



# AGARWAL INDUSTRIAL CORPORATION LIMITED

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

CIN NO.: L99999MH1995PLC084618

August 17, 2022

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

**Sub.: Transcript of Q1 FY 23 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.**

We hereby confirm that we have uploaded the transcript of the Q1 FY 23 Earnings Call held on Thursday, August 11, 2022 on our website viz: [www.aicld.in](http://www.aicld.in).

The above is for your kind information and records.

Kindly take the same on your record.

Thanking you

**For Agarwal Industrial Corporation Limited**

  
**Dipali Pitale**

Company Secretary & Compliance Officer



AGARWAL GROUP

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**“Agarwal Industrial Corporation Limited  
Q1 FY 23 Earnings Conference Call”**

**August 11, 2022**



**Hem Securities**



**MANAGEMENT:**

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

**MODERATOR:**

**MS. ASTHA JAIN - HEM SECURITIES LIMITED**

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**Operator:**

Ladies and gentlemen, good day and welcome to the Agarwal Industrial Corporation Ltd. Q1 FY'23 Earnings Conference Call hosted by Hem Securities Ltd. 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 passing '\*\*' then '0' on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Astha Jain Hem Securities. Thank you and over to you.

**Astha Jain:**

Thank you. Good afternoon, ladies and gentlemen. Thank you for joining the Agarwal Industrial Corporation Ltd. Q1 FY'23 Earnings Conference Call. Joining us on the call today is from the management team, Mr. Vipin Agarwal, Chief Financial Officer. We will commence the call with the opening thoughts from the management team post which we will open the forum for Q& A session where the management will be glad to respond to any queries that you may have.

At this point, I would like to add that some of the statements made or discussed on the conference call may be forward-looking in nature. The actual results may vary from these forward-looking statements.

I would now like to hand over the call to Mr. Vipin Agarwal, to commence by sharing his thoughts on the performance and strategic progress made by the company. Thank you and over to you, sir.

**Vipin Agarwal:**

Thank you very much. Good afternoon – good morning and a very welcome to everyone who has joined us today. I take the pleasure of welcoming you all to the Q1 FY'23 Earnings Conference Call of Agarwal Industrial Corporation Ltd. Let me start by giving you a brief overview of the company's business and will then take you through the financials. Will then be happy to take questions, if you have any.

Agarwal Industry Corporation is an integrated infra-ancillary company focused on a wide range of innovative bitumen products backed by their world class logistics infrastructure, which comprises of six large marine vessels having a total capacity of 38,000 metric ton, which are used in importing raw materials, raw material bitumen from oil producing countries. Company has a fleet size of more than 650 LPG tankers and bitumen tankers, seven bulk storage terminal facilities with a total capacity of 30,000 metric ton, have a direct access to the shipping networks located at Hazira Port, Mumbai port, Diggi port, Haldia port, Mangalore port, Karwar, and Vadodara is an inland location where we have a storage tank. We along with our subsidiaries have six manufacturing plants located at Vadodara, Talaja, Mumbai, Belgaum, Hyderabad, Guwahati, and Kochi.

Moving on to the results reported, starting with the consolidated quarter highlights of Q1 FY'23. The company revenue has seen a growth of 42% in Q1 FY'23 at Rs. 583.05 crore as compared to Rs. 409.23 crore in Q1 FY'22. Company reported EBITDA of Rs. 36 crore in Q1 FY'23 versus Rs. 25.50 crore in Q1 FY'22, a growth of 41%. Company's PAT surged by 56% from Rs. 15.07 crore in Q1 FY'22 to Rs. 23.46 crore in Q1 FY'23. Further, I would like to add that the demand trend continues to be in a favorable across the infrastructure industry, which is quite exciting for us. Our customers understands and appreciates the company's exhibition abilities, which constantly results in the financial growth of the company's market share. We continue to demonstrate profitable performance in long term through the relentless focus on leveraging our two decades of experience in bitumen and logistics.

With this, I conclude my opening remarks, and I would now request the moderator to open the forum for questions from the participants. Thank you so much.





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- Operator:** Thank you. We will now begin the question and answer session. Anyone who wishes to ask a question may press \* and 1 on their touchtone telephone. If you wish to remove yourself from the question queue, you may press \* and 2. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we'll wait for a moment while the question queue assembles.
- The first question comes from the line of Rana Jain from HDFC Securities. Please go ahead.
- Rana Jain:** Good morning, sir. So, sir I wanted to ask for the reason for the increase in the EBITDA margin in the ship and chartering business, and also the EBITDA margins in the petrochemical business is at 7 quarters low. So, what are the reason behind this?
- Vipin Agarwal:** Sorry, can you just repeat once again, please?
- Rana Jain:** Sir, your EBITDA margins in the shipping and chartering business have increased and in the petrochemical, that is bitumen, that is at a 7 quarter low. So, what are the reasons behind it?
- Vipin Agarwal:** Thank you so much for the question. First of all, on your first question, we, in the shipping business, we have tried to utilize the vessels on a maximum site this time. Sometimes there are delays due to the port, waiting at the port for the loading and the unloading day, which we, in this quarter, we have tried to delay – take over these delays at various ports and discharge the vessel as soon as it reaches our destination port for discharge or at the loading port. So, this time, which we have saved has resulted into a better utilization of the vessels. That is effectively managing the time at various sports for the vessels.
- And coming to your second question on the possibility that you are putting for this quarter. I think it is in line with the last few quarters. Yes, a few point here, 1%, 0.2% here and there is always acceptable because since we are dealing in a community product. So, prices of the product keeps moving up and down sometimes, and which results into this slight variation in the margins.
- Rana Jain:** Okay sir. So, what is your volume number for this quarter?
- Vipin Agarwal:** Volume numbers we have done close to 120 to 223 Thousand tons in this quarter against this, we had done 109 to 210, 1,09,000 to 1,10,000 in the last quarter of the same FY'21.
- Rana Jain:** Okay. Sir, and one more thing, so, our EBITDA margins in quarter 4 and quarter 1 are at the lowest end of range. So, when can you expect a turnaround in this? By when can we expect the margins to increase?
- Vipin Agarwal:** If you consider total PAT, I think it is already on the higher side compared to last quarter, fourth quarter of the last year or the same quarter of the last year.
- Rana Jain:** Okay. Sir, one more question. So, the expansion at Taloja from 280 metric tons to 4000 metric tons, what is the status of, current status of that?
- Vipin Agarwal:** It's already complete. I discussed the same in the last call that we had. It is already operational since last year now.
- Rana Jain:** Okay. Okay, sir, thank you so much.
- Vipin Agarwal:** Yes. Thank you so much for the question.







- Rana Jain:** Yes.
- Operator:** Thank you. Next question comes from the line of Pritesh Chheda from Lucky Investment Managers. Please go ahead.
- Pritesh Chheda:** Yes, sir, just wanted to check what was the volume in quarter 4, which went by?
- Vipin Agarwal:** Quarter 4 volume was about 150 to 155 Thousand tons.
- Pritesh Chheda:** Sorry. How much?
- Vipin Agarwal:** 155 Thousand, around 155 Thousand tons in the last quarter of the last financial year, the fourth quarter.
- Pritesh Chheda:** Okay. So, despite a volume, let's say, QoQ drop, our EBITDAs are intact and I was just trying to look at on the standalone basis also. So, any comment on the X of shipping profit? The bitumen spread that we make or the bitumen EBITDA that we make on import and trading?
- Vipin Agarwal:** Yes.
- Pritesh Chheda:** Any comment there in terms of its sustainability, in terms of its direction, if you could help us with that? And what is your expected volume for FY'23? I think we did about 3,80,000 if I'm not wrong for FY'23.
- Vipin Agarwal:** 3,85,000.
- Pritesh Chheda:** Yes.
- Vipin Agarwal:** Yes. To be coming up, Yes. So, thank you for the question, sir. In terms of your concern regarding the margins for the entire year, I think we have always been delivering certain margins over the past few years. If you compare the last fourth quarter of FY'22 and this year's first quarter, I think last quarter we, fourth quarter of last year, we have done – the PAT was about 3.63 % against which in the first quarter we are at about 4.02%. So, we are already on the higher side compared to all my previous three quarters.
- Pritesh Chheda:** Yes, sir, our numbers are better only. My question is, there is an expansion between quarter 4 and quarter 1, despite lower volume. So, last year standalone basis on 155,000...
- Vipin Agarwal:** Expansion, you mean to say of the six vessels?
- Pritesh Chheda:** No, no, sir. Expansion in margin – expansion in profitability. We did let say, 24 crore on 1,55,000 ton volume on standalone.
- Vipin Agarwal:** Yes.
- Pritesh Chheda:** And this quarter we did 20 crore on 1,10,000 tone volume. So, naturally on even lesser volume sold, we have a better operating profitability. I just wanted to check on the direction of this profitability. Will it sustain on pure bitumen?
- Vipin Agarwal:** No, no, no. So, I understood the point. Since we are integrated players, both the sides, the shipping that we have, the vessels that we use for our internal purposes for bringing the import, it is both complimenting each other. So, it's not that either, if we are doing the shipping side on a higher volume, then we have to maintain the margins in terms of what we are importing. So, it is complimenting both the sides. And yes, the volumes that we have done with the lower volumes, the higher margins





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- that we say, yes, it is definitely because of the volatile market in terms of commodity.
- Pritesh Chheda:** Okay.
- Vipin Agarwal:** So, maybe in a particular quarter, since this is a lean quarter, it may have some effect. But over the period, the margins that we try to maintain when we are selling a particular volume, we try to keep that intact. That margin that we have in mind that is resulting in a higher, in the first quarter result, it results in a higher profitability.
- Pritesh Chheda:** That margin is a percentage of sales or that margin is based on absolute volume sold?
- Vipin Agarwal:** We usually target a particular number in what we sell not in absolute percentage but in absolute numbers. Whenever we are selling a product, we keep a particular figure in mind to sell that product.
- Pritesh Chheda:** Okay, sir. What would be a volume expectation for FY'23?
- Vipin Agarwal:** As we have always been saying that we always target a growth of about 20% to 25% every year.
- Pritesh Chheda:** Okay.
- Vipin Agarwal:** So, if we were 3,85,000 tons last year, we assume or we will always target to increase the volume by say, at least, 20%, which we have always been doing in the last few years.
- Pritesh Chheda:** Okay.
- Vipin Agarwal:** So, going forward, the target would be around 20%, 25% additional volumes that we have to do.
- Pritesh Chheda:** Okay. So, other question on the vessel side, we had five vessels, wanted to do the internal utilization for that. And the sixth vessel, does it go on time charter or we need the vessel? If it goes on time charter, does it impact our operating profits, either beneficially or negatively, if you could help us understand that?
- Vipin Agarwal:** Thank you so much. The sixth vessel is commenced in this quarter. It was procured in the last quarter, but it has been put in used in the current second quarter. And we always try to maximize the benefits from the vessel shipping business that we have. The sixth vessel would definitely help us in, overall in, getting the desired results that we want. But whenever opportunities come, if we are able to get a higher rate of freight in the market, compared to what we would be getting in for using the vessel for our own import, we always take that call of giving a particular voice to a third party in terms of revenues that we would be getting and the margin that we will be getting on that. Because there are so many other vessels available in the market for importing our product anyway. So, suppose a third party is wanting to hire the vessel for a particular voyage at a higher rate. We take that call and give that voyage to a third party since we'll be earning high and the profitability will be high on the freight that we will be giving to third party than using it for own consumption. So, that all we take as and when the opportunity arises.
- Pritesh Chheda:** So sir, the question was, let's say, if you have a 25% volume growth, which means you have a 5 lakh ton odd volume for FY'23. For that 5 lakh ton volume, is five vessels enough or you need your sixth vessel? And that was the question. If you don't need the sixth vessel, then it will be on time charter, right?







- Vipin Agarwal:** Yes, we have taken the six vessels for this purpose only so that...
- Pritesh Chheda:** Okay.
- Vipin Agarwal:** We are not dependent on anyone. But going forward, if there are vessels in the market at any given time...
- Pritesh Chheda:** Yes. That I understand, sir. That I understand. But as of now...
- Vipin Agarwal:** That is a particular call only for a particular voice, not for entire...
- Pritesh Chheda:** Yes.
- Vipin Agarwal:** [Inaudible 15:00] or something like this.
- Pritesh Chheda:** Yes. So, as of now you need the sixth vessel, is that...
- Vipin Agarwal:** We require more. In fact, we require more. To complete the target that we have, we require more vessels, in fact.
- Pritesh Chheda:** For even 5 lakh ton?
- Vipin Agarwal:** Yes, yes. Well, see the vessels turnaround is not – even if considering six locations that we have, so we, in hand, we only have about five vessels for a particular entire Indian operations as of now.
- Pritesh Chheda:** Okay. And sir, my last question is, this 8 million tons bitumen industry for India...
- Vipin Agarwal:** Yes.
- Pritesh Chheda:** We were just trying to look at some other countries also, the other countries are fairly higher for a same road network. So, for this 8 million ton bitumen market, at what growth rate do you see this growing? And within that growth rate, what kind of market share gain you would take? So, we are at about, let's say, 385 last year, we'll be about 500K this year.
- Vipin Agarwal:** Yes.
- Pritesh Chheda:** So, slightly long run, for a three, four year period if you could give out your thought process on this 8 million ton market, your market share, and where do you see yourself in volume, sir?
- Vipin Agarwal:** Thank you so much. Actually the market share of eight – the total requirement of 8 million was, you can say, in 2020 for entire Indian bitumen industry. Now, if you compare the last year it should be around 8.5, 8.8. And the current year, it is already at about 9, 9.5 million tons.
- Pritesh Chheda:** Current year meaning, FY'23?
- Vipin Agarwal:** Yes.
- Pritesh Chheda:** FY'22 was about 8.5, okay.
- Vipin Agarwal:** Yes. As you are aware of the focus in the infrastructure sector by the government of India, going forward, the capacity of the PSUs is limited to 5, 5.5 million tons only.
- Pritesh Chheda:** Yes.





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- Vipin Agarwal:** No PSUs in India can increase their production capacity. So, the entire demand of the infrastructure side would have to be complimented by only imports.
- Pritesh Chheda:** Right.
- Vipin Agarwal:** And going forward the pace at which the infrastructure is growing, the demand in the next three years will be more than 11 million tons in India. And this entire 11 million tons has to be, the additional quantity, would definitely be imported. There is no other option than importing bitumen at all.
- Pritesh Chheda:** Okay.
- Vipin Agarwal:** And, and in this side, the additional we are considering even 2 million tons. We can easily target about 20% of this volume.
- Pritesh Chheda:** So, in a three year period, you are seeing 2 million ton addition of volume between 23 and 25.
- Vipin Agarwal:** Entire Indian market, I say.
- Pritesh Chheda:** Yes, Indian market. And in that 2 million tons, you will take about 4 lakh ton.
- Vipin Agarwal:** Yes, we are targeting about 20% of a total increase every year that is happening in India.
- Pritesh Chheda:** So, in that four, so basically, your volumes can rise from 4 lakh ton to 8 lakh tons in the next three years.
- Vipin Agarwal:** Yes, yes, yes, definitely. And this is the target that we have in mind, so that at least we are able to sell more than a particular refinery that is producing in Mumbai. Right now it is producing about 600,000 tons in a year, which we will try to overtake in the coming next two years.
- Pritesh Chheda:** So, arithmetically, your five vessels has to go to 10 vessels eventually.
- Vipin Agarwal:** Yes. Any increasing volume you require additional sources to bring that product.
- Pritesh Chheda:** Okay. Done. Done. This was very helpful, sir. All the best to you. Thank you very much.
- Vipin Agarwal:** Thank you so much. And again, I would like to highlight here once again, for all the listeners that we have, the government of India's focus on infrastructure is very, very – the vision is very great. And they are increasing the road connectivity for all the sectors and all the states in India. And moreover, even if they are not adding anymore roads to the, addition to the existing infrastructure, the infrastructure that we already have in India has to be repaired. Even if we have to repair this road, it will end up in resulting a higher volume.
- Pritesh Chheda:** Okay. Thank you very much, sir.
- Vipin Agarwal:** Thank you so much.
- Operator:** Thank you. Next question comes from the line of Abhishek Sharda an individual investor. Please go ahead.
- Abhishek Sharda:** Hello. Congratulations, sir for good set of numbers.
- Vipin Agarwal:** Thank you so much.







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- Abhishek Sharda:** Sir, firstly, my question is, what is our plan to expand the ship chartering business?
- Vipin Agarwal:** Okay.
- Abhishek Sharda:** And what are the – yes, sir, please continue.
- Vipin Agarwal:** You want to add anything more?
- Abhishek Sharda:** Yes, and what are the sustainable margins in this business? Because we have a good margin around 30% EBITDA margins in our ship business. So, what are the sustainable margins and what is our plan to expand this business?
- Vipin Agarwal:** Yes, as in the previous question, I had addressed this. For increasing the volumes that we have in the Indian market, we would require additional vessels to cater to that demand in India. We cannot import the entire increase in the volume with the same set of numbers of vessels that we have. So, if we have to add more volumes, we have to add certain more vessels or take it from the market that we already are doing. So, this set of volume that we are doing, we are anyways engaging third party vessels, apart from the own vessels that we have. So, any increasing in vessels would definitely help us in increasing the volume, as well as, the bottom line because whatever margins that the third party would earn by engaging their vessels to us would be earning for ourselves when we acquire our own vessels. And there is no sustainable margin as such in this industry because any logistics that we do, there is certain margins that has in-built in a logistics business. And since we are an integrated player wherein we are not looking for a third party to hire our vessel, the vessels are running to the full utilization automatically your margins will be there.
- Abhishek Sharda:** Okay, sir, that's helpful. And sir, one more thing, you mentioned in last phone calls that whenever our volumes are increasing, we'll get good operating margins because the fixed cost is same. Am I right?
- Vipin Agarwal:** Yes.
- Abhishek Sharda:** So, sir, if we see in last two quarters our volumes are good. Like, in last quarter it was around 150K and in this quarter it is around 120, 125K right?
- Vipin Agarwal:** Yes.
- Abhishek Sharda:** So, our volumes are, I mean they are one of the best, one of the highest volumes. But if we look at operating margins, they are not improving. Operating margins, I'm talking about operating margins. They have been muted from last two quarters. So, is it majorly due to rising crude prices?
- Vipin Agarwal:** You can say some part of it is because of the crude, the rising crude prices, which is resulting into higher, say, fuel costs that the company is incurring. The fuel cost in terms of, even in the Indian market of our shipping side, the bunkering, this higher fuel cost is resulting into this, affecting the margins of the operating profit. But yes, now since the crude is coming down, I think this set of questions on the margins on the operating margins should be addressed in the next quarter.
- Abhishek Sharda:** Okay. Okay. So, since now, like crude prices are easing so, we can expect margins to improve from coming quarter.
- Vipin Agarwal:** Yes. The margins are already improved, but yes, operating margins that we are talking about...
- Abhishek Sharda:** Yes, sir.





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- Vipin Agarwal:** This is a result of higher fuel cost.
- Abhishek Sharda:** Okay. Okay. And sir, in the last quarter you have given a PAT margin guidance of around 2.5%, 2.6%. You want to maintain this kind of PAT margin? Is it the same right now?
- Vipin Agarwal:** See, I will only address this question by saying, in the past, we always try to maintain the margin that we have or try to have a higher margin when we are selling. So keeping in that mind, our – and we are dealing in a commodity product, so, in terms of absolute percentage, it could be in and around the past record that we have.
- Abhishek Sharda:** Okay, sir fine. And sir, would you like to give any revenue guidance for FY'23?
- Vipin Agarwal:** No revenue guidance as such, because we are dealing in a commodity product, but if you compare the first quarter numbers that we have, I think we can easily cross the last sales number.
- Abhishek Sharda:** Right, right. So basically, you have given a volume guidance of 20% over this 385K in FY'22?
- Vipin Agarwal:** Yes.
- Abhishek Sharda:** Yes. Yes. And sir, any CapEx guidance for this year? Do we have some CapEx announcement?
- Vipin Agarwal:** CapEx guidance, as and when opportunity is arising to the company in terms of maybe CapEx in India or outside India in terms of acquiring more vessels, if there is any good opportunity that comes on the daily business that we do, yes, that will be taken up by the company.
- Abhishek Sharda:** Okay. Okay. That's helpful sir, fine. Thank you. I'll come back in the queue.
- Vipin Agarwal:** Thank you so much, sir.
- Operator:** Thank you. Before we take the next question, a reminder to all the participants that you may press \* and 1 to ask a question. Next question comes from the line of Vignesh Iyer from Sequent Investments. Please go ahead.
- Vignesh Iyer:** Hello, sir. Thanks for opportunity. I just wanted to ask, there is a certain player in the market who exclusively deals in modified bitumen, as in to use this crumb rubber to manufacture bitumen, which has a reduced carbon footprint, if I'm not wrong. So, I just wanted to know, have we – considering we are a very big, we deal in bigger volumes than this certain manufacturer of modified bitumen, have we ever considered that we could actually go for something like this considering that we in turn reduce carbon footprint as well and the longevity of roads also is seen in such product?
- Vipin Agarwal:** Thank you so much for this question. We are already producing CRMB at all of our units. It's nothing new in the market. But the demand of CRMB has gone down year by year. So, there is not a significant demand of CRMB in the road sector, as such as of now. The basic requirement of constructing road is about – it is not CRMB or PMB anymore. It is a particular, only a particular site or a particular road that has a requirement of produce using these kinds of products, which are value added products, but in terms of volume, they're very, very low, which we already producing at all our plants.
- Vignesh Iyer:** Okay. So, what would be say, out of the 3.95 lakh what percentage would be that? As in, if you could just clarify?



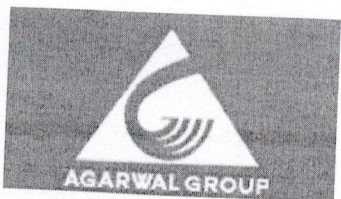




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- Vipin Agarwal:** At least, 2000-3000 tons because CRMB is not required in any of the road projects as such.
- Vignesh Iyer:** Okay. Fine. Fine. That's all from my side.
- Vipin Agarwal:** It's in a particular road or a particular project that would be having certain requirements, but...
- Vignesh Iyer:** Okay.
- Vipin Agarwal:** The entire Indian volume, if you say 8-9 million tons, it is hardly about 10,000 tons, I think CRMB.
- Vignesh Iyer:** Okay, fine. Fine.
- Vipin Agarwal:** So, very, very low. Very, very low. There's no demand of CRMB as such in the current contract that the government is having apart from a few here and there particular specific requirement in the particular reason, maybe.
- Vignesh Iyer:** So, if I can just add onto this, like the carbon footprint part of it, the government has been serious to reduce the carbon footprint.
- Vipin Agarwal:** Yes, yes, yes. Even we are focusing on something wherein we can help the Indian economic doing this, but it all depends. But as such with the CRMB production, you will not have a major impact of reducing the carbon footprint.
- Vignesh Iyer:** Okay, fine. Fine. Thank you, sir. Thank you, sir. That's all from my side.
- Vipin Agarwal:** Thank you.
- Operator:** Thank you. Next question comes from the line of Zain Banihali from Odyssey Capital Management. Please go ahead.
- Zain Banihali:** Thank you so much. Sir, I have a couple of questions. One is on the crude front. So considering, so let's say in year, year and a half, you would say, see crude around 80, 85. What would be our profit margin in that range?
- Vipin Agarwal:** Oversea, as I said, if the crude prices are going down and it has any effect on the fuel cost, it will definitely add up in the profitability of the company. Because anyway, the expenses are remaining the same apart from the fuel cost, which is very high. So, any decrease in the crude price and subsequently decrease in the fuel cost, it'll help in the profitability of the company.
- Zain Banihali:** So, if crude is around 80, we could see at least 100, 200 basis increase in the margins, right?
- Vipin Agarwal:** Definitely, yes.
- Zain Banihali:** Sir, another question is, I believe most of the contracts that we do, it would be on long-term price basis, right?
- Vipin Agarwal:** Long-term contracts in terms of?
- Zain Banihali:** So, how do we sell to our customers? I mean, how do we decide the price because see, there are price vagaries in the commodity market. So, are we able to justify that? I mean, are we able to...
- Vipin Agarwal:** Yes. There is nothing called a long-term contract in the sector that we are.





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Every fortnight the PSUs changes their prices. So, all the sales that we do in the Indian market is based on the prices of the refineries, which changes every fortnight. It goes up, it may go down. So, this is where the commodity prices are benchmarked for selling any product. And if the prices are going up, we always try to keep a high inventory. If the prices are going low, we try to keep the lowest inventory.

- Zain Banihali:** Okay. I understand. And my last question is, sir, what is our major area of operation? I mean, north, south, east?
- Vipin Agarwal:** We are dealing in west, south, and east.
- Zain Banihali:** West, south and east.
- Vipin Agarwal:** Yes, north till Rajasthan we are doing, but above, towards the entire north, we are still focusing on the market to penetrate fully.
- Zain Banihali:** Okay. And sir, our best quarters would be say, the best time for our business would be between December or October to December?
- Vipin Agarwal:** Yes, our good time, season, because since we are dealing with bitumen and other like products, which is, due to the monsoon, which in the four months, we don't have so much of sales. But the peak quarters will be about, the fourth quarter and the first quarters are usually the peak side. Starting from say November, mid-November or end of November, depending upon the monsoons going of the monsoons. So, sometimes yes, in the first week of November also we have started, but if the monsoons are prolonged, it may start in the last week of November or maybe December.
- Zain Banihali:** Sure. Thank you so much sir, and all the best.
- Vipin Agarwal:** Thank you.
- Operator:** Thank you. Next question comes from the line of Tushar Raghatate from Kamayakya Wealth Management Pvt. Ltd. Please go ahead.
- Tushar Raghatate:** Sure. Good morning, sir.
- Vipin Agarwal:** Good morning.
- Tushar Raghatate:** And congratulations for your good set of number. Sir, my question was on the storage terminal. So, you have seven storage terminals. What would the average inventory for the month in while, next month inventory average?
- Vipin Agarwal:** See in the – thank you for the question. In the six months that we, the peak months that we have, we usually sell about 45,000 to 50,000 tons in a month. And we usually have a 13 to 15 days inventory, depending upon the sales of the particular region. And in the monsoons, we try to keep the inventory at the lowest level, since there is no demand and prices are fluctuating.
- Tushar Raghatate:** Fair enough. Sir, in the private sales, what would be our market share?
- Vipin Agarwal:** In the private sales, we have about 20 to 25 percent margin market share. Today, if we are the next company that is there, it is about 60% of the volumes that we are doing.
- Tushar Raghatate:** Okay. What would be the name of that company if you can?







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- Vipin Agarwal:** I would not like to name any company here, but it is all there in the public domain, if you can.
- Tushar Raghatare:** Okay. Fine, sir.
- Vipin Agarwal:** And naming any company, first of all is not, a good sign. We can only talk about ourselves.
- Tushar Raghatare:** Fine sir, fair enough. Thank you sir.
- Vipin Agarwal:** Thank you so much.
- Operator:** Thank you. Next question comes from the line of Madan Jain an individual investor. Please go ahead.
- Madan Jain:** Hello? Hello? Good morning.
- Vipin Agarwal:** Hello?
- Madan Jain:** Good morning, sir. Congratulations on good set of numbers.
- Vipin Agarwal:** Thank you so much.
- Madan Jain:** Sir, my question was what is the current market share in private bitumen industry?
- Vipin Agarwal:** Thank you so much. I just addressed that very question in the last that we had. We are at the first provision in terms of selling, in terms of market share. And we are having about the import market share that that is in India. We are still getting to 23rd, 20%-22% of the bulk market share that is being imported.
- Madan Jain:** Okay, sir. And sir, my second question was, sir, can you please explain the business under different segment, like ancillary infra, ship operations, and catering, petrol and products and all?
- Vipin Agarwal:** Yes, thank you so much. See, we are an integrated player wherein we provide end-to-end solutions for any road in infrastructure companies. So, we, from the sourcing of the product, till the supply to their sites, we have everything in-house and a one point solution. We procure our own product from the source of origin. We, transport in our own vessels. We store in India at our own storage locations. We have own set of logistics to supply that product from there to our units or from our units to their plant.
- Madan Jain:** Okay sir, okay.
- Vipin Agarwal:** So, the entire chain helps us in contributing and each segment individually is complimenting to each other.
- Madan Jain:** Okay.
- Vipin Agarwal:** And there is no company in the Indian market, which is providing one point solution for their customers in terms of supply.
- Madan Jain:** Okay sir, okay. And sir, in terms of logistic, logistic ship chartering business, sir, do we lend it for third parties also or we use it solely for ourselves?
- Vipin Agarwal:** We do lend it for third parties because now if you see the current quarter, since the demand in India is very low, we are doing the third party freight revenues.





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**Madan Jain:** Okay.

**Vipin Agarwal:** And you'll be able to see in the results that we have after the second quarter ends.

**Madan Jain:** Okay. Sir, can you just quantify the percent share, like, how much business are we getting from this third party?

**Vipin Agarwal:** In terms of percentage, it should not be very great because we are ultimately, all our vessels are given to third party.

**Madan Jain:** Okay sir, okay.

**Vipin Agarwal:** All of our vessels are anyway given to third party. But yes, the third party may sometimes give the product to us in India or to some other party outside India.

**Madan Jain:** Okay. Got it, sir. Thank you, sir. Thank you once again.

**Vipin Agarwal:** Thank you.

**Operator:** Thank you. A reminder to all the participants that you press \* and 1 to ask a question. Once again, a reminder to all the participants that you may press \* and 1 to ask a question. The last question comes from the line of Bhaumik Shah an individual investor. Please go ahead.

**Bhaumik Shah:** Hello?

**Vipin Agarwal:** Hey, good morning.

**Bhaumik Shah:** Yes. Hi, good morning.

**Vipin Agarwal:** Good morning, sir. Good morning.

**Bhaumik Shah:** I just wanted to check with you, actually the major business, which is our bitumen business...

**Vipin Agarwal:** Yes.

**Bhaumik Shah:** So, I just wanted to ask you what percentage of roads in India will be of bituminous road?

**Vipin Agarwal:** I think if you compare the entire kilometers that we have in terms of percentage, it should be about anything more than 90%, 95%.

**Bhaumik Shah:** Okay. Okay.

**Vipin Agarwal:** Because basically bitumen roads are the preferred mode of transport or in comparison with the concrete roads that we had sometime about five years back, the focus of government, which was on the concrete, but concrete roads are not advisable for any highways.

**Bhaumik Shah:** Okay.

**Vipin Agarwal:** So, this has resulted into only bitumen roads in all the newly constructed roads in India with maybe an additional of some modification in terms of making the road. But main component for laying the road would be bitumen.







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- Bhaumik Shah:** Okay. So, you mean to say that, you are not seeing any threat for our business in the coming years as well, actually, because...
- Vipin Agarwal:** Not at all, anywhere in the next 10 years or 15 years, I think there is no other option than bitumen to build any roads or even if the government is not focusing on infrastructure anymore, but the existing network that we have in India would require repairing.
- Bhaumik Shah:** Okay. Okay. Understood. Understood. One more thing, one more question. So, as you are saying that we are targeting about 20% volume growth year-on-year.
- Vipin Agarwal:** Yes, sir.
- Bhaumik Shah:** So, that 20% volume growth translate to what percentage in our PAT and the EBITDA percentages? If we are, let's say, growing at 20% year-on-year, that's what we are targeting in terms of volume growth.
- Vipin Agarwal:** Yes.
- Bhaumik Shah:** So, that gives what percentage of growth in profit margins in top line and bottom lines?
- Vipin Agarwal:** To address this question, we, as informed earlier it was, anything percentage wise to be very precise in terms of percentage would be very difficult, but we will try to maintain the percentage of margins or higher margins than what we are at.
- Bhaumik Shah:** Understood. I understand that since it's a commodity so, it's a highly fluctuating prices and all that, I understand actually. Still on a...
- Vipin Agarwal:** Say, if we are selling at say, Rs. 40,000 with the 1% margin...
- Bhaumik Shah:** Okay.
- Vipin Agarwal:** And if we are – if the same commodity is going to say, Rs. 50,000 and the margin is the same thousand rupees, in terms of – actually the percentage will come down in fact.
- Bhaumik Shah:** Okay. Okay. Okay.
- Vipin Agarwal:** In the commodity product, when the prices are at 50,000 and you're selling at Rs. 1,000, it remains the same as when you're selling the product at 40,000 and incurring Rs. 1,000 profit. In terms of percentage, that keeps changing because of the prices of product that changes. But we try to keep the actual number in terms of selling cost constantly.
- Bhaumik Shah:** Okay. Okay. Okay. That's all. Thank you so much.
- Vipin Agarwal:** Thank you so much.
- Operator:** Thank you. As there are no further questions, we have reached the end of question and answer session. I would now like to hand the conference over to Ms. Astha Jain for closing comments.
- Astha Jain:** Thank you. On behalf of Hem Securities Ltd., I thank Agarwal Industrial Corporation Ltd. team for giving us a detailed insight on the results and the time they spent on this call. I would also like to thank all the participants for joining this call. It was an extremely fruitful discussion. Thank you all for being on the call. I would like to hand over the call to moderator.





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**Operator:**

Thank you. On behalf of Hem Securities Ltd., that concludes this conference. Thank you for joining us. You may now disconnect your lines.

**Vipin Agarwal:**

Thank you so much, everyone.

