



**“Paradeep Parivahan Limited
H1 FY '26 Earnings Conference Call”
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MODERATOR: **MS. JAHNVI SHAH – SHARE INDIA SECURITIES**

Moderator:

Ladies and gentlemen, good day and welcome to the H1 FY '26 Earnings Conference Call of Paradeep Parivahan Limited. As a reminder, all participant lines will be in the listen-only mode. 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 touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Jahnvi Shah from Share India Securities. Thank you and over to you, ma'am.

Jahnvi Shah:

Hello. Thank you and good afternoon, everyone. Congratulations on a very good set of numbers. On behalf of Share India Securities, I welcome you all to the H1 FY '26 earnings conference call of Paradeep Parivahan. We are pleased to have with us the management team represented by Dr. Khalid Khan, who is the MD cum CEO, Ms. Bushra Khan, who is the Non-Executive Director, Mr. Abdul Basit Shaikh, who is the VP, and Mr. Sekh Arif, who is the Financial Advisor of the company. We will have the opening remarks from the management, followed by the question-and-answer session.

Thank you and over to you, Khalid sir.

Khalid Khan:

Thank you. Good day, everyone, and thank you for joining the Paradeep Parivahan Limited earnings calls for the first half FY '26. We are pleased to share that the company has delivered yet another period of strong and consistent performance with more than 25 years of legacy.

A workforce of 1,124 people and an average fleet of 183 vehicles, Paradeep Parivahan continued to strengthen its position as a preferred integrated logistic partner across the east coast of India. During H1 FY '26, we achieved total revenue of INR178 crores, reflecting a robust 29.4% year-on-year growth. This growth was bold based across our transportation, stevedoring, cargo handling, equipment, supply, and in-plant logistic businesses.

Our long-standing customer partnerships, particularly with IFFCO, JSW, and PICT, and Ripley and leading port operators, continue to scale, contributing to healthy volume movement. Operationally, we saw magnificent improvements in fleet productivity, route planning, cargo turnaround time, and site coordination.

These efficiency gains directly translated into margin improvement and strengthened profitability. During the period, we also made strategic progresses in diversifying our offering, expanding into civil and maritime construction. We have a contract with Boulder Transportation and Reclamation, again using for breakwater wall, Paradeep, along with L&T, Larson, and Turbo Paradeep.

Also, new government contracts, AWAI, West Bengal, Fishing Harbor, and also chemical trading through acquisition of four-decade-old company, and also port-based acquisition like MRTC India and Ask Logistics. These initiatives position Paradeep Parivahan for a larger, addressable market and multi-segment growth. Also, it's backed by the government's strong push in port and maritime infrastructure, including the Sagarmala ports, modernization, and multi-modal logistic development.

We are extremely well-placed to capture long-term structural demand in the Indian logistic sector. Thank you.

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

Agastya Dave: Thank you very much for the opportunity. It's Agastya Dave from CAO Capital. Sir, congratulations on extremely good performance. This is much better than the impression I had at the time of IPO. So, extremely well done, sir. Sir, at the time of IPO, you had talked about the macro-opportunity and the investments at Paradeep Port.

I think more than six months have passed now. Are there any other developments which have happened and whatever your expectations were with respect to these investments? Are they on track in terms of timeline as well as the scale and scope of the investments which are happening?

Khalid Khan: Basith, can you take this call?

Abudl Basith Shaikh: Yes, thank you for your question. The forecast that we envisaged in the initial start of the year, we had thought that investments are going to come in the region of Paradeep. Fortunately, the government of Odisha recently has given approval for proposals close to 1.3 trillion.

Since the last discussion, I think IOCL has again signed an MoU with the government of Odisha for a naphtha cracker plant wherein the investment is close to INR61,000 crores. Apart from this, they are also expanding their refinery from a present capacity of 15 million tons to 25 million tons per annum. For this expansion, they will need close to 1 lakh crores of investment.

Apart from this, Paradip Port itself has made a vision for them that they will be undergoing complete modernization and mechanization by 2030. There are plants that are coming up for green hydrogen and ammonia wherein the investment is again close to INR50,000 crores. All the projects that we thought will be coming up are exactly there.

Apart from that, there are new projects which are announced by the government of Odisha. We are very much hopeful that a large chunk of these projects will be done by Paradeep Parivahan. Because in that region, as I mentioned earlier, we are always the first preference for any sort of big corporates or clients for any work to handle.

Agastya Dave: Sir, one question on the capex plan of the company. Now that there is much more clarity on what is happening in and around that region, what is your capex plan now? Any changes, sir? My understanding was that INR20 crores, INR30 crores capex is what you were planning for, but what are the plans now for the next two years, sir?

Abudl Basith Shaikh: Bushra, do you want to take this question on capex investment?

Bushra Khan: Yes, sure. So, we are very much on the way we had planned out to use the IPO funds. Plus, we don't see any deviation from what we had originally planned out, let's say. And we also, from the beginning, have been sticking to the principle of not overdoing the capex when it is not needed. It's a fact that it's a very capex-heavy business.

So, we make sure that when it's not needed or projects that are still in the pipeline, we plan for it, but we do not make the investment just yet. So, considering that principle that we follow, we don't have any plans of any major deviations, unless something really big comes up where we have to seize the opportunity. And that will be the only time, probably. But given the pipeline of work orders that we have at the moment, no, I don't see any deviations from it right now.

Agastya Dave:

That's very good to hear. Ma'am, one final question. So, the margins have surprised on the positive side, but there are some line items which have behaved slightly surprisingly, I would say. So, one is that if I look at the employee costs, I am comparing H1 over H1. Employee costs have fallen substantially and other expenses have gone up.

So, I don't have the schedules in front of me, obviously. I am assuming there is reclassification which has happened here. So, that is one point. What is the reclassification? Ma'am, just a second. The reclassification which has happened between employee expenses and other expenses. So, I can compare on a pro-rata basis.

And then, the margins themselves, the EBITDA margins, excluding other income, have jumped to 14.5%. So, this is much above at least my estimates. I was just wondering, ma'am, if you guys can provide some commentary on that. And again, I was not expecting such margins before. Even in 2017, I did not have such expectations. But now that we are at 14.6, will it sustain? Will it improve? And then, if it can improve, then what is the ceiling to the margins? That's the question.

Bushra Khan:

So, I will just go one by one. So, on your other expenses and employee benefits question, there is some amount of reclassification that has happened there. But then, the major reason why, the bigger reason why this has happened is because in 2024, there was certain unexpected employee expenditures that we had to incur because of certain labor that we had to hire.

And certain projects that we had to seize, like some work orders that we wanted to seize. And this is actually connected with the EBITDA margin that went down last year. So, in order to seize those projects, we hired a lot of labor.

We incurred a lot of employee-related expenses. Plus, we also had to reduce the margins slightly to seize the opportunity. So, that is why our employee-related expenses, which was a one-off situation, increased.

Similarly, at the same time, our EBITDA also reduced in comparison to the year before. This year, we do not have those expenses anymore since I told you it was in a one-off situation. And the EBITDA has improved as a result of seizing those work orders and as a result of the revenue that it has generated.

So, that was basically the plan all along. So that we live with slightly lower margins for one year and then we bring up the year that follows. So, that is about the employee-related expenses and the EBITDA.

And regarding the other expenses, mainly what happened is the IPO-related expenses were not factored in last year, even in the last financial year. So, those are right now deferred into this year, which is why you see a sudden rise in the expenses.

Agastya Dave: Ma'am, is INR28 crores a good base to use for employee expenses for the half? Is this now like a normalized base, employee expenses?

Bushra Khan: Yes, I think Yes. Yes.

Agastya Dave: Okay. And finally, ma'am, your commentary on the margins of 14.6%, will they continue to improve? What is the ceiling here?

Bushra Khan: Yes. So, if I have to tell you about the ceiling, so according to our prediction, they should. Yes, there is some more scope for improvement that we have because see, for us, H1 is usually the slower part of the year.

We have some seasonality. So, H1 is slower than H2. So, considering that, we are expecting a little bit more in the half year that is supposed to follow. So, Yes, that is something that we are, you know, looking at plus our 26, like our EBITDA margin for the year that is going to end. So, one year later, we are already at 14.3.

So, we are going to revise it a little bit, let's say, because we have actually surpassed our expectations. So, for 2027, our expectation was to be at 16%. So, but then we have to revise it slightly for the next half year. Yes. And there was another question that you asked. There was a last part to your question. I think I missed that.

Agastya Dave: Which was the ceiling. So, my expectation was that operating leverage and everything else would kick in by 2027, but it has already reached those levels in 2026. So, I was just wondering if this will continue. So, you have kind of answered it already. So, thank you very much, ma'am. I congratulate the entire team and excellent performance.

Bushra Khan: Thank you.

Agastya Dave: Also, the commentary has been great, right from what was written in the DRSP to what has followed ever since. This has been like a very good, realistic, on-the-nose commentary. So, I really appreciate it as an investor. Congratulations. Thank you. And thank you very much for answering my questions with such clarity and detail. There is no confusion there. Thank you very much. And again, congratulations for a great set of numbers.

Bushra Khan: Thank you.

Moderator: Thank you. We will take the next question from the line of Tejas Khandelwal from Prudent Equity. Please go ahead.

Tejas Khandelwal: So, first of all, congratulations for the good set of numbers. So, I have a couple of questions and my first question is about what is the trajectory do you see for the company going forward? So, basically, are you looking for any diversification into different segments?

Bushra Khan:

Basith, do you want to take that up?

Abdul Basith Shaikh:

Yes, I will take this up. So, right now, we are diversifying into construction. We are diversifying into chemical sector. Along with that, we are also diversifying into trading sector, which is trading of cement and trading of commodities. We are exploring those options and our diversification is a strategic decision that we have taken. Being in one sector, there is always a risk which is inherent.

And the reasons why we are diversifying are we already excel in earthwork, material handling and bulk movement. Along with that, project execution at Paradip Port and other ports in India. Now, civil maritime construction is a natural extension of what we are already doing.

It is not something different that we are going forward with. And chemical trading complements the fertilizer and the mining ecosystem. Again, where we already operate and we handle a lot of commodities or rather say volumes in the fertilizer and mining ecosystem.

And also diversification reduces our business cyclicality. So, these are the sectors we are diversifying into as of now and we are exploring other sectors as well. We will not just be limited to one sector.

Tejas Khandelwal:

Okay. And the second question was export to US has dropped drastically. So, do you see any impact on our day-to-day operations or any impact on this expansion of Paradip Port, which you were talking about? So, is there any slowdown because of the tariff or is there any impact on our day-to-day operations because of huge tariff?

Abdul Basith Shaikh:

I will answer this. There has been no impact. Rather, if you check the numbers, the cargo handled at all the ports in India has increased by 5% when compared to the last H1. So, this majorly came from the handling of overseas cargo. Increasing handling of overseas cargo, coastal shipments have increased and there has been a steep increase in fertilizer imports.

And this percentage is close to 108% when compared to last fiscal year. So, there has been no major impact or contribution with respect to the imports or duties that were impacted on the Indian economy.

Tejas Khandelwal:

Okay, sir. And another question was, does any of the segments which we operate in, do we operate on the order book? And if yes, can you provide some details on the order book?

Management:

So, do you want the numbers on that?

Tejas Khandelwal:

Yes, like how much order book do we have and what is the execution timeline?

Bushra Khan:

I can answer that. So, for our order books, roughly what we are looking at is, by the end of this year, we have around INR420 crores on the order books. And for the year that follows, around 540. These are based on the available work orders and the anticipated volume of execution across all the ongoing contracts.

Abdul Basith Shaikh:

Also, I think your question is towards the sectors that we have diversified into, the order book will be close to INR50-INR60 crores.

- Tejas Khandelwal:** Okay, got it. And any guidance would you like to provide on the top line basis for FY26 and then for FY27?
- Bushra Khan:** Yes, so our guidance for FY26 is 420. So, INR420 crores on the top line is what we are looking at. And on the year that follows, we are looking at around 546. But should there be a need, we will definitely revise it. But as of now, this is what we are looking to.
- Tejas Khandelwal:** Okay, and I have the last question on the cargo handling volume at Paradip Port. It was 150 million tons in FY25. So, where do you see it going forward in the next couple of years, specifically for Paradip Port?
- Management:** Yes, it will increase and new berths are coming in Paradip Port. So, definitely the capacity of discharging vessels and loading of the vessels will be increased. And that time, the volume will be much more higher and we are anticipating to touch 200 million.
- Tejas Khandelwal:** Okay, got it. So, that's all from my side, sir. Thank you so much.
- Management:** Thank you.
- Moderator:** Thank you. The next question is from the line of Darshan Chandra from OM Investments. Please go ahead.
- Darshan Chandra:** Yes, congratulations on the great set of numbers. Just I want some hint on the gypsum phosphor from the IFFCO. How can this can be big very much going forward?
- Management:** Sorry, come back again to your question.
- Darshan Chandra:** Just hold on, hold on. Hello, I am audible now? Yes, I just I want to know how big can be the gypsum for phosphor gypsum from the IFFCO. You mentioned last time in your presentation also in the IPO prospectus. This can be very big on the revenue type.
- Management:** Yes, we are now expecting the clearance from environment department and 90% work have been done from environment clearance. And as soon as we get the clearance, the volume will be very high.
- Management:** And as of now, we have already a commitment from IFFCO side that 1 crores metric ton to be shifted from that gypsum yard to another gypsum yard.
- Darshan Chandra:** Okay, but can you mean say 1 crores metric ton into how much in the can you get into top line?
- Management:** It is, you know, it will be not in 1 year or 2 year, it is a long term. It takes minimum 3 to 4 year. And according to that, we will distribute year wise how much it will get impact.
- Darshan Chandra:** Okay, this can be started from next year onwards or from you may from January 26, we can expect?
- Management:** Yes, we can expect January 26 mid of January. I am expecting the complete clearance of pollution.

- Darshan Chandra:** Okay, and sir on the top line, as the madam mentioned, you are expecting 25% CAGR for next 2 years, is it right?
- Management:** Right, yes.
- Darshan Chandra:** Yes, thank you, sir. I will be on the queue again if any questions.
- Management:** Thank you.
- Moderator:** Thank you. The next question is from the line of Keshav Garg from Counter Cyclical PMS. Please go ahead.
- Keshav Garg:** Mr. Karan, I am trying to understand that our net worth is less than INR150 crores, but we passed the resolution last year to distribute loans and guarantees and investment up to INR300 crores. So, are we planning to enter some NBFC business or the plan is to distribute the company's money to your friends and relatives?
- Management:** Bushra, take this question.
- Bushra Khan:** No, this was just to be on the safe side. It was not done with the intention of definitely not distributing anything to the friends and relatives, but it was done mainly to increase -- we were at INR100 crores earlier and we just went on to do it up to INR300 crores, but then there was no such intent behind doing this.
- Keshav Garg:** So, basically, for no rhyme or reason, you have passed the resolution to give guarantees and loans despite having no plan. So, it doesn't make sense to me at all, but in any case, since you have already done that, so great. Now, another thing is that it seems that there is nothing that the company is not ready to do. So, we will do ready-mix contracting also, then construction, real estate development, shipbuilding, and then biofuels, ethanol, agro-waste, trading construction chemicals, then EPC.
- So, I mean, if there are so many opportunities in our own line of business, we are only in the eastern coast, India has such a huge coastline, then why are we unnecessarily getting into unrelated segments? I mean, if I want to get into EPC, why will I buy Paradeep Parivahan, I will go and buy L&T. If I want to get exposure to real estate, I will go and buy DLF. Why will I buy Paradeep Parivahan, which is into logistic space, but is now getting into chemical trading, which is totally nonsensical?
- Bushra Khan:** Basith, do you want to take this?
- Abdul Basith Shaikh:** Yes, I will take this. See, as I have mentioned earlier, the diversification that we have done -- see, who does not want to grow? There are a number of examples in the market where a company has started from one sector and they have diversified into different sectors.
- Now, we cannot question them stating that why you have diversified into a totally unrelated sector. People are doing business in other sectors, they are growing, and we also take motivation from these big companies, big corporates that are there in India. And as I mentioned earlier, the diversification that we are doing, those are not new businesses for us.

All the diversification attempts or the diversification opportunities that we have taken complements the existing business that we are doing. Let's say the chemical trading business, IFFCO fertilizer, there are a number of chemicals that are involved in manufacturing of a fertilizer. Now, these chemicals are supposed to be bought from somewhere, they are supposed to be shipped from somewhere, they are supposed to be transported to a place.

So, if our fleet can be used, if we can leverage our existing capabilities and abilities to cater to that industry, why should we not do? And that is the idea and thought behind diversifying into different sectors. Now, you have mentioned shipbuilding. Now, again, being in port industry for let's say past 30 years, we have seen how the trade moves, we have seen how the business moves.

Now, let's say if I am trading into chemicals and if I am trading into, let's say, commodities like iron ore and coal, why is it not relevant for me to venture into businesses wherein we can manufacture ships or I can think of manufacturing a ship and putting it on charter and it in turn will help my sourcing capabilities and it will add value to my offering to the customer.

Now, I think all the diversification businesses or opportunities that we have sought or we are undertaking, they are well thought and the roadmap is fixed in the direction that we want to grow in. And I think this answers your queries, I think, I believe.

Bushra Khan:

I would just add to that. So, one of the things that we had heard from all of our investors, potential investors, right from the time the idea of the IPO came about, so in all our roadshows, in all the investor calls is, why aren't we diversifying?

So, this is actually one of the things that we had really listed down and put on pen and paper that if this is what the investors want to see or if this is what everybody is questioning us about, maybe it's about time that we take it seriously.

And we had also promised that coming, when the financial year commences, this will be one of the things that we will particularly strategize so that this question is answered. And the thought that we had put in for diversification is basically the result that you see in front of you.

Keshav Garg:

Anyway, madam, since the decision has already been taken, I think time will teach you that lesson because it's a competitive market, madam. And everywhere there is competition, people are doing that business for decades. So, one fine day you will enter that new business and you will start making money from the day one. So, best of luck to you. And also our receivables over 3 years is INR10.26 crores versus INR4.8 crores in FY '24. So, have we been able to collect this INR10.26 crores that was outstanding for over 3 years?

Bushra Khan:

Yes, so basically the amount that you see, there is a cut-off date issue. So, when we issue the bills and there is a 90-day gap, between 90 to 120 days gap when it gets paid back. So, every time we publish, there is this cut-off date problem because of which you always see the receivable sitting. But if you look at the receivable balance over the next 1 or 2 months, this certainly goes away.

So, it's not like the whole amount is sitting there since 3 years, but it's more or less the balance that remains unpaid at the end of a particular reporting period. But yes, we have been putting

some thought into the amount that we are not able to recover. And there is some provision also that has been taken if you see, so that we are covered for the receivables that we think are not recoverable anymore.

Keshav Garg:

Okay, and what about the tax rate? Our tax rate during first half was 18%...

Moderator:

Sorry to interrupt in between, Mr. Keshav. I would request you to kindly rejoin the queue again as there are other participants waiting for their turn. Thank you. The next question is from the line of Sudhir Beda from Beda Family Office. Please go ahead.

Sudhir Beda:

Yes, good afternoon and congratulations on a great set of numbers, sir. This is much beyond the expectation of shareholders. So, we are very pleased to know the H1 performance. So, from the growth which you are expecting from INR420 crores of turnover this year to INR525 crores, so from where this growth will come? From which sector you are expecting that growth driver will emerge? So, just wanted to understand.

Khalid Khan:

Basith?

Abdul Basith Shaikh:

If you ask me the kind of drivers that will help this growth, we will be focusing on the business that we are into for the past 30 years, that is logistics and transportation. Along with this, as I have mentioned earlier, we are venturing into different sectors now and, you know, the trading and the chemical business that we are. We foresee good numbers coming in.

Along with this, the expansion plans of the region that we operate in, the Paradeep region. As I mentioned before, the IOCL expansion plan, the JSW is coming up with a port, a steel plant as well as cement plant in that area. And, you know, there is a roadway project that are coming in. And all these are the projects that we think, you know, we can rely on or rather bank on.

And I think to summarize the drivers, I think it will be civil and maritime construction along with the parent business would again be logistics and transportation. Along with this, we will venture into civil and maritime and chemical trading and, you know, equipment rental. And also, we are planning to expand our businesses at other ports.

Now, we are primarily focusing on Paradeep port. Now, we have also, you know, thought of opportunities that are there at Haldia and Vizag port. So, we will be looking ahead at those opportunities also. And, these are basically the drivers that will drive the growth for the numbers that were promised or forecasted.

Sudhir Beda:

Good. Thank you very much for the opportunity and all the best.

Moderator:

Thank you. The next question is from the line of Shubhank, an Individual Investor. Please go ahead.

Shubhank:

Ma'am, I could see that in the September 2025 report, there is a CWIP of INR13 crores. May I know what is it for?

Bushra Khan:

I am really sorry, but you are very, the voice is not audible. I am hardly able to figure out what you are trying to say. Sorry.

- Shubhank:** Ma'am, is it better now?
- Bushra Khan:** It is better now, yes.
- Shubhank:** Ma'am, I was just asking that in the results that you have shared, there is a CWIP of INR13 crores in September 2025 results report. I just wanted to understand what this INR13 crores is for. What are we currently doing with this INR13 crores?
- Bushra Khan:** Can you tell me where exactly did you see that?
- Shubhank:** It is in current work in progress, CWIP.
- Bushra Khan:** Okay. So, basically, we have certain -- there are certain spare parts that we use. We keep it in our inventory. There is also some construction contracts that have been undertaken by us. So, I will have to look into this a little bit more in detail, but then this is probably relating to these two things.
- Shubhank:** Got it. Sure. Ma'am, I just wanted to understand that in the PPD that was shared in May, company has said that they wanted to participate in a tender of Kolkata port for the allotment. So, what is the status of that as of now?
- Bushra Khan:** Basith, do you want to step in?
- Abdul Basith Shaikh:** Yes, I will take that. Sir, the Kolkata port tender, the tender itself was cancelled, sir. So, we are looking at a different tender rather, not through a tender basis, but we are looking for opportunities wherein we can buy a parcel of land wherein we can do the activities that we intend to in the sector of, let's say, shipbuilding or fabrication.
- There are major works coming up towards us from big corporates like L&T and all in fabrication business. So, we still are looking out for land parcels and tenders in Kolkata port. But just to give you an update, we have participated -- since that tender is not there now, we have participated in different tenders, which are by the Municipal Corporation of Delhi, which is again into transportation, legacy disposal, bio-mining works. So, we have put tenders and let us hope that -- it's a tender which is close to INR100 crores. So, let's see if we can bag those and all.
- Shubhank:** Sure. Thank you, sir. That's it from me.
- Moderator:** Thank you. The next question is from the line of Arindam Dutta, an Individual Investor. Please go ahead.
- Arindam Dutta:** Yes. Congratulations to you for the good set of numbers and I hope it will be continuing in upcoming quarters. So, ma'am, I have one question regarding the balance sheet. In the balance sheet, you have loan and advances and it is growing. And this year, September '25, it shows INR48 crores, which is like around 12% of your top line. Could you please tell me, like, what kind of loan and advances, what is the nature of this in your business? What do you mean?
- Bushra Khan:** Those are basically advances for, you know, the advances part is the advances for the expenses that we incur. So, we have explained it in -- earlier also, I think that we are a very capital, working

capital intensive business. So, what happens is we get paid around -- in 90 to 120 days is when we get paid. But most of the payments that we have to make to our vendors and to people that we owe money to is mostly on an advance basis. So, basically, this is the reason why it is also very working capital heavy business. And the advances that you see are the advances that we pay to our vendors.

Arindam Dutta: Okay. So, what percentage it can go in your estimation?

Bushra Khan: Percentage as in what is the percentage that you are looking at?

Arindam Dutta: Yes. On the top line, I see like it is 12%, which is like a highest in last few years. So, it can go beyond.

Bushra Khan: Actually, it is directly correlated with the revenue also because in order to get that kind of top line, we need to pump in that kind of capital also. There is some scalability, but as the top line grows, this is also something that could potentially grow. But eventually it is recovered. So, it is not like a constant risk or something, because it is recovered. It is an advance payment.

Arindam Dutta: So, in this INR48 crores, you do not see anything which is like over the year continuing to this stage? Not something like that?

Bushra Khan: No.

Arindam Dutta: Which is unrecoverable? Okay. Got it. Yes. Okay. That is good. One more question like I have missed Dr. Khalid's commentary actually like what is our chemical trading company acquisition that we are going to, we had it in the investor presentation? Is that done?

Bushra Khan: Basith, do you want to explain that or...?

Abdul Basith Shaikh: Yes, it is done. The acquisition that we were on to for very long. It is a 1960 company, sir. It is a very old company which is in the market for more than four decades now. It used to trade into chemicals and it has agencies under its gambit, all the manufacturing companies that are there in India. So, that acquisition is already done, sir. And some amount of business has also started and we are focusing on scaling those opportunities and expanding those businesses, sir.

Arindam Dutta: Okay. So, next year FY '27 -- so, like INR546 crores as ma'am said would be the top line estimate. What percentage would be, I think, from the chemical trading company would be?

Abdul Basith Shaikh: Sir, as I have mentioned before, it will be close to INR60 crores-INR70 crores, sir.

Arindam Dutta: Okay. So, what I see like in your recent BSE filing that we are exhausted with all IPO proceeding. So, do you foresee any kind of a capex coming by this year or next year? Or if so, then how you are going to fund it?

Bushra Khan: We have -- so, the balance that we have right now with us in terms of cash and bank is enough to fuel the operations that we have planned for the year. And we do not see any shortfall per se because, you know, our capex is also planned in a very meticulous way. I don't think there is going to be -- so, it is all in the works according to what the work orders that we have in hand.

And considering our working capital cycle, it is all -- it is per plan. We don't see any shortfall or we don't see any anticipated needs. And should there be, then we also like, we have provisions in place for doing that, for getting care of it.

Arindam Dutta: Okay. So, for next financial year, you do not foresee any kind of dilution or anything, correct?

Bushra Khan: No. As of now, we are not planning it. Yes. As of now, it's not in the works.

Arindam Dutta: Okay. My last question is like, are you going to plan like a publishing result every quarterly basis or are you going to plan like you said in NSE?

Bushra Khan: Yes. So, since this is our first year after being listed, we plan to take it a bit slow. So, that's why we are still doing the half yearly pattern. But from the next financial year onwards, we are definitely looking forward to publishing quarterly results.

Arindam Dutta: And what about the NSE listing? You have not considered right now?

Bushra Khan: Right now, no.

Arindam Dutta: Okay. Thank you very much and best of luck for your upcoming quarters.

Bushra Khan: Thank you.

Moderator: Thank you. The next question is from the line of Shubham Gupta, an Individual Investor. Please go ahead.

Shubham Gupta: Sir, what is your top line guidance for FY '26 and '27? And with this new chemical business, chemical trading business, how will it impact your margins going forward? And my second question is, basically, will your margins get impacted due to this chemical business in future? So, this is my second question.

Bushra Khan: For the guidance regarding '25-'26, we are looking at a top line of INR420 crores at least. And the year that follows, which is '26-'27, we're looking at INR546 crores. So, that's the guidance we've given right now. Should there be need, we will obviously revise it. Considering the chemical trading business, see, right now, we are really just getting started with it. So, there is some kind of a warm-up that we are expecting.

We have not factored in the volumes that we are going to generate because of the chemical trading business because we do not have enough work orders in hand to support the predictions that we want to make. But -- if I have to put a number, like Basit has already mentioned, around INR40 crores, INR50 crores is what we see as a growth on top of what I have just mentioned as a result of the chemical trading that we have gotten into.

And in terms of, the blended margins may not be very high if you look at the consolidated numbers. That is, the blended margins may not be very high in the first year or two. But we have also ventured into this, we are new to this sector in a way. So, we are -- we won't be, we are being a bit conservative, let's say, with the margins that we are going to generate.

But, Yes, that's a bit, it will be a bit difficult with 2%, 5% or something. We are very, very, conservative way. And Basit, please correct me if I'm wrong anywhere. But that is something that we are expecting, Yes, in the years to come.

Shubham Gupta:

Okay. And are you seeing some kind of saturation in this Port business due to which, because as per my reading, like this is a really good business, like Port business is kind of a monopoly business, right? So, are you seeing some kind of saturation because of which you are moving to the chemical business?

Bushra Khan:

No, no, absolutely not.

Abdul Basith Shaikh:

As I mentioned before, we are not completely leaving the parent business that we doing. The chemical trading business is only a small venture that we thought let us try. And we have thought that we will see how it works because now diversification has been the most important thing for us to take. If you ask me the port sector that you have mentioned, see, Paradeep Port itself, I used to handle 500 million tons of cargo by 2030.

That is its vision. And right now, if you see, at all the major ports, I think, if I'm not wrong, we have handled close to 440 million tons in H1. This is again a 5% increase when compared to the last year. It is not that volumes are going anywhere or the port industry has reached a saturation. There's nothing like that. The cargo throughput at all the ports is only going to increase.

And as we speak, Paradeep Port is the topmost port in terms of cargo handling in FY '20, H1, and H1 FY '26 as well. There is a 17.5% market share that Paradeep Port handles and the next to Paradeep Port, it is 17% by Kandlapur. So, there is no saturation that we see or the sector that we are in.

The logistics and transportation business is definitely going to be the major and parent, major chunk and the high volume business or the main business that Paradeep Parivahan does. Apart from this, we will definitely, look out for diversification into different sectors. As said, this is a start for us.

We are still warming up and we are seeing, how this turns out for us. And since, as I said, this chemical trading business or the maritime construction business, they only complement to the business that we are doing right now. It is not again, something new or we are not aware of all the, operations or how this business is done.

So, we are very much confident that, for the future, saying, having said that, we will definitely look out for opportunities where we can diversify. But again, logistics and port businesses will be our main business and the parent business.

Shubham Gupta:

Okay, sir. And regarding the margins, are there any scope of increase in margins in the port business? Because if I see your peers like which are Adani Ports, JSW Infrastructure, there the margins are up to 50%, the operating profit margins and your margins are pretty less than that. So, are there any scope for increase in margins?

Abdul Basith Shaikh:

See, we will definitely push to, having better margins. There is no doubt in that. But it is going to take time. See, all these companies that you have mentioned, they do it on a first party basis. Okay. When you mentioned JSW, when you mentioned the other companies, they get in the cargo, they have terminals operating in their area.

Let's say JSW has two terminals. It's also coming up with a steel plant, a cement plant and a port terminal again at Paradeep. So, these are big players and the kind of margins that they command are due to, the synergies that they bring in with their operations or the kind of investments that they have done in terms of buying a terminal or, putting up a plant and all.

So, we are doing only part of what they do. So, let's say we handle cargo for them, bulk cargos or commodities. We do intra-port transportation for them. So, our margins are again, as you said, are lower just because of those reasons. But definitely, you see, we are pushing for better margins and we also envisage that the cargo numbers that are going to come in in future for us are going to be good.

Shubham Gupta:

Okay, sir. Thanks for answering my question.

Moderator:

Thank you. The next question is from the line of Vivek Hinduja, an Individual Investor. Please go ahead.

Vivek Hinduja:

Thank you for the opportunity. Sir, I wanted to ask that we plan to go into shipbuilding also. By when do we plan to do all this? Because I guess a lot of capital will also be required for the same. So, we have any plan for capital raising?

Abdul Basith Shaikh:

Sir, right now we have started and it is very initial phase of, entering into the sector of business. It will be very early for me to disclose any numbers on that. But yes, we are looking out for small, small opportunities in terms of shipbuilding. I am focusing on pontoon construction, which is again done through Inland Waterways Authority. So, these are all small, small projects that I am aiming at and it will be too early for me to commit to any numbers. But as a sector, yes, we are definitely venturing into shipbuilding as well.

Vivek Hinduja:

Okay. And sir, one more thing. We went into the chemical trading business. So, if you can just explain how it is exactly relating to our business and what expertise do we have over here?

Abdul Basith Shaikh:

Sir, chemical trading, we handle bulk commodities. Chemical is again a bulk business, right? And there needs to be a transportation or transporter or a logistics partner that will be required to move the chemical from a manufacturing plant to a supplier or an end user. So, this is where it complements our business and this is where our capabilities come into picture.

We have fleets. We have been, handling transportation for quite long and, since we are not doing stock and sale and it is just a trading activity, this is very much in line with the business that we do. It is just that a change in commodity. We handle coal and iron ore now. We will be handling different sorts of chemicals, that's it.

Vivek Hinduja:

Okay. Sir, one last question. This opportunity in gypsum, which we have, you have said that it will start in January. Has it been assumed in the...

- Abdul Basit Shaikh:** Sorry, I missed you in between. There was a...
- Vivek Hinduja:** Yes, I am saying the opportunity in gypsum, which you said will start in the next year, in the month of January. I wanted to ask if it has been assumed in the projected numbers?
- Abdul Basith Shaikh:** See, not entirely, but yes, definitely a small portion of it has been assumed in our numbers, but it will not bring a huge swing in numbers because there are so many clearances that are required and those are in the last stages of approval and also, we are also expecting trial shipments to be done for those, for Phosphogypsum. But yes, to answer to your question, not everything has been factored in the numbers that we have projected.
- Vivek Hinduja:** Okay, sir. Thank you so much.
- Moderator:** Thank you. The next question is from the line of Mayank Saraf from HNI Investor. Please go ahead.
- Mayank Saraf:** First of all, a very big congratulations to the management and the whole team for the excellent set of numbers.
- Abdul Basith Shaikh:** Thank you.
- Mayank Saraf:** Just wanted to understand a couple of things, like what is the reason for the H1 and H2 revenue split and what is the percentage of it?
- Bushra Khan:** Can you please say that again? Can you repeat the question?
- Mayank Saraf:** Yes. What is the reason for the H1 and H2 revenue split and what is the percentage roughly?
- Bushra Khan:** Reason for split? What does that mean exactly?
- Abdul Basith Shaikh:** The revenue, like H2 is bigger than H1.
- Bushra Khan:** Yes. Okay. So, H1 is lower because as you know, IFFCO is one of our major clients. It contributes to at least 60% of our revenue, 60% to 70%. And they undergo a very planned, let's say, clean up or whatever you would want to call it, of their factories in the month of May and June.
- And usually, that is one of the biggest reasons why our numbers are a little bit, they don't pick up as much as they pick up in H2. And the second also being seasonality, you know, because it's the monsoon season. And there's a lot of transportation of let's, for example, limestone, which needs to be transported, let's say, from Paradeep Port to the JSW, terminal or let's say to their factory or to IFFCO. Wherever it is being transported, there is a certain amount of moisture that gets added.
- And one needs to wait till the time that moisture level has dropped in order to be, for it to be good enough to be shipped to our client. So, this is also one of the reasons. This is just an example of how monsoons can play a role in deciding, in how much -- how efficiently we can operate.

So, let's say we were supposed to do, in a normal situation, if one particular equipment is able to do a 1.5 trip in one day, due to these issues, there might be zero.

Zero trips, because the cargo that has already been loaded cannot be unloaded. And these kind of issues, which are completely out of our control, are the reason why our first half is usually slower than the second half. But, of course, there is a steady growth and this is also one of the reasons why diversification, that's where we are also trying to -- to make up for the lost revenue somewhere else. We are trying to generate it from somewhere else.

Mayank Saraf: Yes. Got it. Got it. The second thing I would like to ask, like Mr. Khan said, some fleet management and group planning. So, like for the maintenance of our fleet, do we do it in-house or we outsource it? Like basically for cost-cutting measures, I am asking?

Bushra Khan: Yes. We do it completely in-house. That is one of the reasons why we have been able to improve our margins substantially over the past years.

Mayank Saraf: Okay. Okay. That's all from my side. Thank you and all the best.

Bushra Khan: Thank you.

Moderator: The next follow-up question is from the line of Darshan Chandra from Om Investment. Please go ahead.

Darshan Chandra: Thanks for the follow-up. Just a question was on the tax front. We are means for 2025 on this H1, we are charging tax on the EBITDA 16% to 18%. Can you throw some light on this? This will be continued or it will be 25%?

Moderator: Arif Bhai, are you there?

Sekh Arif: This will continue, Yes.

Darshan Chandra: It will be 18% or it will be 25%?

Sekh Arif: 25 % sir.

Darshan Chandra: Going forward, it will be 25 percent, no?

Sekh Arif: Yes, sir.

Darshan Chandra: Thank you.

Moderator: Thank you. The next question is from the line of Gunit Singh from Counter Cyclical PMS. Please go ahead.

Gunit Singh: Hi, sir. You mentioned about the acquisition of chemical company. So, how much was the outlay and what is the current top line and bottom line of that?

Abudl Basith Shaikh: See, this company that we have acquired, as I have said, mentioned, it is a very old company and the promoter was curtailing his business, and he was looking for an investor, rather say,

someone who is willing to take the legacy forward. On this pretext, we thought this is a good company to acquire because it has a legacy to its history.

And while we acquired it, the outlay was close to, if I am not wrong, it was 5 crores. And it was not a major business. It was curtailing its business. And that is why when I said that we are starting this, we are starting with low hopes and we are banking on orders slowly, slowly.

And this is again a new, not a rather completely new thing, but a new business for us. So, we are taking it a bit slow. That is why I am not able to give you any numbers on the order book per se.

But we have a projection in our mind as of how the company was doing at its peak in earlier years. So, we had benchmarked those numbers and we have, you know, drawn a strategy out of it and we are focusing on that now.

Gunit Singh: What were those benchmark numbers and what gives you the confidence to do 40CR-50 CR just in the first year of operations given you don't have any prior experience in this?

Abudl Basith Shaikh: Yes, exactly. See, as I have mentioned before, it is again a volume business. The sector that we operate in, let's say coal or iron ore or fertilizer, these are all big volume numbers. Even when the margins are thin, let's say even if I operate at, let's say, 2% to 4% margin or let's say even 5% margin, the quantities that are going to come in are close to maybe 100 tons or 200 tons or 300 tons. So, when there are huge tonnages that I handle, the top line increases eventually. So, since it is a volume business, we are very confident that we will be able to achieve the numbers that we have projected.

Gunit Singh: Okay, so what should be the margin profile for this chemical business at 40-50 CR?

Abudl Basith Shaikh: Again, too early to commit, but I would give you a guidance of, let's say, somewhere close to, maybe 3% to 5%.

Gunit Singh: Alright. So, do we have any other current capex plans or any other outlet plans for the current years?

Management: Abi, do you want to answer this?

Management: Yes, So, when you say capex plans, do you mean like raising another round or something in that line?

Khalid Khan: No, any investments that you would be making to increase your capacity or any acquisitions that you want to make for which you might have to raise debt.

Bushra Khan: Yes. No, currently, it's not, given our order book, we don't really need to increase our capacities in any way in terms of fleet or, anything else. But then, should there be need, should there be, like I just mentioned some time ago, if there is an opportunity that we want to seize and there is a certain capex, that investment that comes along with it, then we will obviously go for it. But we don't have plans to like do anything substantially different from what we have disclosed so far. Yes.

Gunit Singh: Alright. So, do we have any plans to start giving out dividends because we are a cash generating business?

Bushra Khan: Currently, no.

Gunit Singh: Alright. Not for the current financial year?

Bushra Khan: Not for the current financial year. Yes.

Gunit Singh: And what should be the effective tax rate of going forward? For example, for FY'27 or for H2?

Bushra Khan: Arif bhai, do you want to comment on that?

Sekh Arif: Can you repeat again? Hello?

Bushra Khan: Can you repeat the question, please?

Gunit Singh: What should be the effective tax rate going forward?

Sekh Arif: Yes. 25%, sir. Continue for 25%.

Gunit Singh: Got it. Thank you.

Moderator: The next follow-up question is from the line of Keshav Garg from Kanto Cyclical PMS. Please go ahead.

Keshav Garg: Mr. Khan, I am trying to understand that in the Q2 with Q2 numbers, we have given details of some four companies that we have acquired. So, if you could tell us very briefly that what all these companies are doing. For example, MRTC, what it is doing? Ask Logistics Solution, Pharmachem Traders. Okay. It is possibly this pharma company that you were talking about. The chemical trading and Nircon Industries. So, what exactly are these different entities doing?

Khalid Khan: See, coming to the companies that you have mentioned, MRTC, Ask Pharmachem and Nircon. Pharmachem and Nircon are the chemical companies that we have acquired on which we had so much commentary till now. Apart from that, this MRTC and Ask.

So, these are again the companies that are there into transportation and logistics business. Just to give you an overview, what happens is when you are doing transportation, let's say you are moving cargo from a mine to port. So, there are policies which do not let a single party handle all the business.

Let's say if you are handling, if you are mining iron ore, mining license will be different, transportation license will be different. And a company which has a transportation license may not certainly have a mining license or export license or domestic license to say. So, these are the companies which were doing business or rather in collaboration with us who were handling transportation within the mine.

And we were transporting the cargo from mine to the plant or from wherever the cargo was required. So, these companies MRTC and Ask again are into the same field which is transportation & logistics and also mining as well. This is what they do. And they are again subsidiaries of Paradeep Parivahan.

Keshav Garg:

Right. And one clarification I wanted that in FY/27 the roughly INR550 crores top line target that we have, this includes the INR50-INR60 crores from chemical trading or it excludes? No, it excludes.

Bushra Khan:

No, it excludes. Yes, the projections that we have made are based out of the work orders that we have in hand. So, you know something that we can really guarantee. Something that happens out of the ordinance for the chemical trading business as Parazit has already mentioned, we have just been warming up.

So, we don't have anything in hand that can say that okay, this will be the amount that we are adding to the top line. So, we have not included it in the projections.

Keshav Garg:

Okay, great. Thank you very much and best of luck.

Bushra Khan:

Yes, thank you.

Moderator:

Thank you very much. As there are no further questions from the participants, I now hand the conference over to the management for the closing comments.

Khalid Khan:

Bushra, you can take now.

Bushra Khan:

Yes, so just as a wind up, thank you very much first of all for attending the earnings call and it has been a great pleasure to host it. I hope we have answered almost all of the questions that you intended to ask, but if not, then please feel free to reach out. We will be happy to answer them otherwise also.

And Yes, it has been, the fact that the IPO happened and we went public has given us a very great drive. It has increased our drive many fold to perform and to deliver amazing results. And I hope the second half of the year is going to be even better than we expected to be.

And thank you very much for your time and for being with us today. And like I said, if there are any questions unanswered, please feel free to reach out. We will be more than happy to answer them otherwise also. So, thank you very much.

Moderator:

Thank you very much, Mam. On behalf of Paradeep Parivahan Limited, that concludes this conference. Thank you for joining us today and you may now disconnect your lines.