



AVG Logistics Limited  
Q1 FY '25 Earnings Conference Call  
August 22, 2024



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MR. VINAYAK GUPTA – VICE PRESIDENT, STRATEGY –  
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**MODERATOR:** **MR. JAINAM SAVLA – KIRIN ADVISORS**

**Moderator:**

Ladies and gentlemen, good day and welcome to AVG Logistics Limited. Q1 FY25 Earnings Conference Call hosted by Kirin Advisors. As a reminder, all participants' 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 this 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 Mr. Jainam Savla from Kirin Advisors. Thank you and over to you, sir.

**Jainam Savla:**

Thank you. Good afternoon, everyone. On behalf of Kirin Advisors, I welcome you all to the conference call of AVG Logistics Limited.

From Management team, we have Mr. Sanjay Gupta, Managing Director and CEO, Mr. Himanshu Sharma, CFO, Mr. Vinayak Gupta, Vice President, Strategy. Please note that this conference call does not constitute any forward-looking statement or forecast related to Revenue, EBITDA or PAT. Now I hand over the call to Mr. Sanjay Gupta, Managing Director and CEO. Over to you, sir.

**Sanjay Gupta:**

Thank you very much. Good afternoon, dear investors. A very warm welcome to quarter one for your March 25 conference call of AVG Logistics. I am also delighted to introduce Mr. Vinayak Gupta, VP Strategy to this earning call. We'll start with our recent development and financial performance. Thank you all stakeholders for being part of AVG.

We are sustainable, reliable, integrated logistics for India's top businesses. Our vision is to part of India's success story by being the most reliable and sustainable logistics partners to India's top businesses. We are a trusted and leading multimodal logistics solution provider in India.

The journey of AVG Logistics is marked by rapid growth, fueled by a dedicated team of logistics experts and cutting-edge fleet of drivers, customized, technology-driven, full-stack solutions across transportation, warehousing, distribution and supply chain management, and 3PL services. AVG Logistics aims to deliver excellence with every mile through a continuous focus on customer centricity and a dedication to staying at the forefront of industry technology. We are proud to announce several strategic initiatives that demonstrate our commitment to innovation, safety and sustainability.

We have recently secured a contract from renowned top appliances manufacturers to implement rail transportation, replacing traditional road movement to ensure the safe, reliable and efficient transport of household appliances over the next three years. The initiatives support our goal of enhancing multimodal connectivity. We have been honoured by the logistics prestigious, committed to safety and resilience award from Nestle India in June 24, illustrating our dedication to excellence.

In further support of our growth strategy, Odisha government has allotted us a four acre land parcel in Khordha, Bhubaneswar, which is rapidly emerging as a major industrial hub hosting various industry giants. The strategic location will enhance AVG's capacity to deliver efficient and comprehensive logistics solutions to our existing and potential clients in Odisha, which is

an upcoming business centre for the Northeast and East India. We are strategically shifting our focus into green transportation through rail transportation, LNG vehicles and electric vehicles.

And to capitalise on this success, we are planning to expand our rail network and additional trains and plan to invest in LNG and electric trucks to support environment and reduce carbon emissions. These initiatives collectively position AVG Logistics for a sustained growth and leadership in the logistics sector. The adoption of electric vehicles and LNG fleets align with our sustainability objectives and reinforce AVG's commitment to responsible business practices and support our customers to fulfil their sustainability goals.

With a focus on innovation and environmental awareness, the company aims to establish a new standard for eco-friendly logistics, leading the path towards a cleaner and more sustainable industry while progressing towards the goal of reducing carbon emissions. We are honoured to have been selected by the UPSRTC, (UP State Road Transport Corporation), as their authorised agent for courier parcel service through 9,000 buses within the UP. The partnership with UP SRTC marks a significant milestone for the company as it continues to grow and diversify the service offering.

As an authorised agent, we will play a crucial role in optimising the efficiency and reach out to UPSRTC parcel service, contributing to the overall enhancement of the logistics infrastructure in the large state of Uttar Pradesh. Uttar Pradesh is one of the largest and most populous states present in a unique set of logistics challenges. AVG aims to address this with an efficient delivery network through partnering with UPSRTC.

A customer-centric approach, the launch of AVG services in this region will streamline the process of express parcel delivery and also contribute to the state of economic growth by enabling a smoother and faster movement of goods. We are actively working with the potential customers to pursue a long-term contract of four to five years, successfully start the business with a new client and achieve our target revenue of our commitment to customer centricity, operational efficiency and profitability remains strong as we explore further opportunities. Our commitment to honesty, responsibility, customer dedication set us apart in the competitive landscape.

We remain dedicated to innovation, strategic partnership and unwavering focus on customer satisfaction. Thank you for your continued support and partnership which remains vital for our success. Thank you for being an important part of the company's journey.

We are also delighted to share a robust financial performance achieved in the reported quarter for a detailed overview of our financial performance, I invite Mr. Himanshu Sharma, our CFO, to take the lead. Thank you. Hand over to Himanshu Sharma.

**Himanshu Sharma:**

Thank you so much, sir. Good afternoon, everyone. We are pleased to share our consolidated key financial highlights for Q1 financial year 25. In the first quarter of the financial year 25, the company demonstrated robust financial performance on both consolidated and standalone basis. On a consolidated level, the company achieved a total income of INR123.68 crores, reflecting a year-on-year growth of 22.75%. The EBITDA stood at INR23.62 crores,

representing a year-on-year increase of 24.45%, with an EBITDA margin of 19.10%, which is up by 26 basis points.

PAT amounted to INR5.21 crores, a substantial year-on-year growth of 105.90%, resulting a PAT margin of 4.21%, an improvement of 170 basis points year-on-year. The EPS reached to 3.81, marking a year-on-year growth of 77.21%. This EPS is not annualized. On a standalone basis, the company recorded a total income of INR123.39 crores, a year-on-year growth of 22.46%. The EBITDA is INR23.55 crores, with a year-on-year increase of 24.05%, and EBITDA margin of 19.09%, which is up by 24 basis points.

The PAT for the period is INR5.17 crores, representing a year-on-year growth of 148.24%, and a PAT margin of 4.19%, which is up by 212 basis points. The EPS stood at 3.78, reflecting a year-on-year growth of 113.56%. The company debt is standing at INR90.11 crores against INR88.88 crores as at 31st March 2024.

Thank you so much, investors, for your continued support and trust in AVG Logistics. We appreciate commitment to our journey. Your confidence inspires us to reach new heights in the logistics industry. We value your partnership in our growth.

Now we are open for any questions you may have. Thank you.

**Moderator:** Thank you very much. We will now begin the question-and-answer session. The first question is from the liners, Sajal Gupta from FE Securities Private Limited. Please go ahead.

**Sajan Gupta:** Good afternoon, Sanjay and Vinayak and everyone on the team. This is Sajal Gupta speaking. Congratulations for a good set of numbers. So, my question to you is that you have recently bagged this order which you were talking of UP State Roadways. So, could you explain me the economics of this order which you have received?

**Sanjay Gupta:** I will ask Vinayak to explain you about this.

**Vinayak Gupta:** Hi, very good afternoon everybody. Thank you sir for the question. I will just enlighten on our new UPSRTC contract. So UP being one of the largest states in India, we have recently have a long-term contract for parcel goods services across their extensive network of 9000 to 10,000 buses. So we will be working as an official booking partner for these buses for next 5 years and the contract value is estimated around INR60 crores in next 5 years which is around INR12 crores annually.

And we would be working with all the on the franchising models where we will be handing over the goods on our booking platform via our franchising partners and we will be accumulating the annual weight of around close to 50 lakh kgs in the buses and we will be offering both retail parcel services and e-commerce services to all the SMEs and the businesses in the UP state.

**Sajan Gupta:** So, what kind of a EBITDA can we expect in this kind of business?

**Sanjay Gupta:** So more or less the turnover is coming around INR1 crores per month with this business and this is a parcel express business where we are getting the good rate from the customer. If a customer wants to move some urgent material from Delhi to Lucknow or Delhi to Banaras or Ayodhya or Gorakhpur, we will get INR1000 rupees for a packet of 1 kg that is around INR100 per kg that is like express service rate and in this scenario.

Out of the INR1 crore business around INR40 lakh, INR50 lakh rupees we need to pay per month to the UP State Bus Services and around 25% of the expenses for the franchisee model because we don't want to increase our cost and because if we take all the employees on our role then it will be very difficult to manage so it is working earlier also with the previous contractor with the franchisee model only. So total EBITDA margin will be around 30% in this business.

**Sajan Gupta:** Okay and as you said right now that this is a INR60 crores order for 5 years so that means what we are talking is a INR1 crores rupees revenue per month in this business?

**Sanjay Gupta:** Yes, INR1 crores per month is the initial sir and we are giving the conservative figure here and gradually the number of buses will increase in the state transport. So, our business will also increase and some annual increment will also come. So instead of INR60 crores total it may go up to INR65 crores to INR70 crores also but we are giving here the conservative figure.

**Sajan Gupta:** Okay wonderful. Another thing what I wanted to ask you just two more questions. One question is that you had given a guidance of INR700 crores rupees earlier so do we still see that numbers being achieved by you?

**Sanjay Gupta:** Yes, it will be achieved sir actually we are growing the numbers you have seen we have grown by 23% to 25% in the first quarter and which is the lean period and we have been known in the market as a FMCG logistic service provider, but now we are entering into the steel and cement business also.

Recently we have signed the agreement with Dalmia Cement on a long term basis of 5 year contract with electric and LNG vehicles and similarly we are giving the services to the steel industry like Tata Steel, Sam Steel etcetera. These companies are having lot of volume and one good part of these companies are that their payment terms are better than the FMCG industries although the margin is less but if we calculate the turnover then it will come same or better also.

So, we are 100% sure by March '25 we may be able to achieve the target of 700 which we have already committed in the market. Business will come from the incremental business the 15-20% growth will come from the organic growth and balance growth will be additional by the new business of steel cement industry and electric and LNG vehicles.

**Sajan Gupta:** Okay. And coming back to the same thing, you had talked about LNG vehicles where the margins are much higher. How much of that has got incorporated into the business right now?

**Sanjay Gupta:** Total business from the customer order book we have received the indent of around 60 vehicles from Dalmia Cement and Tata Steel and UltraTech Cement. So we have already

procured around six, seven vehicles and by 30th of September all the 60 vehicles will come on road and it will give the good revenue and margin also in the coming time.

**Sajan Gupta:** Lastly, Sanjay, tell me something about what is the succession plan in the company right now?

**Sanjay Gupta:** Yes. Like Vinayak is my son. He has completed his education from Delhi and later on from London and he has joined the business in 2016 and started his career with the workshop we had in Kundli in Haryana and now he is supporting us in head office as a VP Strategy and he is working towards the -- because business is growing so we need a technology part. So he is looking after technology, business development and operation part and we are working on the reduction on the cost also. So these are the two, three areas where he is working.

And down the line there is some professionals which are director sales, GM sales and director operation, GM operation and we have total workforce is around 480, 485 as of now. And as and when the business will grow, the number of staff will not grow in the same percent. Like if we have INR500 crores turnover last year and we are employee of 480, so in 704 purposefully 700 will not be there so we will try to manage it by 525 or 550 employees in the company.

**Moderator:** The next question is from the line of Subhash from Value Investments. Please go ahead.

**Subash:** Q1 was great. I just had one question based on the point that you made on the deals that you have made with Dalmia Cement for the next five years. So you said that the cement industry is better than FMCG industry. So I would like to understand how that is better? And also you said even though margin is a little bit lower side that is still a good industry to sell for. So you had guided INR700 crores sale and also a PAT margin of 5% for this year. So considering the cement industry revenue that you are going to get, would you still have overall consolidated margin of 5% for the year, PAT margin?

**Sanjay Gupta:** Yes, that is there because in FMCG industry we are getting the payment within 75 to 90 days, whereas the cement companies which are having lot of transportation business. So what is happening in India, sir, these FMCG companies are having the cost of 3% to 4% of their turnover, whereas cement industries is having the logistics cost of around 20% to 25% of their total turnover.

Like Dalmia Cement is having the turnover, for example, INR20,000 crores, so they are spending INR5,000 crores and margin in FMCG companies we are getting around 12% and getting the payment within 90 days or about 90 days. Whereas we are getting from the steel and cement industry, margin is around 4% to 5% but payment term is two weeks. So my fund rotation will be better and overall it will help us to improve the profitability and turnover as well.

**Subash:** Okay. So the margins that you mentioned are PAT margins or EBITDA margins?

**Sanjay Gupta:** These are EBITDA margins, both margins actually.

**Subash:** So you have guided for 5% PAT margin, right? Would you still guide the same number?

- Sanjay Gupta:** Yes. So, for example, if I am able to rotate my money faster so it will have to increase the turnover and profit both.
- Subash:** Yes, if the turnover increases, again, I mean the PAT also has to increase, right, for you to be at...?
- Sanjay Gupta:** Both will increase. For example, if we are earning 12% in three months and in this transaction we will earn 16% in three months.
- Subash:** Okay. Good to know that you still have the guidance of 4% to 5%.
- Sanjay Gupta:** This is the model where we are working on a dedicated model, specialized vehicle, both way loaded or one way loaded, one way empty and this is the long-term contract of five years.
- Moderator:** The next question is from the line of Satya from Family Office. Please go ahead.
- Satya:** Hello, sir. Congratulations on a good set of numbers. Sir, I have a question. The total revenue is INR120 crores-INR122 crores, will you be able to tell the split in different verticals like reefer, railway, truck, logistics, LNG, will you be able to tell the split in all of them?
- Sanjay Gupta:** Yes, in this you want product wise or you want like FMCG is around 62%.
- Satya:** Railway versus truck or reefer, will you be able to tell that?
- Sanjay Gupta:** Yes, railway is around 15% and cold chain is around 25% and 60% is road transportation.
- Satya:** Sir, how is the progress and where have you reached in new packers and movers and QSR?
- Sanjay Gupta:** We started in October. It's been six to seven months more or less, eight months. We were able to do business of INR2 crores-INR3 crores, but now we are at par. Initially, when we started in September-October, it was a loss but now we are at par and now we are talking to the customers where we are getting the business from B2B and B2C also. So what happens is, let's say, Agarwal Packers and Movers is a very old company in this industry. So we are gradually increasing our name and the name is coming in front of the customers. This is done through mouth advertisement. So we are doing the advertisement business and lot of inquiries are coming up. So gradually it will increase.
- Satya:** Got it. Sir one last question on the railway side we were saying in the last quarter that every quarter or so we will add one route and for next two years, so what progress is there? Are we still at 8 routes or have we increased?
- Sanjay Gupta:** We are still at 8 routes. Sir, this is a tender process. So, lot of formalities are required and we need to take the NOC from different railways. If one train is going from Delhi to Chennai, there are 6-7 railway divisions on the way in railways. We have to take the NOC from them. So, NOC system is in process. So, we are targeting new routes by another two months to three months by September or October.
- Satya:** Got it sir. That's it sir from my side. Thank you.

- Moderator:** Thank you. The next question is from the line of Anika Shah from ETC Consultancy. Please go ahead.
- Anika Shah:** Yes, hello. Anika here. Sir, with the intense competition going on, what are your strategies to maintain or increase the market share?
- Sanjay Gupta:** Pardon, can you again tell me please? I am not able to hear you properly.
- Anika Shah:** Okay. Sir my question was with the intense competition going on, what are the strategies to maintain or increase our market share?
- Sanjay Gupta:** Yes, we have a strategy like that we should work towards the safety and sustainability. So, we should be different from the market and competition so that we are working for railways and higher capacity vehicles and parcel business including. So, all these two, three strategies are there where we can compete and give the service to the customer on a reasonable rate.
- So, in our industry two things are there. One is the pricing, another is the service. So, both things we are managing very well. Hence, we are able to grow organically in our business.
- Anika Shah:** Okay. And my next question is about the business outlook for FY25?
- Sanjay Gupta:** Yes. So, we have closed quarter 1 is around INR124 crores and first quarter is always very lean. Now, the season is there like lot of festivals are coming up. So, business has increased and second quarter will also give the good top line and we have given the total target of INR700 crores this year by March 25 and we are working seriously on that subject and we hope we will be able to achieve the target of INR700 crores top line.
- Anika Shah:** Okay. Sir understood. If I have any more questions I will get into the queue again. Thank you for answering these.
- Moderator:** Thank you. The next question is from the line of Subhankar Ojha from SKS Capital and Research Private Limited. Please go ahead.
- Subhankar Ojha:** Hi, sir. Congratulations for good set of numbers. So, I missed the initial 15 minutes of the call. Maybe some repetitive questions. So, can you explain the deal that you have won with Dalmia again? I am sorry. I have to, if that is a repeat?
- Sanjay Gupta:** No, that is actually we are providing them the logistic service on the sustainable and environment friendly vehicles which is called LNG and electric vehicles and we are already signing the contract and started the business in the North East Guwahati area.
- Subhankar Ojha:** Okay. And any value you can quantify?
- Sanjay Gupta:** Value as of now the target is to because they are having a lot of spend around they are spending around INR4000 crores to INR5000 crores in a year for the logistic business. So, our target is to get the business of around 100 more than INR100 crores from this company.
- Subhankar Ojha:** Okay, great.



- Sanjay Gupta:** And because they are having a lot of business. So, this amount is not high for them because INR4000 crores expenses and they are having around 10, 15 plants in India.
- Subhankar Ojha:** So, yours will be only limited to North East?
- Sanjay Gupta:** No we are present in Pan India. We have received the contract from the plant also, Karnataka.
- Subhankar Ojha:** Okay, great. And so, secondly, with respect to the guidance of INR700 crores, do you be able to give a breakup of what will be the cold chain because I think last time we talked about a significant higher percentage of revenue coming from cold chain. Is there and if 25% or 30% of this revenue comes from cold chain, how will your margin trajectory be like for the financial year?
- Sanjay Gupta:** Yes, the margin in cold chain business is higher compared to the dry business. So, that's why we are focusing on cold chain. Cold chain, I think last year we did around INR75 crores to INR80 crores, but this year we are targeting to INR125 crores to INR150 crores. So, a lot of business like ready to eat foods and fruit and vegetables and milk product, dahi, paneer and butter also we are doing.
- And nowadays, this ready to eat food, HyFun foods and McCain we are talking and we already did one trial with HyFun foods, which is a factory in Ahmadabad. And we are doing Zydus butter also and ice cream we are talking for Amul, Mother Dairy and Kwality Wall's of Hindustan Unilever. So, there are a lot of products which is moving by the cold chain. We are entering into that contracts and they are also because there is less competition in the cold chain compared to the dry market.
- Subhankar Ojha:** And in quarter 1, have you won any new order from QSR players?
- Sanjay Gupta:** No, we have increased our volume with the Domino Pizza, but the new client of QSR is under discussion now. So, one is Devyani and McDonald's we are talking and which are expecting in next two to three months.
- Subhankar Ojha:** Great, congratulations and best of luck sir.
- Moderator:** Thank you. The next question is from the line of Kajal Pathak from VY Capital. Please go ahead.
- Kajal Pathak:** Good afternoon sir. Sir, am I audible?
- Sanjay Gupta:** Yes, good afternoon.
- Kajal Pathak:** Yes, sir. So, thank you sir for giving me the opportunity. I just wanted to know like what is your growth prospects and what are the strategies to expand the business and market share?
- Sanjay Gupta:** So, as we have earlier mentioned also that strategy is to provide the best services on a reasonable price and we should be working towards the sustainability. Sustainability is the area where the environment friendly vehicles are now coming up with the LNG and electric vehicles. They are having the capacity of 2 ton to 40 tons and very big customers are having

their agenda to introduce those vehicles and hence we are planning to introduce around more than 100 vehicles in this year by March '25 for electric and LNG vehicles. This is the strategy to increase our business.

**Kajal Pathak:**

Okay, sir. Thank you, sir.

**Moderator:**

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

**Sauresh Pal:**

Sir, my question is that we have given target of INR700 crores of revenue for this financial year of 2025. So, my question is what are the things we are doing to achieve that target?

**Sanjay Gupta:**

Sir, we are as of now doing a lot of business in FMCG but because we need to increase the two growth. One is the organic growth, one is unorganic growth. So, these are coming up 15%-20% growth is coming by the present business.

So, another 20% growth we are taking by we are looking for some requirement for merger acquisition also and some business we are doing in the steel and cement industry, which are new industry for us but a lot of business scope is there long haul movement and short haul movement. So, we are very much sure that by introducing these two industries, cement and steel, we may be able to achieve our top line target.

**Sauresh Pal:**

Sir, and by what time can we see the revenue from this new segment of steel and cement sector flowing into our income?

**Sanjay Gupta:**

Actually, the 3-4 customers are like Bhushan Steel, Tata Steel and Jindal India, JSW. There are few renowned names in the steel industry and cement may be UltraTech, Dalmia Cement, JK Cement and Bharathi Cement. These are the major names in the cement.

So, all these companies are having the expenditure of around INR50,000 crores or INR1 lakh crores in logistic business. So, out of that, our target is to touch INR200 crores, INR300 crores from this cement and steel in next 1 to 2 years and simultaneously, our FMCG and another line of business is Pharma, which is also a good business overall.

So, our strategy and target is that we work in industry-wise like cement, steel, tiles and construction materials. There are lot of infra-movement is going on. So, our strategy is to go that and increase the business accordingly.

**Sauresh Pal:**

Okay, sir. Thank you, sir. That's all from me.

**Moderator:**

Thank you. The next question is from the line of Rahul from Priya Angel Advisors. Please go ahead.

**Rahul:**

So, my first question is, who are our key clients and how much do they contribute to the revenues?

**Sanjay Gupta:**

Pardon, sir?

- Rahul:** Who are our key clients and how much do they contribute to revenues?
- Sanjay Gupta:** Yes, major client is an FMCG like Hindustan Lever, Nestlé India, ITC. In FMCG, there are 4-5 companies are there which we are working. And lot of other QSR customers and parcel movement, express business, warehousing business also, mother dairy. These are all the customers we are working for, sir.
- Rahul:** Okay, sir. My next question is, can you throw some light on our multi-model business?
- Sanjay Gupta:** Which model?
- Rahul:** Multi-model businesses.
- Sanjay Gupta:** Multi-model. What happens in multi-model? Nowadays, there is a challenge to the industry that there may be a shortage of drivers. So, now we have shifted our business in trains. This is called multi-model. So, we are providing the door-to-door service to the customer.
- We are bringing the material from customer point to our railyard and railyard to the destination like Delhi to Bangalore. And from Bangalore, we are delivering the material to the customer depot. So, we are providing end-to-end service and this is called multi-model logistics.
- Rahul:** Okay, sir. Can you please explain dynamics of logistic industry and how we are capitalizing opportunity?
- Sanjay Gupta:** Madam, there is some disturbance. Can you please make it again?
- Rahul:** Dynamics of logistic industry and how we are capitalizing the opportunity.
- Sanjay Gupta:** There is lot of opportunities there because in each and every business, logistics is the key part. So, we are developing the business in different line like earlier I told you in FMCG and now we are shifting to the cement and steel. This is the total expenditure of the companies are increasing. So, as and when they grow, our business will also grow accordingly.
- Rahul:** Okay, sir. My last question is as you know the Odisha government has allotted us a 4-acre land parcel into the state of Odisha. Please explain the business potential from this land parcel and how much revenue we can generate from this land parcel and what was the amount paid for the land?
- Sanjay Gupta:** The amount we have paid around INR 2.7 crores to the Odisha government for 4 acres and that is their fixed amount from their charging from all the industries and this project will give us the revenue of around INR 7 crores per annum. So, INR 50 lakhs per month or INR 45 lakhs per month, INR 6 crores per annum it will give and this is called warehousing and distribution center for the Odisha and even Jharkhand and Bengal also. So, lot of incentive they are giving to the clients then clients are reaching there and if they put the factory they are getting some advantage on GST and some incentive they are getting from the Odisha government.
- Rahul:** Okay. Thank you, sir.

- Moderator:** Thank you. The next question is from the line of Pranita Jain from Financial Advisory. Please go ahead.
- Pranita Jain:** You mentioned your focus is more on railroads. So, what is the revenue potential from railroads per month? Are operating margins much better in this segment?
- Sanjay Gupta:** Yes. Operating margin is much better. As of now, we are operating around I think IINR10 crores per month in the railway business and road business margin is around 12% to 14% whereas railway business is margin is around 18% to 20%, 17% to 18% percent.
- Pranita Jain:** Okay.
- Moderator:** Sorry to interrupt you, ma'am. I request you to use the handset, please.
- Pranita Jain:** So, I wanted to know have you added any new clients or existing clients for long term contract like for 3 to 5 years?
- Sanjay Gupta:** Yes. We are adding the electric vehicles and sustainable and environment friendly vehicles. The asset cost is a little high compared to the diesel vehicle. So, because of the huge investment, we are talking to the customer for 3 to 5 year contract only. These are vehicles we are adding on receipt of the long term LOI only.
- Pranita Jain:** Okay. Thank you.
- Sanjay Gupta:** Recently, we have signed the Dalmia cement for 3 years.
- Moderator:** Thank you. The next question is from the line of Vikas Varma, an Individual Investor. Please go ahead. Mr. Vikas, your line has been unmuted. Please go ahead with your question.
- Vikas Varma:** Mr. Gupta, I wanted to know the current debt level status and what will be the situation in the next 2 years? And where do we see such a brand AVG after 5 years?
- Sanjay Gupta:** Sir, we are growing the company from 20%, 25% to 30%. So, we are growing it from 25%, 30%. According to this, the target is big that a good figure will come out of the company.
- Vikas Varma:** So, there is an internal target?
- Sanjay Gupta:** Yes.
- Vikas Varma:** Okay.
- Sanjay Gupta:** So, we cannot say in this conference. But the internal target is quite big. Because in the industries, the organized business will increase now. And the unorganized players, which is giving a lot of competition, that business will be a little less now. So, as the organized business will increase, our volume and business will increase. And overall growth will be good in this.
- Vikas Varma:** And sir, the debt status for now and for the next 2 years?

- Sanjay Gupta:** Debt status? As we said, it is reducing on a yearly basis. Like last year, in March 23, my debt was around INR115 crores. And now in March 24, that is around INR85 crores. And my target is that by March 27, 28, we should be debt-free. So, we are working on that line. There are 2 types of loans. One is the vehicle loan. Another is the CC.
- So, that CC, etc., we want to finish it. And vehicle loan is when you have to buy a vehicle in business. So, that is for 4 years, 5 years. And it is self-independent. So, it will be a term loan. But CC, etc., and loan, we are targeting that we will make a debt-free company by '27, '28.
- Vikas Varma:** Okay, sir.
- Moderator:** Thank you. The next question is from the line of Seema Pathak, an Individual Investor. Please go ahead.
- Seema Pathak:** Sir, my question is regarding the capex. So, what is your plan for the next 2 years, 3 years capex?
- Sanjay Gupta:** capex, we are working on the 2 model. Because we have to provide sustainable and vehicle requirement to the customer. So, we are working on a 2 model. Like, one is the lease model. We are getting some leasing facility from some of the NBFCs and banks, which they are giving us for 5 to 7 years. And around 100 vehicles we will take on the lease and 100 vehicles we will buy from our own sources.
- Seema Pathak:** Okay. And my next question is about your working capital, sir. So, what is the exact estimation and what is our improvement plan for that?
- Sanjay Gupta:** So, as of now, we don't have any plan to increase the working capital limit. So, we were managing through our own accruals. But a lot of business is coming up. The new business which we are taking over to increase the turnover or profitability. So, maybe some INR10 crores, INR20 crores may be required after 6 months or so, according to business requirement. But as of now, there is no plan to increase any loan further.
- Moderator:** Thank you. The next question is from the line of Aditi Roy, an Individual Investor. Please go ahead.
- Aditi Roy:** Thank you and congratulations. My question is, entering the new business verticals, Packers and Movers, what is the response and contribution to revenues in the reported quarter?
- Sanjay Gupta:** Yes, Ma'am. This quarter it is very less. I think small amount of INR1 crores or INR2 crores. But now, this venture was opened in October 2023. So, it has been 6, 7 months. Initially, it takes 1, 2 months to set up. So, we are working a lot on this. And we hope to get good business in the coming time.
- Aditi Roy:** Okay, sir. And my next question is, EBITDA margin were approx. 23% for FY '24 and 33% for Q4 FY '24. It has fallen to approx. 19%. What has taken a toll on margin dip? And what is EBITDA margin guidance for FY '25?
- Sanjay Gupta:** Himanshuji, can you explain on that?

- Aditi Roy:** Sure, sir. In FY '24?
- Sanjay Gupta:** Can you explain the query?
- Himanshu Sharma:** Ma'am, can you please repeat? Your voice was very low.
- Aditi Roy:** In FY '24, EBITDA margin were approx. 23%. And Q4 FY '24, it was 33%. But it has fallen to 19%. What has taken a toll on margin dip? And what is EBITDA margin guidance for FY '25?
- Himanshu Sharma:** Okay, Ma'am. So, Ma'am, in Q4 financial year '24, we had a one-off. There was a one-off. We had an investment with NDR AVG Business Park Private Ltd., which we sold off. So, there was an impact of that into the EBITDA margin. And if we see Q1, it is 19%. And if we compare to June 2023 quarter, which is a comparable quarter, it has improved from 18.5% to 19.1%. So, there is an improvement. And if we look into financial year '25, we would be around 18%, 19% EBITDA margin. Overall basis.
- Aditi Roy:** Thank you, sir.
- Moderator:** Thank you. Ladies and gentlemen, we will take this as a last question. I now hand the conference over to Mr. Jainam Savla from Kirin Advisors for closing comments.
- Jainam Savla:** Thank you everyone for joining the conference call of AVG Logistics Limited. If you have any queries, you can write us at [research@kirinadvisors.com](mailto:research@kirinadvisors.com). Once again, thank you all for joining the conference call of AVG Logistics Limited. Thank you.
- Moderator:** Thank you. On behalf of Kirin Advisors, that concludes this conference. Thank you for joining us and you may now disconnect your lines. Thank you.