhs tons, but maybe due to the ongoing government scenario in the last 2-3 months, we may end up 10%-15% from the last year's volume that we have done.

Dhananjay Mishra: What was the volume last year sir? FY24?

Vipin Agarwal: FY24, it was close to 5 lakh tons.

Dhananjay Mishra: Okay, so we might be little short to 6 lakhs. Maybe 570 or 550?

Vipin Agarwal: Our target is always higher than what we achieve.

Dhananjay Mishra: Okay. So maybe we can work with 570-550 That is something which is realistic?

Vipin Agarwal: Maybe. To put a number, you know it is all futuristic, so I cannot.

Dhananjay Mishra: Yes, I know. But just to get because we are almost completed 2 months Jan-February is over.

Vipin Agarwal: Yes, we assume. Yes, we can say around 10% easily because 9 months we are at a growth of around 15%.

Dhananjay Mishra: Got it. 9 months we have we have done 15% growth on last year numbers, right?

Vipin Agarwal: Hopefully we assume that at least 15% or maybe 12% we will be growing.

Dhananjay Mishra: Got it. And sir, if we see purely from a cash flow or the working capital perspective, let's say we do 7 million tons next year and maybe 8 million tons in FY27, assuming that we maintain this 15%-17% sort of growth.

Vipin Agarwal: 7 lakhs, sir. 7 million would be 70 lakhs.

Dhananjay Mishra: Sorry, 7 lakhs. Yes, 7 lakh tons and maybe 8 lakh tons close to 15%-17% sort of growth. And assuming that we get this Rs. 3,900 to Rs. 4,000 EBITDA. We will be generating almost Rs 600 crores cumulative EBITDA for next two years. And assuming that, close to let's say Rs 100 crore tax payout, we will be left with Rs. 500 crore sort of cumulative cash flow. And your interest cost is something that you can guide us. But even if I assume the current run rate, let's say almost Rs. 70 crores-Rs. 75 crore goes for the interest cost. Will be close to 400 crore plus sort of cash flows, which will be free to us for doing CAPEX or maybe for working capital. So even if we do, let's say, 100 crores to 125 crore CAPEX for next two years, even we will be having the 100 crores to 150 crore cash, which will be available to support the working capital requirement. So can we work with an assumption that this Rs. 400 crore debt is going to be the key index for us for next two years? That is something which is possible?

Vipin Agarwal: See, as what numbers you are predicting, it looks good, but we are also reinvesting in the business, wherein if you see debtors on the high side because of the increase in volume, we are doing the CAPEX as in Mangalore we are doing. So it is all, even we are putting money in the CAPEX from our own pocket as well. So whatever the company is generating, we are already planning to put the CAPEX, we have the plan for CAPEX. But it is not necessarily you will have the entire funds at the disposal because we are already investing the money for the expansion of the company.

Dhananjay Mishra: So what is your judgment in terms of debt for next two years because this year probably will end up with Rs. 400 crores, but what is your sense for next two years that is something that you are envisaging because the calculation is showing that probably the internal accruals will be sufficient to fund the CAPEX and the working capital requirement?

Vipin Agarwal: Self sufficient in doing the CAPEX, but does not hamper the cash flows, we always keep a mix and match of debt and equity because if you see my credit, facilities that I have, I am not using it 100%, that reflects in the credit rating that has been given by CRISIL as well. So we have all the facilities intact in case of any requirement. Necessarily, we are not using it 100%, we maybe using 50%-60%, but the company is keeping the disposable of working capital in case of any requirement.

Dhananjay Mishra: Okay. So, whatever differential will be there, that will be funded through debt. So probably we might need another 100 crores to 150 crore debt?

Vipin Agarwal: Not necessarily if the company is having enough CAPEX or cash flows for the CAPEX, we might not take any debt or a small debt maybe. And going forward if you see after two years the current debt would also be repaid. So it should be near to the same level of 10% higher than what we are today.

Dhananjay Mishra: Got it. That is what sir, I am also of the opinion that probability this Rs. 400 crore numbe should be, that the debt which will not really go up in next two years' time, even if we grov 15% to 20%?

Vipin Agarwal: Yes.

Dhananjay Mishra: Okay, sir. Any other line of business that we are envisaging to…

Vipin Agarwal: We are focusing on the logistical advantage that we have and anything related to the logistica setup that the company can set up, maybe as we have started Mangalore, some kind of simila CAPEX we may look at. We will be having your own terminal as we will be having ir Mangalore. So, few other places we may take up that angle as well.

Dhananjay Mishra: Okay. Got it, sir. Thank you, sir. And all the very best, sir.

Vipin Agarwal: Thank you very much.

Moderator: Thank you. Next question is from the line of Tanvi Jain. Please go ahead.

Tanvi Jain: Yes, I just had two questions. One, just want to understand. So this year we received the orde for approximately total 75,000 metric tons from BPCL and one order was from HPCL ir December 2024. So even these two orders combined are less than the order that we had in hanc from IOCL last year for 1,92,000 metric tons. So is there any decline in the orders that we ar receiving from these refineries? Because other than these orders, all our orders you've mentioned are as and when we receive them.

Vipin Agarwal: All these PSU orders are subject to their fulfillment. They are for one year, which has ar expiry date. So whatever last year's project they had allotted, the LOI, that is being replaced by the current LOI that they have issued. Some of them are maybe extendable, so this year's LO that we have received is extendable by one more year. Whatever orders that was declared ir the last financial year, that may have ended, that's why the new LOI have been received fron PSU.

Tanvi Jain: I get that sir. The LOI, the order quantity has declined from the last year. However, our volum guidance have increased by 20% year-on-year. So how do we look at that? Is that stil achievable despite such orders getting reduced from these refineries?

Vipin Agarwal: We don't target anything basis the PSU orders. PSU orders is what is reflecting in the growtl in terms of additional volumes maybe but we if you see in the past even without the PSUs w are able to maintain our volume growth.

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Tanvi Jain: Okay. Thank you. Just one more question. How much, earlier you guided that your share from own vessels would gradually go up to 75% to 80%? So, what is the...

Vipin Agarwal: Basically, we will be trying to achieve that percentage, but I assume 60%-65% would be a good number in terms of getting the product through your own vessels because we have four months of rainy season wherein we cannot do much business in India.

Tanvi Jain: Okay. So that is a sustainable number going forward and currently what is, at what percentage we are at in terms of getting the materials from our own vessels?

Vipin Agarwal: We are near to between 50% to 60% as of now.

Tanvi Jain: Okay. Thank you.

Vipin Agarwal: Thank you.

Moderator: Thank you. Next question is from the line of Tejas Khandelwal from Prudent Equity. Please go ahead.

Tejus Khandelwal: Hello sir, am I audible?

Vipin Agarwal: Yes.

Tejus Khandelwal: Yes sir, my first question is on depreciation side. So the company incurred around Rs. 15 crores in depreciation in last quarter, which is nearly 50% jump from previous quarter. So why there is sudden jump if you have not depreciated the latest results?

Vipin Agarwal: Have depreciated, I said

Tejus Khandelwal: You have depreciated the latest vessel which is 11,500 tons right?

Vipin Agarwal: No, 11,500 is not depreciated because this is in the fourth quarter.

Tejus Khandelwal: Okay, so what depreciation can we expect in fourth quarter?

Vipin Agarwal: There is only one vessel that we are adding that too will be starting now. So, months, maybe a month after the vessel is put to use, the respective period in which the vessel is put to use and the year has ended. So, maybe a month of depreciation addition.

Tejus Khandelwal: Okay, sir. Can I, may I know what is the cost of the vessel, 11th vessel?

Vipin Agarwal: It is around 14 million.

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Tejus Khandelwal: 14 million?

Vipin Agarwal: Yes.

Tejus Khandelwal: Okay, sir. And my second question is on the volume side. So you have cut the guidance from 6 lakh tons to 5.50 lakh tons. But in the latest press release, you have maintained the volume guidance of 20%. So why is that, sir?

Vipin Agarwal: We are focusing on that percentage, but we assume we have not completed the full year end. Maybe in March we will be doing very good volumes.

Tejus Khandelwal: Okay.

Vipin Agarwal: A few percentage here and there we always be, maybe it can go few percent higher, few percentage lower, but we are not saying we will not be able to complete at all because there is one more month to go yet.

Tejus Khandelwal: So are you confident? Right, we will do above 5.80 lakh tons or 5.70 lakh tons?

Vipin Agarwal: See in nine months we are at around 15%. So I assume at least going by this percentage we should be able to at least do 10% to 15% from last year.

Tejus Khandelwal: Okay, sir. And my another question is on EBITDA per ton side. So in first nine months EBITDA per ton is already above 4,200. So are you still maintaining the full year EBITDA per ton guidance of 3,900? Or do you see any room for growth in that?

Vipin Agarwal: No, I think it should be at the same level of nine months, it is around 4,200. It should be around 4,200-4,300.

Tejus Khandelwal: Okay, sir. And sir, another question is on the tax rates side. So what tax rates should we expect at blended level next year because there are discussions around the potential corporate tax increase in the UAE, right?

Vipin Agarwal: There is no clarity as such for this financial year even in UAE in terms of corporate tax. So we assume the blended tax percentage to be in line with last year.

Tejus Khandelwal: What gross debt level we can expect in next year in FY26?

Vipin Agarwal: I would not be able to comment on that number as of now. For FY26.

Tejus Khandelwal: Okay, but will you be able to give the guidance or give the volume guidance for FY26?

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Vipin Agarwal: No, not yet. For volume, we will be giving in after the first year, for the financial year, concall maybe.

Tejus Khandelwal: Okay, thank you. That's all from my side.

Moderator: Thank you. Next question is from the line of Mohit from HEM Securities. Please go ahead.

Mohit: Hi. On the industrial side, I wanted to understand a bit more about the industrial outlook. Like this year was a severe slowdown as far as highways were concerned, the highway ordering was concerned. So in the next 1 to 2 years, what will be the growth triggers for the company, for the industry? Are we also eyeing something apart from the highways? Maybe because Bharatmala or the highways in the other sense are kind of bit jittery this year. So are we eyeing more projects from the government or any new announcements? How are we seeing the next 1 to 2 years in terms of growth of the industry as such?

Vipin Agarwal: Thank you so much. Next two years we assume that there will be a lot of infrastructure projects, but we are not only focusing on NHAI. We are supplying to all the departments, all the state governments which are giving work orders for making roads, maybe PMGSY, Rural Roads or R&B. We are supplying to all the departments. It is not necessary that we are supplying to only NHAIs. We are still supplying to all the states and highways. And going forward with the execution of more and more infrastructure work, the demand of bitumen is presumed to go to 12 million by maybe FY27, assuming that growth we should be ending up anywhere between year-on-year growth of around 20% or 22%.

Mohit: In your investor presentation, I also saw that India, I mean the bitumen consumption is less in India compared to other countries like China and US per road.

Vipin Agarwal: Yes.

Mohit: Do you see it improving or is it something which is static in nature? And since the roads are built, it is not meant to be changed that much. I mean, what is the outlook on the bitumen consumption as far as roads are concerned?

Vipin Agarwal: Every country is having their own criteria for making the roads. India is following a standard process. China and US they have a different process. But every road or road consumption bitumen is also depending upon what is the width of that road, what is the depth in terms of thickness of that road. So all these also contribute to the deployment of a particular bitumen in the making of one kilometer. But going in the current scenario, India is consuming more and more bitumen with the new awards of tenders.

Mohit: Okay, so the bitumen import growth trajectory seems to be stronger as we move ahead in the years 2026 and 2027 you mean to say, right?

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Vipin Agarwal: Because that is the reason even all the PSUs are taking products from private players like us, those people or any companies who are importing because they are not increasing their production to the level the Indians, India's total demand for bitumen is heading towards.

Mohit: Okay. As one of the participants earlier asked that, some NHAIs are using cement, but you said that bitumen is more...

Vipin Agarwal: I have addressed this question multiple times even in the past. All the highways cannot be built with concrete. Most of the India's today's work orders or the works that have been allotted are all flexible. Most of them are flexible, flexible means bitumen roads.

Mohit: Thank you.

Vipin Agarwal: Thank you so much.

Moderator: Thank you. Next question is from the line of Mirza Muzaffaruddin, who is an Individual Investor. Please go ahead.

Mirza Muzaffaruddin: Hello, thank you for giving me the opportunity. I am a retail investor in Agarwal Industrial Corporation. Sir, I have a general question that where does the company see itself in next 5-6 years? And what are the initiatives and the strategic priorities it sees for its long-term growth? And when we can see that our topline will be a billion dollar or something in that range?

Vipin Agarwal: Thank you for your question, a very futuristic question that you have asked. We are in line with the volume projection that we have been doing. Maybe in the next 2-3 years we would be targeting around 4,000 to 5,000 crores of topline with additional, maybe additional volumes or topline coming from few other products that we may plan to do going forward in the same line of business. In the next few years, we see ourselves around a level of 600 million to 700 million of topline.

Mirza Muzaffaruddin Okay. And if may I ask, at that level of topline, where do you see our bottomline? Like where do you see the PAT at those level?

Vipin Agarwal: If we are doing our volumes, double the volume, our PAT would also be double.

Mirza Muzaffaruddin Thank you. All the best.

Vipin Agarwal: Thank you. As there are no further questions from the participants, I would now like to hand the conference over to Ms. Astha Jain from HEM Securities for the closing comments.

Astha Jain: Thank you. On behalf of HEM Securities Limited, I thank Agarwal Industrial Corporation Limited team for giving the time we spend on this call and responding all the queries in a

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detailed way. I would also like to thank all the participants for joining this call. Now, I would like to hand over the call to moderator for the closing remarks.

Moderator: Thank you. On behalf of HEM Securities, that concludes this conference. Thank you all for joining us, and you may now disconnect your lines. Thank you.

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