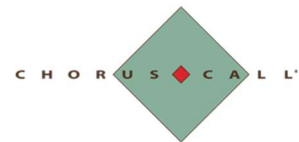




“Accuracy Shipping Limited  
Q4 & FY24 Earnings Conference Call”

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**Moderator:** Ladies and gentlemen, good day and welcome to Q4 FY24 Earnings Conference Call of Accuracy Shipping 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 date of this call. These statements are not the guarantees of future performance of the company and it may 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 star then zero on your touchtone phone. Please note that this conference has been recorded.

I now hand the conference over to Mr. Vinay Tripathi, Managing Director of Accuracy Shipping Limited. Thank you and over to you, sir.

**Vinay Tripathi:** Yes, thank you, Mr. Sagar. Good evening, everyone. My name is Mr. Vinay Tripathi. A very warm welcome to everyone to our Q4 and FY24 Earnings Conference Call. We have uploaded our updated investor presentations on the stock exchange and the company website and I hope everyone had an opportunity to go through the same. Along with me on the con call, I have Mr. Ashish Lalwani, CFO and SGA, our Investor Relations Advisor. I will talk about the economy first.

The global economy is showing a sign of recovery and inflation is trending downward. It is projected to grow at the rate of 3.1%. However, amidst the prevailing global uncertainty, India's economy stands out with remarkable resilience. In the third quarter of FY24, India achieved an impressive growth rates of approximately 8.4% surpassing expectations. This growth is driven by factors such as strong tax revenue collections, increased government capital spending, strong domestic demand and robust manufacturing activity.

All these factors point to a sustained growth. India's GDP growth for FY24 is expected to be 7.6% surpassing estimates by global agencies.

Turning our attentions to the industry, the industry performance has been impacted by global demand and ongoing geographical conflicts. The demand remains subdued due to lingering effects of high energy prices, elevated inventory levels and global inflation. We expect the situation to improve in the second half of FY25.

The situation in Red Sea has grown increasingly complex over the past few months. The goods route around the caps of good cost for the foreseeable future. However, it is important to note that the risk zone has expanded and attacks are now reaching further offshore.

This has resulted into an extended journey, leaving the additional time and cost in delivering goods to its destinations during this period. Allow me to present an overview of Accuracy

Shipping Limited. Our company serves as a comprehensive one-stop logistics solution for all logistics needs.

Accuracy Shipping Limited was incorporated in 2008. Our company began by specializing in custom clearance services, ensuring seamless import and export process for our valued customers in 2001. We took a significant leap by venturing into freight forwarding and transport.

This strategic move allowed us to offer end-to-end logistics solutions, including cargo handling, warehousing and transport. Over time, we strategically expanded our network by opening branches in key locations. This not only enhanced our reach, but also strengthened our local presence in 2020.

We diversified further by entering new verticals. We ventured into the fuel retail sector, establishing an Essar Petrol Pumps. Our operations expanded to include dealership agreements with Ashok Leyland for sale & service of heavy commercial vehicles and spare parts.

Over a period of time, we have emerged into a diversified end-to-end logistics solution provider. As of March 2024, we have 14 branches and 72 agency agreements across the globe. It gives me great pleasure to announce that we have added five trucks dedicated to our Mumbai operations and six for Chennai, elevating our total network to 382 trucks.

At Accuracy, we have adopted the following three key strategies. Strategy number one, industry diversification. Our company has strategically diversified across various sectors, creating a well-balanced portfolio.

We operate in industries such as marble, granite, ceramics, paper, tiles and machinery. To reduce our reliance on marble and granite, we have expanded into new sectors like paper and rubber. Talking about the performance of 2024, despite challenges in textile exports during the year, we have seen positive growth in ceramic, marble and granite.

Number two, revenue diversification. We have successfully diversified across numerous streams. The multiple services offered under Accuracy shipping are clearing and forwarding, last mile delivery, warehousing, sales of petrol and petroleum products, sales of heavy commercial vehicles, and its spare parts.

With this diversification effort, we have been able to offer different products or services to customers with varying needs and preferences. Number three, our third strategy of growth is the focus of increasing our share of business for existing customers and onboard new customers across services.

Moving on to segment-wise performance for the quarter and year-ended March 2024.

In the financial year-ending March 2024, the logistics services segment faced challenges due to low freight and weakened global demand, which eroded our negotiating leverage with shipping lines. Additionally, the red sea crisis introduced new complexities for the segment. However, due to the Q4 FY24, the overall performance was positively impacted due to our ability to contract at a freight.

Our Q4 FY24 EBITDA margin was a function of improved procurement efficiency and other cost-saving measures. The second segment involved the sale of heavy commercial vehicles and their spare parts, operating three allied showrooms dedicated to sale and servicing. This segment, strategically aligned with our transport divisions, specifically it caters to our own fleet of approximately 382 trucks and commercial vehicles, resulting in substantial cost-saving and energy-saving.

Overtime this segment has demonstrated consistent profitability, allowing us to increase its share within our overall revenue mix. Notably, we have observed a gradual improvement in margins, and we anticipate further enhancements as we onboard new customers. For the financial year 2024, this segment contributed nearly 28% to our total revenue.

Lastly, our segment involving the sale of petrol and petroleum products through strategically located fuel stations operate at two adjacent points along the national highway. These stations serve as convenient one-stop solutions for all fuel and lubricant needs. With five refuelling points, we ensure efficient service and our extensive range of lubricants enabling cross selling .

Notably, our fueling stations boasts the largest storage capacity in the Kutch region among all Nayara outlets, giving us a competitive edge. We maintain an optimistic outlook for this segment as it contributes strategically to cost-saving and overall profitability.

Our esteemed clientel includes industry leaders such as Kajaria, Varmora, RK Marble, Adani, Godrej, among others.

The trust in our ability to cater to high-profile customers gives us immense confidence. The various awards and accolades we have received serve as a testament to our exceptional, capability and unwavering commitment to service equality.

Let me now take you through the financial and operational highlights for Q4 and FY'24.

Our consolidated revenue and operations stood at INR171 crores as compared to INR177.6 crores. The revenues were impacted due to weak demand environment impacting volume. Gross profit for Q4 2024 stood at INR23.1 crores and the gross margin for the quarter stood at 13.5%. EBITDA for the quarter ended March 2024 stood at INR14.14 crores as compared to INR12.0 crores, a year on year growth of 20%.

Turning our attention to the yearly performance, the consolidated revenue from operations stood at around to INR708.3 crores to decline from INR877.3 crores. This decrease is attributed to the subdued global demand, which significantly impacted our performance in 2024. The gross profit of FY'24 stood at INR53.7 crores. EBITDA of the year ended March 2024 stood at INR24 crores as compared to INR34.7 crores.

The services-wise revenue for the year ended March 2024 from clearing and forwarding stood at 50%, and transportation and last mile stood at 18%, sale of HCV stood at 28%, sale of Petroleum and Petroleum products stood at 4%. It is interesting to note that our diversification efforts have impacted the industry front.

Marble and granite which constituted 43% of revenue in FY'23 now account for 38% in FY'24. Detailed breakup has been given in our investor deck. With this, I would like to open the floor for questions and answers to our all investors and friends. Thank you very much. Jai Hind.

**Moderator:** Thank you. The first question is from the line of Raj Mehta from Wisdom Advisors. Please go ahead.

**Raj Mehta:** So, I have a question related on the Geopolitics front. So, can you talk a little bit more about the Geopolitics tension and global slowdown and how that has impacted the freight rates?

**Vinay Tripathi:** Hi, Raj Mehta. Good evening. How are you?

**Raj Mehta:** Yes, sir. I'm good. How about you?

**Vinay Tripathi:** Yes, I'm fine, sir. Sir, as far as we all know about the global issue of course, there is a little bit impact because of the impact on the freight. But as far as concerns, the routing is now fixed by all the carriers and everything is now smooth. So the freight rate of course, is increased. There is two reasons. One is a little bit export demand from India.

And second is because of the route is changed and route is increased. So the freight rate is increased. So, now, as far as concerns Geopolitics issue, now the market is settled by the cape of good hope. So, there is no issue. But yes of course, it will be open. Then it will be more, better for the industry.

**Raj Mehta:** And sir, on the results front for Q4 FY'24 our EBITDA margin has improved significantly from the last quarter. So if you can highlight what led to this performance?

**Vinay Tripathi:** Actually, sir, if you've seen these last three quarters, the freight was nearly \$300 to \$700 or \$1,000 different sector for Europe and MAD. And for US, from India, \$700 to \$1,700 or \$2,000. But today's freight, India to MAD and Europe around \$3,000 or \$3,500 to \$3,800 different locations.

From India to US, Northeast and Southeast US, the freight is near about \$3,500 to \$4,500 to \$6,000. What happened is freight is increased so that the buying and sell and purchase, my capacity is increased. Negotiation capacity is increased. That's the reason it will increase our profit level because freight is jumped near about two or three times or some sector four, five times.

So we as a long-lasting company have good negotiations or good volumes to negotiate the freight and give the good service because of the regular volumes and with the bigger client. So, this is the reason we got the good opportunity in Q4 and we got our positive EBITDA now.

**Raj Mehta:** Got it. Thank you so much and all the best.

**Vinay Tripathi:** Welcome, sir. Thank you.

**Moderator:** Thank you. The next question is from the line of Kabir Dewan from Rio Invest. Please go ahead. Mr. Dewan, your line is unmuted. Please proceed with your question.

- Kabir Dewan:** Yes. Hi. My question to you is like if we change the mix, for example exporting more steel than marble, does that impact performance and margin? And what would be the impact if there is?
- Vinay Tripathi:** Can you repeat your question a little bit louder because your voice is coming very slow.
- Kabir Dewan:** Yes. So, just wanted to understand if we change the mix of export from exporting more steel rather than marble. So, how would that impact the performance and margin?
- Vinay Tripathi:** Actually, we are handling more than 17 commodities. And this is the reason we are handling the 17 countries commodities. And we have a long lasting commodity, Marble, Granite, Tiles and all. And we are adding this tire and different, commodities to increase our wallet portfolio and our strength on the second line for negotiation of freight and to give a smoother and cost effective service to client.
- Kabir Dewan:** Then the other question is like can you help me with segment wise ROCE and what is the target ROCE that we are looking at?
- Vinay Tripathi:** Yes. Can I hand over to my CFO, they have a good information so that we will share this information with Mr. Ashish Lalwani. Yes. Mr. Ashish, please reply.
- Ashish Lalwani:** Good evening, sir. As of now, sir, we have a capital employed of INR5.85 crores with a fuel division basically, which is providing the sale of Petroleum and Petroleum products of services. With the motors division, which is providing a sale of a heavy motor commercial vehicle. We have our own self capital employed of INR23.67 crores. And for shipping, we have INR88.41 crores.
- Moderator:** Mr. Dewan, you have any further follow up questions?
- Kabir Dewan:** Yes. So, just one last question. On the current debt level, like what's the current debt level and what is the repayment mode that we'll use? What are the plans?
- Ashish Lalwani:** Currently, we have a debt level of INR109 crores, out of which INR76 crores is contributing from a working capital side and the rest is from a term-loan, which has been taken for the commercial vehicle, which is being utilized for our shipping division. And from this INR33 crores, current repayment will be around INR16 crores. So, in this year itself, our debt will reduce by 50%.
- Moderator:** Thank you. The next question is from the line of Payal Shah from Billion Securities. Please go ahead.
- Payal Shah:** Yes. Thanks for the opportunity. I have two questions. First, sir, if you can give an overview of the HCV business and outlook for next year, how much of the revenue comes from after-sales services and how much is sales of new vehicles?
- Vinay Tripathi:** Yes, Mr. Ashish, will reply you, ma'am. Good evening, ma'am.
- Ashish Lalwani:** Ma'am, as of now, our logistics business is gathering around INR471 crores of business and commercial vehicle is like achieving INR204 cores and sale of petroleum is around INR69

crores. And with the hike in freight rates, we are anticipating for this logistics business to cross around INR700 crores this year while we have internally taken a target for the sale of a commercial vehicle of INR300 crores and our petroleum is already working at its peak.

- Payal Shah:** Are we planning to divest the business?
- Ashish Lalwani:** No, ma'am, we are not looking for a diversification of business. Our core focus is towards logistics only and the other two segments are kind of providing support to the main business.
- Payal Shah:** Okay. And my last question is, any revenue guidance for next year FY '25?
- Ashish Lalwani:** Sorry ma'am, can you repeat, please?
- Payal Shah:** I just wanted to get a sense on the revenue guidance for next year?
- Ashish Lalwani:** Ma'am, on EBITDA front, we are anticipating for -- to be it around 4% to 5%, being a commercial vehicle business segment being very new to the business. And currently, we are at break-even for that segment.
- Moderator:** Thank you. The next question is from the line of Aditi Sawant from ADM Advisors. Please go ahead.
- Aditi Sawant:** Yes, hi. Thank you so much for the opportunity. So, I guess first question is on the demand front. I just wanted to understand and take a brief overview from demand scenario internationally. And are you expecting any uptick in the export volumes?
- Ashish Lalwani:** Ma'am, demand is being generated by the industrial player itself. But we can see that demand is continuously growing, even the export is continuously growing. And what was a setback last year was due to the sanctions on Russia and Europe was already like not stocking at that period of time. So, going forward, we are anticipating that the exports will grow further, ma'am.
- Aditi Sawant:** Okay. And for FY '24, what is the top-10 customer contribution on the revenue front?
- Ashish Lalwani:** Ma'am, none of our customers contribute more than 2% of revenue. Our total clientele customer is of 2, 500 plus customers.
- Aditi Sawant:** Okay. And sir, last question that we have recently added 11 trucks. So, just wanted to understand that why did we choose to purchase them rather than going on or moving on, on a lease?
- Ashish Lalwani:** Ma'am, basically, we have purchased 5 trucks for our Mumbai branch and 6 for the Chennai. As of now, we were not operating as a road transportation for the Mumbai and Chennai, but we were facing difficulties in providing service to MNC companies and our other big clients. So, to create a pressure on other competitors and to get more and more vehicles, we put on some of our vehicles only.
- Aditi Sawant:** Okay. And what was the total cost?
- Ashish Lalwani:** Total cost was meant for INR4.27 crores, including trailers.

- Aditi Sawant:** Okay. Got it. Thank you so much.
- Moderator:** The next question is from the line of Yug Modi from AP Capital. Please go ahead.
- Yug Modi:** Hi, sir. Thank you for this opportunity, sir. I just had a couple of questions. Sir, have you added any new contracts and can you tell me from which industry are they and what will be the revenue contribution from them?
- Ashish Lalwani:** Sir, recently, we have signed up with Borosil. And, we are assuming that it will contribute around 2% of our total turnover. Secondly, we have also done a tie-up with, right now, recently with BKT Tires, which will also be contributing around 2%. So, our clientele base is more than 2,500 plus customers. So, even if we get such kind of big clients, it won't contribute more than 2% to 3%.
- Yug Modi:** Okay. Sir, for the coming years, are you witnessing demand from newer industries? Anything we don't have in our portfolio right now?
- Ashish Lalwani:** Sorry, sir. Can you repeat, please?
- Yug Modi:** Sir, for the coming years, are we witnessing any new demand from newer industries?
- Ashish Lalwani:** New demand from new...
- Yug Modi:** Newer industries?
- Vinay Tripathi:** Yes, in our industry, because we are in the logistic industry. Hi, sir. myself Mr. Vinay Tripathi, Managing Director of Accuracy. Actually, in our industry, there are many opportunities because we are the logistic provider. So, we can do any business for import and export with any commodity, with any company, with any places. So, as far as it is concerned, for us to open the opportunity for everywhere and every type of logistic business.
- Yug Modi:** Okay, sir. That answers my question. Thank you.
- Moderator:** The next question is from the line of Ketan Athavale from RoboCapital. Please go ahead.
- Ketan Athavale:** Thank you for the opportunity. Sir, what is your revenue and margin guidance for FY '25 and FY '26?
- Ashish Lalwani:** Sir, for FY '25, we are anticipating an EBITDA of around 4%. And for FY '25, we are taking it towards the 5%.
- Ketan Athavale:** Okay, sir. And on the revenue front?
- Ashish Lalwani:** On the revenue front, sir, we will be getting a turnover from our shipping industry for around INR700 crores. For sale of petroleum, it will be around INR35 crores. And for the sale of commercial vehicle, it will be around INR300 crores.



**Ketan Athavale:** Okay. And can you do the same for FY '26 as well? How much growth do you expect here on this?

**Ashish Lalwani:** So, for FY '25, after '24, we are expecting a growth of 10% to 15% in logistics industry. For sale of commercial vehicle, we are anticipating for the next 5%. And for petroleum, it won't affect much.

**Ketan Athavale:** Okay, got it. Thank you.

**Moderator:** Thank you. As there are no further questions from the participants, I would now like to hand the conference over to management for closing comments.

**Vinay Tripathi:** Good evening, everyone. Thank you very much for your times and attending our quarter 4 and FY '24 Earning Calls. And once again, thank you and very much. Bye-bye.

**Moderator:** Thank you. On behalf of Accuracy Shipping Limited, that concludes this conference. Thank you all for joining us. You may now disconnect your lines.