



## “Navkar Corporation Limited Q1 FY2020 Earnings Conference Call”

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**Moderator:** Ladies and gentlemen good day and welcome to the Q1 FY2020 Earnings Conference Call of Navkar Corporation Limited hosted by Yes Securities. This conference call may contain forward looking statements about the company, which are based on beliefs, opinions and expectations of the company as on the date of this call. These statements are not the guarantees of future performance and 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 “\*” then “0” on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Lokesh Kashikar from Yes Securities. Thank you and over to you Sir!

**Lokesh Kashikar:** Thank you Lisa and good afternoon everyone. On behalf of Yes Securities I welcome you all to the Q1 FY2020 earnings conference call of Navkar Corporation Limited. From the management side, we have Mr. Anish Maheshwari, Chief Financial Officer of the company to share his perspective in the quarterly performance and the way forward. So let me hand over the floor to the management for their opening remarks and then we will open the floor for question and answer session. Thank you and over to you Sir!

**Anish Maheshwari:** First of all thank you Yes Securities. Good afternoon and very warm welcome to everyone present on the call. Along with me, I have Strategic Growth Advisors, our investor relationship advisors and along with me I have my Finance team Mr. Satish, Mr. Rahul, Mr. Nitin and Krunal.

As you all are aware, the last few months have not been very conducive for the economy as a whole and it has affected the trade volumes as well. For Navkar, the EXIM volumes have been subdued while the domestic volumes have been doing good. In spite of these conditions, we have still been able to sustain our momentum of past 3 quarters and this quarter also there is growth in our volumes and financial number.

I will start with the financial updates of Q1 FY2020.

Revenue of Q1 FY2020 is Rs.136.5 Crores, which is an improvement of 5% on sequential basis and 17% on Y-o-Y basis. The improvement has been mainly led by the volumes, which has increased by 7.1% as compared to Q4 FY2019 and 18.4% as compared to the Q1 FY2019. However, the average realization was marginally lower at 2% on Y-o-Y basis and Q-o-Q basis.

The operating profit for Q1 FY2020 has increased by 10% on Q-o-Q basis to Rs.42 Crores compared to Rs.38 Crores in Q4 FY2019. In term of operating margins, we reported 30.7% for Q1 FY2020 as compare 29.2% for Q4 FY2019. As we have managed to keep the expenses in check for this quarter resulting in the marginal improvement in the operating margin on a sequential basis. The net profit for Q1 FY2020 is 11.4 Crores, which grew by 12% on a sequential basis. We are facing few macro challenges i.e. rising fuel cost and railway freights

from July against the last year. Especially the fuel cost which is a significant part of our total operational cost show a significant jump compared to the last year. These challenges impacted our operating cost, which jumped by 47% on Y-o-Y basis has impacted our performance and margins. In order to mitigate these headwinds our company worked diligently to control these costs, which is reflected in marginal improvement in our operating margins compared with the previous quarter, i.e. Q4 FY2019. We will try to reduce the impact of such headwinds going ahead through out continuous efforts.

Now I would like to move to the operational update. We have seen an improvement in the volumes for this quarter with total volumes being 1,07,118 TEUs in Q1 FY2020, an increase of 7% on Q-o-Q basis and 18% on Y-o-Y basis. Volumes at Mumbai CFS grew by 6% to 77,278 TEUs in Q1 FY2020 from 73,102 in Q1 FY2019 in which 30,575 TEUs were for imports, 31,866 TEUs were exports and 14,837 TEUs for domestic movement. On sequential basis, the volumes at Mumbai CFS grew by 2% as compared to the Q4 FY2019.

The volumes at Vapi in Q1 FY2020 were 29,840 TEUs as compared to 24,408 TEUs, 22% increase on a Q-o-Q basis; however, on a Y-o-Y basis the growth has been 72%. The Vapi volumes were mainly driven by the imports volumes, which were 21,020 TEUs in Q1 FY2020 compared to 15,384 TEUs in Q4 FY2019. Exports were 7,480 TEUs and 13 40 TEUs were for domestic movement in Q1 FY2020.

On the PFT side the total train handled for the quarter was 372, which is higher than the last quarter, the increase in rail hiring charges has been on the uptrend as availability has been an issues. We are working on the various options to mitigate this issue and we will keep you updated on the developments on that front.

Now we will open the floor for Q&A session.

**Moderator:** Thank you. Ladies and gentlemen, we will now begin the question and answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Viral Shah from Prabhudas Lilladher Private Limited. Please go ahead.

**Viral Shah:** Good afternoon Sir. Congratulations on a good set of numbers given the current scenario of the market. Sir what is the status of our volumes at Vapi and can you give the breakup of that?

**Anish Maheshwari:** Total number of TEUs we handled at Vapi is 29,840 TEUs, which in the past quarter was 24,408 TEUs. One more thing I wanted to add over here is during this quarter we handled 372 trains out of which for pure EXIM movement was 238 trains and the rest 134 trains were the the empty movement for the shipping lines like imports were very high compared to exports, so empty containers were there and at the same time will have to move the train towards port, so we use those trains for the movement for shipping lines, which was new value added facility from our side. There are no such revenues here, but the shipping lines are using our trains for the movement of their containers towards the entity port.

- Viral Shah:** Fair enough Sir and out of this 29,000 volume how much would have been contributed by JNPT and Hazira?
- Anish Maheshwari:** Hazira is around 6261 TEUs altogether, and rest is from JNPT.
- Viral Shah:** Sir how has been the situation in the month of July, August, have you seen the volumes picking up or still the business sentiments remains weak?
- Anish Maheshwari:** Yes I can tell you Viral, from now onwards, if you see last quarter we were having average per month TEUs handling volumes of 8000, which for this quarter is now 10,000 at Vapi. In Mumbai, we are on saturation level from last three, four quarters continuously. There is no degrowth or there is no growth, but I can say in this kind of a scenario of the market, the sustainability in Mumbai is also very nice and Vapi growth is around, if you see from quarter on quarter, monthly we are on the average run rate of 10,000 TEUs, which is decently good and we are hoping that it will remain same for next one or two months, but after that it will be peaking again. 12,000 is our very near target and after that our next target is 15,000 TEUS at Vapi.
- Viral Shah:** Fair enough Sir, so when you look at incremental 2000 TEUs of monthly run rate that generally should flow to EBITDA or not?
- Anish Maheshwari:** Yes, it will definitely, because if you see the conditions of market is not very good, in that market the problem is we will have to give higher credit period days to our party, so earlier our average debtors was around 30 to 33 days, which is now 45 to 48 days. There is also we have capability concern, but if the market will improve by 5%, we will be growing by 10% bare minimum.
- Viral Shah:** Fair enough Sir, what is the status on our debt repayment?
- Anish Maheshwari:** Debt repayment, I can give you the number, till June we have a debt around Rs.470 Crores, which is including of long-term as well as short-term both and out of this, we are hoping by this year end we will be able to repay around Rs.70 Crores and the final number for March 2020 will be in the range of around Rs.380 to Rs.390 Crores.
- Viral Shah:** Fair enough Sir.
- Anish Maheshwari:** Because we will have to incur some more addition in the asset side, as we had earlier also discussed on the call, if required, we will hire more trains and we will buy our trains also because , currently there is no ongoing capex and there are specific requirements of rakes, otherwise there is no other capex. We are hoping if the run rate remains the same going forward of Rs.7 Crores per month principle repayment, so next year by March 2021 our core target will be to bring loans or debt on the long-term as well as in the short-term side below Rs.300 Crores.
- Viral Shah:** And this 300 would include your promoter loan as well right?

- Anish Maheshwari:** No, promoter loan is not at all payable because there is a specification from the bank that till the time we have bank loan on the books we will not repay promoter loan.
- Viral Shah:** But of the Rs.300 Crores, Rs.100 Crores includes your promoter loan?
- Anish Maheshwari:** No, as of June 30, 2019 is debt is Rs. 417 Crores, which is purely bank debt including short-term as well as long-term loans, like WCDI is around Rs.50 Crores, which is also included in it. The term loan of this is around Rs.366 Crores.
- Viral Shah:** Fair enough. Sir finally what the..
- Moderator:** Sorry to interrupt Mr. Shah may we request that you return to the question queue, there are participants who are waiting for their turn.
- Viral Shah:** No problem Madam. Thank you so much.
- Moderator:** Thank you. The next question is from the line of Nitin R from Capital Stocks. Please go ahead.
- Nitin R:** Thank you for the opportunity and my question was regarding what is the current capital work in progress as of this quarter and any incremental capex, which you have planned for this year?
- Moderator:** Nitin you are sounding loud, but the audio is not clear from your line.
- Nitin R:** Okay, I will go back to the question line.
- Moderator:** Thank you. The next question is from the line of Pratik Kumar from Antique Stock Broking. Please go ahead.
- Pratik Kumar:** Good afternoon Sir. My first question is regarding domestic container, so how is the profitability on domestic containers versus on the EXIM containers?
- Anish Maheshwari:** Pratik let me tell you there is no difference in profitability calculation because domestic containers which we are doing, which is a part of our total package, so domestic movement we are including in the package which is door to door service.
- Pratik Kumar:** Okay, but because we are doing like very higher volumes, which is improving like we have crossed like 1 lakh volumes last quarter also, but this time we have 1 lakh or more than that, but our EBITDA number is not improving materially, which means the EBITDA per TEU is like remaining flattish, so incremental volumes are not coming at better profit may be they are coming at 0 profit?
- Anish Maheshwari:** You can see my per TEU realization is going down due to the certain reasons, now the market is like you see practically there is growth in the volume numbers, but if you see realization, it is little bit on a lower side, the reason behind that is now a days people are not giving the storage

much more frequently like earlier we were earning realization including the storage, they are asking us for the higher discount. So this is the time wherein I will have to keep my customers with me, so that will improve.

**Pratik Kumar:** So basically customer is squeezing its vendors amid slow environment?

**Anish Maheshwari:** Earlier we gave them three days free, now they are asking for four, five days, which is for the short-term because if I do not give them that kind of a facility they will go elsewhere and then I will have to bring them back again when the good time will come in industry. So I will have to compromise with them on certain extent.

**Pratik Kumar:** Okay and Sir regarding at your Mumbai volumes, that volume run rate is now, EXIM volume run rate is now stable or stagnated at like 60,000, 65000 range?

**Anish Maheshwari:** I just wanted to interrupt here Pratik, if you see the port numbers are also getting down in this quarter. So EXIM if you see export is less than the last quarter. So numbers, which you are seeing I can say in this market we are doing our best and we will give our best for this kind of a situation.

**Pratik Kumar:** Okay and I think this question was asked by previous participant, what was the capex then in Q1 or capital work in progress in Q1? What was the capex done in first quarter FY2020?

**Anish Maheshwari:** First quarter it is hardly Rs.10 Crores.

**Pratik Kumar:** Rs.10 Crores and what is the expectation for full year?

**Anish Maheshwari:** Full year in the range of around Rs.50 Crores.

**Pratik Kumar:** So have you done payment of that CTO licence already or we are still looking to pay?

**Anish Maheshwari:** No we had made the payment, but there are certain changes in that particular term, so it will be getting through by next couple of weeks then after we will officially make that announcement.

**Pratik Kumar:** So this payment is part of this Rs.10 Crores because that licence is like ....

**Anish Maheshwari:** That Rs.10 Crores which we did is in that range only.

**Pratik Kumar:** And how many rakes we are looking to hire now?

**Anish Maheshwari:** Right now we have seven rakes, which we are regularly running. Out of that around five racks we have taken from Adani group and once we are getting done with the PDU and all formalities then we will go for two racks, each rack will be having a cost of around Rs.14.5 Crores.

**Pratik Kumar:** Can you repeat?

- Anish Maheshwari:** Currently for our operations we are fully dependent on rakes which are lease or hire basis. Once we have our own two trains then after that we will get clarity on our movement towards Vapi as well as Mumbai.
- Pratik Kumar:** Sorry you said seven racks we have currently out of it five are taken from Adani?
- Anish Maheshwari:** Right now we are running seven racks for Mumbai as well as Vapi both the side.
- Pratik Kumar:** So we are looking to own all of these seven eventually?
- Anish Maheshwari:** No, we are looking at only two.
- Pratik Kumar:** Looking for buy two only initially okay and which would include Rs.30 Crores capex, which is part of this Rs.50 Crores capex, which you said?
- Anish Maheshwari:** Yes, majorly towards rakes only. The second question for rack operation that we will have to provide like this is very, very, very small capex and some different, different kind of an element like we will have to buy the rakes, it will be around Rs.14.5 Crores each rake, so two it will be around Rs.30 Crores and then Rs.10 Crores is towards CTO licence and rest will be for TSR facilities and TSR is like health check of racks. So you will have to make that kind of arrangement for monthly basis, so these kind of a specific capex towards railways operations are expected.
- Pratik Kumar:** Okay one last question on your debt, so your Rs.470 Crores debt...
- Anish Maheshwari:** Rs.417, not 70, Rs.417.
- Pratik Kumar:** It is Rs. 417 Crores. Okay that is it from my side Sir. Thank you.
- Moderator:** Thank you. The next question is from the line of Sachin Kasera from Lucky Investments Managers. Please go ahead.
- Sachin Kasera:** Sir at what level of volumes and revenue you will be able to go back to your previous margins of 40%?
- Anish Maheshwari:** This is a really a tough question because I can tell you there are certain elements, which are not in my hand. I can assure you we are giving our best, if you see from last two or three quarters comparative to before four quarters if you see our PAT number was around Rs.3 Crores and from there we have reached a PAT of around Rs.11, Rs.11.5 Crores, so I can tell you we will give our best and we will provide the solution to the market to improve the logistic solutions, so this will be really a tough question today for me to give you that sense when we will reach to our earlier numbers, which were around in the Rs.100 Crores range, it is really a tough question for me today, but I can tell you that number will definitely come again, matter of two, three years time that will have to reach anyhow.

**Sachin Kasera:** Sure Sir, secondly the growth that we have seen this quarter, in fact, last two quarters we are starting to see growth. It driven by the market growth or is it that because of the way you are putting you and the entire team is putting the hard work are able to get some market share?

**Anish Maheshwari:** I can tell you we are just putting in hard work, we had four captains in last quarter, captains means the marketing tool because the marketing situation today is the opportunity for us, if somebody is losing share we will have to gain and capture it. Like on JNPT port side I can tell there are very small vendors on the transportation side they are getting that from the market because they are not able to provide that kind of a service, which the bigger player can give that is the major advantage and that is the opportunity for us also. So I can tell you in this market whoever is going to the client and give them the best solutions for their suitable situations they will be gaining the market share and we are working towards that only.

**Sachin Kasera:** Do you see foresee a scenario where some of the competing CFS probably could look in terms of closing down and that way after another couple of quarters the market share gains could be far more significant?

**Anish Maheshwari:** To be honest with you, we are more focussed on our own business. We will never been eyeing on the competition, if somebody having a competition that they will have to do, but we are major focus on the market and we give our solutions to the customer. If customer likes, he will definitely come to me if there is any kind of a cost saving cost methodology, so we are more focus on the case to case bases for the client, like now we are going to add JSW kind of player, Essar kind of a player. They are having a huge bulk in volumes, so we are more focused in this market towards client based services.

**Sachin Kasera:** Sure Sir and one question Sir regarding this debt repayment, how confident are we of being able to meet debt numbers that you talked of repaying?

**Anish Maheshwari:** I am very much sure with this number because the capex, which we are looking for towards railway, apart from that there is no further capex down the line. Operationally what is required we have everything now, so the number will remain same. I am taking those numbers on the basis of today's cash flow, not any kind of a future cash flow.

**Sachin Kasera:** Okay. Thank you very much Sir.

**Moderator:** Thank you. The next question is from the line of Vikram Suryavanshi from PhillipCapital. Please go ahead.

**Vikram Suryavanshi:** Hi, good afternoon Sir.

**Anish Maheshwari:** Good afternoon Vikram, how are you?

**Vikram Suryavanshi:** Yes good Sir, can you repeat export and import numbers for JNPT?



- Anish Maheshwari:** The total number is 77,278.
- Vikram Suryavanshi:** Okay.
- Anish Maheshwari:** Out of which 30,575 is import and 31,866 is export.
- Vikram Suryavanshi:** Okay and what was broadly EXIM revenue and what was the domestic plus DPD revenue?
- Anish Maheshwari:** Revenue in totality?
- Vikram Suryavanshi:** Yes.
- Anish Maheshwari:** In totality at Mumbai we have a revenue of around Rs.78 Crores and Vapi we have around Rs.57 Crores.
- Vikram Suryavanshi:** Okay, but that Rs. 78 Crores would be like Rs.12 Crores, Rs.13 Crores would be from DPD and domestic?
- Anish Maheshwari:** Yes that is the same range.
- Vikram Suryavanshi:** Thank you Sir.
- Moderator:** Thank you. The next question is from the line of Preet Nagarsheth from Wealth Finvisor. Please go ahead.
- Preet Nagarsheth:** Thank you. My question is regarding, I want to understand the impact of the corridor that the government is coming up with, the freight corridor, so would that have an impact on your business?
- Anish Maheshwari:** Which freight corridors, DFCC you are talking about?
- Preet Nagarsheth:** Yes.
- Anish Maheshwari:** So earlier calls also I was giving the sense to the market, I can give you again on the same, dedicated freight corridor is specific facility for the goods trains, in that case what happens today the goods trains are having the least priority on the same tracks, which are used by the passenger train. After the dedicated freight corridors will come into the picture then it will be beneficial to the goods trains. Currently the first priority is for the passenger train, in that passenger train also they have priority of Rajdhani and through trains and then the last passenger train and after that the goods train., The dedicated freight corridor will have a signaling system of around 100 kilometers so the time taken to complete a journey will be less. Like to move the trains from the JNPT to our VAPI ICD takes around 12 hours time, because we have a signaling system of around 30 kilometers each, so after the DFCC the signaling system will be up to 100 kilometers, so duration for the same journey will be in the range of around five to six hours, so in the same

time we can rent two trains vice versa. Second major impact will on the train size. Today we have a train size is around 900 meters and each train having the capability of 3500 tonnes. After DFCC the train will be having a capability of 6000 tonnes and size will be, bare minimum 1500 meters. So in that case what happens, our expense side, it will be the cost effective.

**Preet Nagarsheth:** So how is Navkar position to capture this?

**Anish Maheshwari:** What?

**Preet Nagarsheth:** Sir how is going to help out Navkar Corporation?

**Anish Maheshwari:** Around 75% of movement to Vapi is done by rails.

**Preet Nagarsheth:** Right.

**Anish Maheshwari:** So it will benefit to us, both in terms of time and costs. And I think after DFCC railway freights will be slightly down.

**Preet Nagarsheth:** Freights will come down because of DFCC?

**Anish Maheshwari:** Yes.

**Preet Nagarsheth:** Even truck freights will come down?

**Anish Maheshwari:** Yes, so basically if I have to spend Rs. 100 on the freight for the 12 hours operation and compared to that if I will have to pay Rs. 60 as freight for the six hour operation, so it we will have an option of passing the saving of Rs. 40 to clients.. And even if we pass the benefit of Rs. 20 to clients, the will definitely stay with us.

**Preet Nagarsheth:** So basically DFCC coming in will be a structural advantage for the company, is my understanding correct?

**Anish Maheshwari:** That was the idea behind starting the ICD facility at Vapi. Unfortunately the DFCC is getting delayed by 1 or 2 years, earlier it was expected to start by 2019.

**Preet Nagarsheth:** Yes Sir and what kind of projection would you see, say with DFCC running and assuming that it starts now on the new timeline, would you be able to give a sense of where the numbers could be if that was in place, what margins you would get?

**Anish Maheshwari:** Frankly I can tell you DFCC is far away as of now, it may be taking another two years time, so from here I looking at the market wherever today is the potential, today the market potential is 1.5 million TEUs to South Gurajat which I will have to work on and try to increase the share and will look at the DFC once it comes in the future

- Preet Nagarsheth:** Got it, it makes sense. Sir the kind of business that was affected because of DPD and the kind of base that we are strong now, do you see the current base sustaining?
- Anish Maheshwari:** Yes this is the sustainable base we see. After DPD impacted in Q2 last year, from there onwards if you see volumes are stagnant, there is no further depth in that numbers, so we are looking that that number will be remain same for the next one or two quarters, but after that with the pickup in the market we will definitely see improvement.
- Preet Nagarsheth:** Got it. Great. Thank you and wish you all the best.
- Moderator:** Thank you. The next question is from the line of Krupa Shankar from Spark Capital. Please go ahead.
- Krupa Shankar:** Hi Anish, I had couple of questions, one pertaining to exports mix, so if I look at the JNPT export numbers, we have a mix right now about 50:50, so what are the key commodities, which is gaining this traction because overall we are seeing export volumes coming down, so have we included even the empty numbers in your exports, if?
- Anish Maheshwari:** Yes we will have to because empty is also export for us, the shipping line gives us assignment for moving their empty for the purpose of exports.
- Krupa Shankar:** Got it, so if you have operated about 134 racks, so the number roughly into 45 would be my empty containers?
- Anish Maheshwari:** Pardon.
- Krupa Shankar:** So 134 racks if you have operated that for the empty container movement, so into 45 would be my overall volume of empty?
- Anish Maheshwari:** No, you are again talking about the Vapi side, Vapi train which I have been told you are moving empty containers for the shipping line for JNPT delivery, it is not exports. From Vapi we are running 372 trains out of which for EXIM cargo movement is 238 trains., Any which ways we will have to move that train towards JNPT as empty rakes, so what we did we is we are moving containers from Vapi because there is a mix of EXIM movement towards at Vapi which is very, there is only 7480 exports and 21000 to three times that is a ratio of around 75, 25 is the export import at Vapi side, so rest of the container I will have to move or shipping line will have to move towards JNPT ro Hazira, so that containers we are taking for them, because I will have to pay the freight at the same time for the empty racks also. So in that we are moving around 10,000 containers in last quarter.
- Krupa Shankar:** And does Agro and hazardous goods contribute majority of our exports, is my understanding correct?
- Anish Maheshwari:** Yes, from Vapi, hazardous chemicals are going for export also.

- Krupa Shankar:** My second question was on the real evacuation from JNPT especially the new terminal PSA, so is there any evacuation happening because we have lot of initial teething issues, so is there any update on that front?
- Anish Maheshwari:** If you see, I can tell you last quarter we operated 372 trains towards JNPT and from JNPT to Mumbai we are running around 100 odd rails, so that number itself is a sales story because we are not even getting any kind of hit from the operations or realization side. Yes, we are doing our operation smoothly.
- Krupa Shankar:** No, I was asking more from the fourth terminal, new terminal, is there any real evacuation from the new terminal from JNPT?
- Anish Maheshwari:** Not yet.
- Krupa Shankar:** Okay, thank you and all the best.
- Moderator:** Thank you. The next question is from the line of Tejas Goradia from Virason Finserv. Please go ahead.
- Tejas Goradia:** Yes, good afternoon Sir, my question was actually on DPD, but I got a clarity on that. Thank you so much.
- Anish Maheshwari:** Thank you.
- Moderator:** Thank you. The next question is from the line of Nitin R from Capital Stocks. Please go ahead.
- Nitin R:** Thanks for the opportunity, I believe I am audible to you?
- Anish Maheshwari:** Yes tell me.
- Nitin R:** Sir my question was regarding the capital work in progress. At the end of last year I believe it was about Rs.112 Crores, so how much capex are we planning to do this year?
- Anish Maheshwari:** This year, are you asking about this year?
- Nitin R:** My question was regarding what is the capex we are planning to do this year and regarding the peak depreciation, which would actually be shown on the P&L side about a year down the line?
- Anish Maheshwari:** We have already been discussed on the call itself. This year we have approximately Rs.50 Crores odd capex towards specific railway services, rest there is no further capex. The depreciation may be in the range of Rs.11 Crores each quarter.
- Nitin R:** And this could be around one year, also this would be the same Sir?

- Anish Maheshwari:** Yes it will be in the range of it.
- Nitin R:** One more thing Sir, I believe CONCOR had started dedicated rail service to Karambeli, which is near Vapi, does that going to have any impact on us?
- Anish Maheshwari:** You can see our numbers. Last quarter we did 263 trains against that this quarter we have 372 trains.
- Nitin R:** Yes sir, but I believe there was a dip in the number of train, so the CONCOR starting operation, has not had any impact on us?
- Anish Maheshwari:** Not at all yet because our operation is altogether different. As I already told on the call earlier we are not at all going into any kind of a competition with any of our competitors. We are always focusing on our services towards our client.
- Nitin R:** Okay and last question was regarding debt, there would not be any additional debt, which is going to come into the book around a year from now right?
- Anish Maheshwari:** Yes, it may be in the range of Rs.30 to Rs.40 Crores, but all in all our repayment towards the debt will in the range of Rs.70 Crores towards this year.
- Nitin R:** Okay and any updates in the land monetization plan, which you are planning to do, I believe we had a Rs.50 Crores property, which has been planned to sell off?
- Anish Maheshwari:** Till now it is idle, honestly speaking the real estate market is currently in a downward trend, so I can tell you we have put our efforts towards that, but we have not yet got any clarity for land.
- Nitin R:** Okay and one last question this is regarding the promoters are actually are in the same line of business, they are into the business of commodity export, so how much of our business actually comes from the promoters? How much of volumes are actually come from our promoters, is there an ballpark numbers you can give me?
- Anish Maheshwari:** I just wanted to clear it here promoter is having a commodity business, which is purely export and we majorly export chillies and groundnut from India, and which we are doing from the Chennai as well as Pipavav Port. The related party transaction are hardly 0.05% of our total revenue.
- Nitin R:** So it is not even .....
- Anish Maheshwari:** We would not even have logistic revenue for them of Rs.50 Lakhs because they are majorly dealing in chillies, which they procure from Guntur, Cumbum, Warangal and they use Chennai port for exports.

**Nitin R:** How many racks we actually trying to buy, there were some talk that we were planning to buy some train?

**Anish Maheshwari:** We are planning to buy 2 rakes.

**Nitin R:** One last question was regarding the petrol and diesel expenses for this quarter and if I could just a comparison from the last year's quarter, last year June quarter when the petrol expenses were quite low, is that number available with you Sir?

**Anish Maheshwari:** If you will ask me the diesel prices remains same because last quarter diesel numbers in the same time I am running 372 trains at Vapi side, so rail freight has increased for us. Railway freight and railway lease amount is which we have already discussed on the call, but if you will ask me proper difference between diesel and all because it will be on the operating cost side, so there is no such numbers available with me, but I can definitely tell you it has remained in the same situation, which was last year and major jump, which is in the operating side is railway freight.

**Nitin R:** Okay Sure. Thank you Sir. Thanks a lot.

**Moderator:** Thank you. The next question is from the line of Sachin Kasera from Swain Investments. Please go ahead.

**Sachin Kasera:** Hi Sachin Kasera from Swain Investments. Just wanted one thing on the working capital, you mentioned that there has been some increase, so how much absolute amount have we additionally invested in working capital and do you foresee this increasing further or at what point of time you think this will again start normalizing or is these are normal?

**Anish Maheshwari:** Earlier we used to have a debtor in range of around Rs.40-42 Crores, which is now in the range of Rs.65 Crores, earlier we used to give 30 to 35 days debtors, which is now in the range of 48 to 50 days. The major reason behind is that everyone is having the liquidity crunch, so this scenario it will be there for another one or two quarters. If we look at 2012, 2009 crisis it was temporary for one or two quarters, so then after that conditions have to improve. If you will see this rainy season, the crop will again come and in December when the exports will gripping up, you will see the situation, at that time, I had seen those days in Navkar itself in 2012 when the onions and other commodities were heavily exported and at that time customers will come to us, to move their container first, so those days will definitely come, so in that condition what will happen, there may be certain customers who will give advances, so the average days for debtors will be below 30 days, which will be take one or two quarters maximum.

**Sachin Kasera:** Sir because of this extended credit and some of the customer with liquid issue, you do not foresee any risks in terms of the receivables?

**Anish Maheshwari:** Not at all. our receivable will never be at risk as as we have a container which costs crores including custom duty and as compared to that our cost may is around Rs.20,000, so nobody will take that kind of a risk. I have an option to auction those containers if somebody is not paying

money. Till today we have seen hardly 5 or 7 customers whom we have recognized as bad-debts totaling to Rs.75000 – Rs. 1 lakh, which is very negligible. Other than that larger volumes customer will never do that kind of a thing, as they have a back to back container at Navkar premises.

**Sachin Kasera:** Sir just one question regarding the promoter holding, I am not sure if you can answer that, it is around currently 69% and the stock has curtailed by almost 90% and it has become extremely cheap, so is there are no intention from the promoter group to use the opportunity to increase the stake that can bring some confidence like in the market in the eyes of the investors?

**Anish Maheshwari:** I can tell you one thing, the promoter family are really business oriented people and for them the company and promoters are not different..

**Sachin Kasera:** Okay. That answers my questions. Thanks.

**Moderator:** Thank you. The next question is from the line of Pratik Kumar from Antique Stock Broking. Please go ahead.

**Pratik Kumar:** Thanks for the followup opportunity. Sir what is the domestic revenue for Panvel operation, it was around Rs.12.5 Crores last quarter?

**Anish Maheshwari:** Around Rs.11.74 Crores.

**Pratik Kumar:** Okay, so it seems that there is a very sharp drop in domestic segment realization while EXIM realizations looks okay quarter-on-quarter or year-on-year, but domestic has dropped very sharply, so when you talk about like customers are asking for free storage, etc., so is it part of domestic....

**Anish Maheshwari:** If you will see at the Vapi side what happens, today we are giving those the facility for warehousing for certain time. This is the value add proposition as a multi model logistic part correct. Today the customer whoever is coming to me for them I will have to give them the specific or special services in that case what happens if I really give them the entire package, somewhere I will have to bear with the domestic discount. If he would like console their cargo for few days I will never charge them because today I will have to grab the market over there.

**Pratik Kumar:** Sir but your volumes have increased by around....

**Anish Maheshwari:** That is why I am telling you, earlier also you were asking the same question that time also I told you we are giving them the entire package, so somewhere I will have to take that opportunity, so somewhere I will take additional amount in the import side or export side, somewhere I will have to give them discount, if you will compare the total number of TEUs versus total number of value of the total revenue it will definitely give the positive sense, otherwise if you compare with the only domestic market definitely it will be the lesser side.

- Pratik Kumar:** And you were also offering earlier last mile connectivity free of charge, so that is also still remains?
- Anish Maheshwari:** Yes that is also there, we are using, if you see our railway operations towards the Vapi side, in last quarter we did 21,500 containers by rail, around 76% from my total movement, so the trucks, which I have lined with me, we are using for last mile delivery.
- Pratik Kumar:** And Sir when you mentioned Rs.417 Crores of debt, which means we paid some Rs.20 Crores odd debt this quarter?
- Anish Maheshwari:** Correct.
- Pratik Kumar:** Yes and you mentioned the number of rakes operated in this quarter is 372..
- Anish Maheshwari:** Vapi.
- Pratik Kumar:** So like for like number Q4 was 263 right?
- Anish Maheshwari:** Yes correct.
- Pratik Kumar:** And that the empty trains were how much?
- Anish Maheshwari:** Last quarter?
- Pratik Kumar:** Yes, Q4?
- Anish Maheshwari:** Q4 you are asking?
- Pratik Kumar:** Yes.
- Anish Maheshwari:** It was 94 trains.
- Pratik Kumar:** Okay and Sir regarding this seven trains, which we are running, which we have on hire, so these rakes are used for Mumbai as well as Vapi operation, as the running of between port and CFS of Panvel?
- Anish Maheshwari:** CFS, ICD, all three locations.
- Pratik Kumar:** All three locations, so including movement to Vapi also, which we were originally also doing when you are not having Vapi?
- Anish Maheshwari:** Yes.
- Pratik Kumar:** Okay and just lastly on tax side, can you refresh us with why our tax rate is higher like 40% sustainable higher that number?



- Anish Maheshwari:** From this year itself our MAT, 80I exemption was completed towards the Mumbai units and Vapi we have not yet started because we have a MAT credit, , so we would like to use for next two years, but this year is first year, next year we will again decide on the basis of the volume pickup at Vapi because today if I am using MAT of Vapi or 80I exemption we would like to use it which is available to us at Vapi, so now we are in the general tax provision. Once the bracket of 15 years, out of that we will going to start the Vapi MAT, 80I exemption then it reduced.
- Pratik Kumar:** Which could be like 22%, 23%?
- Anish Maheshwari:** It will be 22% probably. If the volumes are getting high beyond our expectations then we may think for next year also.
- Pratik Kumar:** Understood. That is it from my side Sir. Thank you.
- Moderator:** Thank you. The next question is from the line of Vikram Suryavanshi from PhillipCapital. Please go ahead.
- Vikram Suryavanshi:** Yes, thank you Sir for opportunity, so what was average realization at Vapi for us per TEU?
- Anish Maheshwari:** At Vapi is around 19,331 including domestic operation.
- Vikram Suryavanshi:** Out of Rs.57 Crores, how much was the warehousing revenue broadly?
- Anish Maheshwari:** I am giving the entire package.
- Vikram Suryavanshi:** Okay, got it. Thank you Sir.
- Moderator:** Thank you. Ladies and gentlemen, this was the last question, I now hand the conference over to the management for their closing comments.
- Anish Maheshwari:** So I would like to thank everyone for joining on the call and I hope we have been able to respond to your queries. Thank you so much.
- Moderator:** Thank you. Ladies and gentlemen, on behalf of Yes Securities that concludes today's conference. Thank you for joining us and you may now disconnect your lines. Thank you.