



# “Navkar Corporation Q4 FY18 Results Conference Call”

**May 22, 2018**



*Navkar Corporation Limited*  
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**MANAGEMENT: MR. ANISH MAHESHWARI – CFO, NAVKAR  
CORPORATION LIMITED**

**MODERATOR: MR. ANKUR PERIWAL - AXIS CAPITAL LIMITED**

**Moderator:** Ladies and gentlemen, good day and welcome to the Navkar Corporation Q4 FY18 Results Conference Call hosted by Axis Capital Limited. As a reminder, all participant lines will be in 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 “\*” and then “0” on your touchtone phone. Please note this conference is being recorded. I now hand the conference over to Mr. Ankur Periwal of Axis Capital Limited. Thank you and over to you, sir.

**Ankur Periwal:** Hi, thank you all for dialing into Navkar’s Q4 and FY18 Earnings Call. The call will be initiated with a brief management discussion on the quarterly and full year performance followed by a Q&A session. Management team is represented by Mr. Anish Maheshwari – CFO. Over to you, Anish for your initial remarks.

**Anish Maheshwari:** Good morning, everyone. Good morning and thank you so much Ankur for giving us an opportunity to explore our numbers for Q4 as well as comparisons of year-on-year. So, good morning everyone, this is really a nice number year-on-year if you will compare.

First of all, I just wanted to congratulate you all and thank you for all your support. Navkar has got final railway approval on 27<sup>th</sup> of March and after that the merger order is also in place on 11<sup>th</sup> of May. Apart from it, I will just give you the brief about the number of this quarter as well as the year comparison. So, last quarter and if you will compare with the last 3-year quarter in the same time FY 17 we did around 99 crores of a topline against that we just reaches around 115 crores of topline and last quarter we did in the same year 106 crores as a revenue topline. And bottom-line if you will compare with net profit is around Rs. 100 crores plus from last year comparison of 88 crores and the quarter comparable compares, so last quarter we did around 29 crores against that our numbers are 829.73 crores and even more things as you give the number of year-on-year we are on the comparative growth of around 16% and the PAT margin growth is around 2% to 3% year-on-year and the EBITDA margins is really a nice margin and the reason behind that there are 2 reasons major. One is the administrative cost or there are at Bombay after putting of the RTD machine is slightly down. And second one, as we comparatively did a number at Vapi is around 14,433 TEU which was in the last quarter around 10,000 plus TEUs. So, with that numbers our improvement in the revenue side is much better and the cost per TEU on the Vapi side is getting down because our fixed cost was the same for the 10,000 TEUs and the 15,000 TEU. So, the number on the EBITDA side is improved and we just think that the trend will be the same on the number side.

So Ankur, this is the number and if somebodies have the questions around that we are open floor for the questions.

**Ankur Periwal:** So, just I think if you can share the revenue breakup and volume breakup, will be helpful for people to understand the numbers better. You mentioned on Vapi numbers 14,233 as container in the quarter but comparable number of Panvel as well as the revenue breakup.

- Anish Maheshwari:** So, I will just give you the numbers. Out of that 115 crores topline around 84.55 is from the Mumbai and 30.45 there are from Vapi. This is a revenue topline and if you will compare with the number of TEUs we did number of TEUs is 73,920 from Mumbai and 14,433 from Vapi. Out of that 14,433 around 2,430 is from Hazira. So, in totality if you will compare from JNPT ports and the Hazira ports we did 14,433.
- Ankur Periwal:** Can we open the floor for Q&A now?
- Anish Maheshwari:** One more thing Ankur, I just wanted to add over here as last time we just give the breakup of Rs. 84.55 crores topline at Panvel out of which 7.36 crores is from the PBT as well as the railway volume.
- Moderator:** Thank you very much, sir. Ladies and gentlemen, we will now begin the question and answer session. We have a first question from the line of Giriraj Daga from KM Visaria Family Trust. Please go ahead.
- Giriraj Daga:** I will start with the question on the balance sheet first. Like what is the CAPEX which we have done in FY18 and particularly what was the last second half CAPEX?
- Anish Maheshwari:** The particular CAPEX we just, CWIP we just shifted to the **(Inaudible) 5.56**.
- Giriraj Daga:** Even if your full years number also, that is okay.
- Anish Maheshwari:** So, total asset block if you will see is around, altogether around after the merger balance sheet is around 2,066 crores.
- Giriraj Daga:** This is gross?
- Anish Maheshwari:** Yes.
- Giriraj Daga:** And what is the CAPEX for FY18?
- Anish Maheshwari:** For 2018, only?
- Giriraj Daga:** Yes.
- Anish Maheshwari:** So, if we will compare with the 2018 only is around 650 crores which we shift from the CWIP.
- Giriraj Daga:** So, my point was that so like we had started with the CWIP 525 crores and like as per my calculation the CAPEX for this year is about more than 150 crores?
- Anish Maheshwari:** Yes, it is all about additionally railway of 4 kilometers line. Secondly, we just add the fleet over there in a Vapi because our Vapi volume is better and our operations are going quarter-on-quarter basis improvement of around 100%. Like last quarter it is around 10,000 TEUs and

at the same year, last year if you will compare the whole year we have only 6,495 TEUs. So,  
...

**Giriraj Daga:** Let me put it this way. Can you just give the breakup-of like which are major assets which got added in the last....

**Anish Maheshwari:** That I will give you the, all asset breakup for separately because right now I do not have handy with me. So, I will give you item-by-item, the movable and immovable assets which we add in this year. Yes, that will give you right now I do not have it handy with me.

**Giriraj Daga:** Second in terms like, obviously now the rails has come in at Vapi what kind of a number should we look out for FY19 and whatever we are going to communicate in terms of TEU or revenue or profitability? How we should look at FY19 per say?

**Anish Maheshwari:** Giriraj, if you just have to compare our last year-on-year comparison as well as our quarter-on-quarter comparison. If you will compare at Vapi last first quarter of 2016-2017 was 255 TEUs. Again we just did in this year first quarter was 5,718 and I just wanted to clarify over here. You will have to compare the number of Navkar on year-on-year basis because what happens if we will take a growth of quarterly basis then there is a growth each and every quarter at Vapi is around 600%. Like Q1, Q2 last year was 1,225 against that we did last quarter Q2 was 8696. So, there was a 600% growth. So, the number which we are looking at Vapi is really in a better manner and once the railway commenced from last month itself from March onwards. So, Giriraj gradually with the trains we are having certain kind of variable contracts with those railway CTOs then we are going for some new arrangements with the railway. So, this is ongoing process. So, numbers which we are hoping that the numbers will far better from those numbers.

**Giriraj Daga:** Let me put it in this way. Can we take the last quarter we did a revenue of 30 crores. So, we can build in like something like 5x or 6x from there for FY19 that should be the right way to look at?

**Anish Maheshwari:** No, it is a really futuristic question, Giriraj. I will definitely give you the sense on that but will go by the way if you will compare 6,495 number with whole year for 2016-2017 without rail. This year this is around 39,364 which is also without rail. So, now we have an additional feature with us which is the railway. And railway will be definitely game changer for Navkar terminal, Vapi terminal because the distance is around 175 kilometers. So, there may be cost benefit to the parties, there may be cost benefit to us also. So, how much will share to the market it will all depends on our new strategy because railway is only coming in March. We can assume that, that number is really very small number before railway. 600 TEUs which we did in whole last year without rail, so after rail you can assume.

**Giriraj Daga:** One last question. What is the EBITDA last quarter for Vapi and what is the debt right now we have, gross debt?

- Anish Maheshwari:** So, gross debt if you will calculate including promoters' loan is around, it is 435 crores.
- Giriraj Daga:** And what is promoter loan contribution into this?
- Anish Maheshwari:** 105 crores. 29 crores is the secured debt.
- Giriraj Daga:** And what is the EBITDA of Vapi last quarter?
- Anish Maheshwari:** Last quarter EBITDA is around Rs. 7 crores.
- Moderator:** Thank you, sir. We have next question from the line of Nishant Shah from Antique Stock Broking. Please go ahead.
- Nishant Shah:** Sir, I just want your breakup of our import and export?
- Anish Maheshwari:** For Mumbai as well as Vapi?
- Nishant Shah:** Yes.
- Anish Maheshwari:** So, Mumbai we have a breakup of export import is, export we did 34,267 and import we did 39,653 at Bombay.
- Nishant Shah:** And at Vapi?
- Anish Maheshwari:** At Vapi we have import of 7,876 and export is 6,557.
- Nishant Shah:** Sir, another few questions are like basic data points. How many number of our rails were there in this quarter?
- Anish Maheshwari:** It is around 139 rails.
- Nishant Shah:** And the incentives from the shipping lines and our port handling charges?
- Anish Maheshwari:** Out of that Vapi 4,433 I just give you the breakup of export import as well as you can write the number of Hazira also. From Hazira, we did 2,430 containers altogether. I just give you in a minute, wait a minute.
- Nishant Shah:** Another question was how many were the empty containers for this quarter and the previous quarter?
- Anish Maheshwari:** Last quarter numbers is not handy with me. I will just give you this quarter number is 4,247 altogether.
- Nishant Shah:** 4247 empty containers.

- Anish Maheshwari:** Yes
- Nishant Shah:** And how the things are shaping from the DPD segment?
- Anish Maheshwari:** So, DPD all together last time also we give the breakup of revenue topline because in DPD we are not taking as a container volume mix. So, then it is coming by the party. So, DPD and railway domestic we are giving you the number of topline, revenue topline was, last quarter was around 7.49 crores which is in this quarter is around 7.36 crores. We would like to calculate with all topline will have to divide at per TEU realization on the basis of revenue topline minus that number and again we will divide by that number. So, we will get the exact number of TEUs by the way of domestic as well as DPD and EXIM.
- Moderator:** Thank you very much, sir. We have a next question from the line of Achal Lohade from JM Financial. Please go ahead.
- Achal Lohade:** You said, CFS volume at Panvel was 73.9000 TEUs what was the volume in fourth quarter last year 4Q FY17?
- Anish Maheshwari:** Last quarter 2017 my number was 79,550. So, that 79,550 is EXIM only and that 79,550 was altogether. So, in revenue segment if you will calculate my 84.55 is the total revenue topline. Out of which 7.36 we did by the way of DPD as well as the domestic cargo volume by railway. So, which I cannot convert into the TEUs, number of TEUs. So, if you will take my separate number per TEU realization based on that that may be around 10,452.
- Achal Lohade:** Vis-à-vis last year? Last year, 4Q FY17?
- Anish Maheshwari:** 4Q FY17 number?
- Achal Lohade:** Yes, realization you are saying? Sir, just a small request, if you can put out the press release with respect to the volume data because I think most of the time we are basically taking down the data points with respect to volume?
- Anish Maheshwari:** That will from this quarter we are definitely doing. we give our presentation also on our website.
- Achal Lohade:** Yes, that is helpful.
- Anish Maheshwari:** Yes.
- Achal Lohade:** They may will be more consistent and one can analyze better?
- Anish Maheshwari:** So, it was Rs. 10,637.
- Achal Lohade:** Coming back to my question, sir what was the volume growth that Mumbai was there a volume growth or volume drop?

**Anish Maheshwari:** No, it is flattish. There is no drop. After the changes of DPD, so our number is not in a dipping side almost flattish and it will improve from this year.

**Achal Lohade:** And what will drive that improvement, sir?

**Anish Maheshwari:** Because our Vapi operation of railway is also started. So, we start operation of parcel as well as the domestic services from Vapi to Mumbai and Mumbai to Vapi. So, now the DPD cargo which is we are not taken till the time which we started from this quarter because our railways commenced at Vapi also. So, that's why what happens, somebody would like to make that arrangement from Mumbai to Vapi the same cost which was incurred by the earlier model is same for Navkar also. But after railway, because that you have distance of 175 kilometers if somebody would like to DPD cargo movement from here to Vapi South Gujarat it will be much cheaper than other road operators. It is that in this quarter itself.

**Achal Lohade:** So, if you do not mind at the cost of reputation and might be asking again, can you help us with the economics because what we understand from the DFCC officials and as well as the industry player is that railways is not viable below 650-700 kilometers and that is the lead distance if you look at even for concall?

**Anish Maheshwari:** No, the reason behind that and the problem what which I already shared. I think, so last 3 or 4 quarters back. I just wanted to brief you about again. So, today we have a railway arrangement from our Bombay CFS to JNPT also this is only 27 kilometers. On that also we are making Rs. 200 differential amount on each and every TUE if I will be making any kind of racks arrangements from my CFS to port. The problem is that, sir CONCOR is only the comparative data because nobody else is having a 200 kilometers journey from port to South Gujarat. And CONCOR basically doing only the container services not at all parcel as well as the BCN wagon services. If you will compare if you try to I will give you the data of that software from 0 to 175 kilometers or 0 to 50, 50 to 100 and 100 to 175 kilometers, 150 kilometers, 200 kilometers that the price from railway JNPT to South Gujarat till Tumb ICD of Navkar is only Rs. 7,000. If we will compare by road from JNPT port to South Gujarat is around Rs. 20,000- Rs. 23,000 by road for the same journey and the time duration by rail and road is same till now.

**Achal Lohade:** I guess you exclude the handling charges in this? Is that right like the loading and unloading ...

**Anish Maheshwari:** Yes, I am telling you altogether. If you are going via CFS and that is in operation till now from JNPT port any imports they will take through the CFS. Then the CFS will shift that container any of the warehouse where Bhiwandi, Kale, Rahanal you will have to de-stuff again. Then you will have to stuff into the 10- ton truck and then it will be going to be South Gujarat as and when required. It was the earlier process, for that entire operation including CFS charges the cost was around Rs. 36,000. And if you would like to move the same cargo from JNPT port to my ICD, so that stuffing will be there in my ICD at Tumb, correct, de-stuffing. So, from port to my ICD the cost of logistics only Rs. 7,000.



- Achal Lohade:** No, how much will be the customer pay like 22,000 in case of road? How much will the customer pay in case of rail?
- Anish Maheshwari:** So, we are not giving any kind of different tariff till now. We are charging them only Rs. 21,000-Rs. 22,000 by rail or by road any of the mode of operations. But till now if somebody would like to take that cargo from my ICD Tumb then also he will be surely having a benefit of around Rs. 10,000. Because CFS charges which I am taking from him here that the same charges I will have to take from him there. The problem is what this is the mode of transportation which from the any of the warehouse of the Bhiwandi, Kale, Rahanal to the destinations around Rs. 21,000.
- Achal Lohade:** I will probably take it offline on this aspect. If you can just tell us out of the gross block of 2,066 crores how much is for Panvel? How much is for Vapi for the ICD as well as rail side?
- Anish Maheshwari:** Vapi is altogether 700 crores and Bombay is around 1,350 altogether.
- Achal Lohade:** Including the land cost?
- Anish Maheshwari:** All together, land cost as well as the land revaluation reservoir there in Vapi it is around 216 crores which is also included in it.
- Moderator:** Thank you sir. We have a next question from the line of Dheeresh Pathak from Goldman Sachs Asset Management. Please go ahead.
- Dheeresh Pathak:** Just couple of questions. So, Vapi now you are doing the trains, so what is the monthly run rate like how much did you do in, how much what is the ...
- Anish Maheshwari:** Dheeresh, yet now I will not get any kind of data for this quarter but the railway operation is already been started. The number I will share you after this quarter.
- Dheeresh Pathak:** So, railway started ...
- Anish Maheshwari:** Railway already started.
- Dheeresh Pathak:** April on the first full month?
- Anish Maheshwari:** April was first full months, yes. We did handle first train over there in March itself. First train we handle on 31<sup>st</sup> of March.
- Dheeresh Pathak:** On balance sheet there is an investment property of 50 crores, what is that?
- Anish Maheshwari:** It was earlier investment, no?
- Dheeresh Pathak:** What is it like? Non-current asset third line item it is 50 crores? What exactly is it?

- Anish Maheshwari:** Said that, earlier it was in advances to the assets, if you remember. That 45 crores land in Mumbai which we convert into the balance sheet. The figure I will give you the entire breakup of as I said you earlier also in the call I will give you the entire breakup for movable and immovable in presentation. In that I will give you the number of debt also. That land which was in our Panvel.
- Dheeresh Pathak:** Real estate thing that we are trying to do, right with regarding that?
- Anish Maheshwari:** Yes, so it was under the capital advances which we convert into the asset.
- Dheeresh Pathak:** And standalone numbers why you have not disclosed this quarter?
- Anish Maheshwari:** Because the balance sheet is going merge. It is the first year of merger. So, now onwards that number will be coming under the merger balance sheet.
- Dheeresh Pathak:** You will only give console numbers from now onwards?
- Anish Maheshwari:** Yes. You required any kind of unit wise number that will I give you separately. But the presentation will be remained same.
- Dheeresh Pathak:** Standalone EBITDA for the quarter was how much? Revenue you gave 85. So, what was the EBITDA ...
- Anish Maheshwari:** Yes. Which you are asking?
- Dheeresh Pathak:** So, standalone you gave 85 crores of revenue, right and what is the EBITDA for standalone number?
- Anish Maheshwari:** So, over and all EBITDA is around 170 crores. Out of which around 18 crores is from the Vapi.
- Dheeresh Pathak:** For the quarter if you can give?
- Anish Maheshwari:** I am giving you the total number.
- Dheeresh Pathak:** Are you give me for the year, right?
- Anish Maheshwari:** Yes.
- Dheeresh Pathak:** For the quarter if you can give, are you gave 85, 84.5 crores of revenues?
- Anish Maheshwari:** Correct.
- Dheeresh Pathak:** Can you give me the EBITDA for Vapi?

- Anish Maheshwari:** It is 7 crores for Vapi.
- Dheeresh Pathak:** So, out of 49, 42 is then the Panvel EBITDA?
- Anish Maheshwari:** Correct.
- Dheeresh Pathak:** So, then there is a sharp jump in Panvel EBITDA versus what you reported last quarter like 33 crores ...
- Anish Maheshwari:** Because revenue number we are not segregating till now, but I will give you the breakup of both the numbers. 33 crores from Bombay and 16 crores from Vapi and 16 crores from Vapi, the reason behind that is what because the fleet which was used by here, now there is no further fleet from Vapi, we are using from here itself. To, the cost somewhere incurred over here the EBITDA per TEU which is increased at Vapi because the number of TEUs handled is increased over there higher than the last quarter as well as the Mumbai comparison. But second thing per TEU, we last quarter if you remember we per TEU realization at Vapi was around 19,500 which is this quarter is 21,500 and that reason behind that is because per fixed cost that Vapi was on 10,000 and the fixed cost at Vapi is on the 14,000.
- Dheeresh Pathak:** Just give me a minute, let me clarify. So, total EBITDA is 49 crores consolidated. You are saying 33 crores is Panvel and 16 crores is Vapi, right?
- Anish Maheshwari:** Correct.
- Dheeresh Pathak:** So, what was that 7 crores number that you are giving earlier?
- Anish Maheshwari:** It was PAT because in Vapi we are on the general tax provision.
- Dheeresh Pathak:** so that was PAT number you are giving.
- Anish Maheshwari:** Yes.
- Dheeresh Pathak:** Not the EBITDA number. So, Vapi then why from 4 crores EBITDA last quarter, so 16 crores EBITDA this quarter. So, EBITDA per TEU is almost gone 4X in Vapi.
- Anish Maheshwari:** Correct.
- Dheeresh Pathak:** What is that about?
- Anish Maheshwari:** The reason behind that is, no, Vapi last quarter we are on not the merge balance sheet first thing. Second thing because our merger is effect from the 1<sup>st</sup> of March 2016. So, the merge number of operation which was we are segregating earlier which is from this quarter onwards Vapi fixed cost is MNC. And the variable cost which was done by the Bombay operations which is including it. So, total number if you will compare from the last quarter to this quarter

is slightly higher. Because there are two major things, one is the Rs. 2,000 additionally charged due to this diesel cost which has gone down. Last quarter was Rs. 54, this quarter Rs. 70.

**Dheeresh Pathak:** That must be pass through no, cost has increased, and revenue has increase so there should not be impact on EBITDA.

**Anish Maheshwari:** Fleet which was used in a year that is incurred in year. So, the number which is in Mumbai is slightly that is why I am telling you. The merge balance sheet if you will calculate because ...

**Dheeresh Pathak:** Merge EBITDA is gone up by about Rs. 1,000 per TEU consol numbers. So, why is that increase so much?

**Anish Maheshwari:** Because the number which we are using trucks on Navkar and earlier was only for 10,000 TEUs. And this is for the same quarter is around 5,000 additionally. So, the entire EBITDA which was gone up in the Vapi number just do to that.

**Dheeresh Pathak:** See, Vapi, I am just looking consol numbers, I am looking consol EBITDA which is 49 divided by consol volumes, right, which is about 88,000 some TEUs, right. That if you do, you get about Rs. 5,600 per TEU.

**Anish Maheshwari:** Will you add that 7.36 number?

**Dheeresh Pathak:** 7.36 number should not impact EBITDA?

**Anish Maheshwari:** No, but it is taking per realization.

**Dheeresh Pathak:** No, total EBITDA 49 crores, sir that is reported.

**Anish Maheshwari:** Correct.

**Dheeresh Pathak:** Now to find per TEU what we will take as denominator? Total volumes which is 88,400 something?

**Anish Maheshwari:** No, but in that you are taking only 73,000 sir. If your 73.36 we will have to minus against that when I have not given TEUs number?

**Dheeresh Pathak:** You have given TEU volumes ex of DPD right. You give 73,990 in Panvel and you gave 14,433 at Vapi, right?

**Anish Maheshwari:** Correct.

**Dheeresh Pathak:** And add these 2 volumes these will be the volumes that you handled at Panvel and Vapi ex of DPD volumes.

- Anish Maheshwari:** Correct. So, that number you will have to minus from the total topline of revenue. You will have to 115 minus 7.36 divide this number that will be exact calculation.
- Dheeresh Pathak:** That will come for the realization, I am talking about EBITDA per TEU talking. What is the EBITDA margin on DPD revenues that you get?
- Anish Maheshwari:** So, that is why I am telling, 7.36 we are not segregating the EBITDA margin.
- Dheeresh Pathak:** That is why both our numbers similar, in last quarter 7.5 crores this quarter 7.3. There is hardly any difference, right?
- Anish Maheshwari:** The expense you will have to minus from that, no? Railway freight will get reduced from that. Expenses you have done separately.
- Dheeresh Pathak:** Anish, it will not make a difference because the numbers are very similar in Q3 versus Q4. So, what I am saying is EBITDA per TEU. We just want to understand there is a sharp improvement from 4,500 to 5,600. So, almost Rs. 1,000 per TEU is the EBITDA per TEU improvement quarter-over-quarter.
- Anish Maheshwari:** You have to catch differently. If you will calculate in a similar number because the distance from here to Vapi is 175 kilometer and the is cost altogether different.
- Dheeresh Pathak:** So, one of some of it is because Vapi volumes are higher and Vapi you make more EBITDA per TEU?
- Anish Maheshwari:** Yes, that is why I am telling you Vapi per TEU EBITDA is higher due to the fleet which we are using from here to Vapi. So, somewhere its cost incurred in Bombay. Ultimately what per TEU realization you want to see then expense you have to segregate otherwise if you add in this and see the per TEU realization then you will find Rs. 1000 improvement but if you see Vapi it has become 4000 to 6500.
- Dheeresh Pathak:** Can you like because so many things are changing, you are changing the way you are reporting. That is so much exchange happening. Can you give some sort of guidance in terms of what EBITDA per TEU? Volume obviously will be a function of market but can you give us a sense?
- Anish Maheshwari:** No, what I will have to do in the in the presentation I will put you all items separate. Like railway plus domestic number is separate, per TEU realization separate and per TEU EBITDA from Vapi as well as of Panvel. So, that will give you the exact understanding what we are and where we are right now. Because for me after merge balance sheet there is no segregation at all and the fleet which was earlier used for Vapi from last quarter it was used for Bombay and Vapi as well. So, it does not make any difference to me if I do expense here or there. If I calculate per TEU EBITDA, then I have to manage my operations that 100 trains will run dedicatedly there, and this trains only will run so that is not possible. we have done this merge

because we had an entry barriers in Vapi. If a train goes a train of Bombay from here, then we were paying tax and second major thing was that if we show the Bombay train operational there then where we will put that revenue in Bombay or in Vapi. CHA comes out that comes in Bombay and if I have to segregate then I have to make per TEU of Vapi.

- Dheeresh Pathak:** Okay, we will look forward to that presentation that you put forward.
- Anish Maheshwari:** So, I will give you the exact number. I can give you by unit. Bombay unit I will give you segregate and Vapi unit I will give you segregate.
- Dheeresh Pathak:** And sir, one other question I have is this Panvel volumes if we look for the year, how many it is about like 300,00 TEUs. How many have been handled through rail of these 300,000?
- Anish Maheshwari:** 139 trains which we handled altogether.
- Dheeresh Pathak:** That will be approximate how many TEUs?
- Anish Maheshwari:** It is around 15,500 altogether for this quarter.
- Dheeresh Pathak:** Out of 74,000 is from train?
- Anish Maheshwari:** Wait a minute, I will give you the exact number which was handled by railway whole year. It was almost around 55,450 altogether.
- Dheeresh Pathak:** So, that will be like some 17%.
- Anish Maheshwari:** That will be some 17% to 18%.
- Dheeresh Pathak:** And that ratio has remained same versus last year?
- Anish Maheshwari:** It will be improve from now onwards because our Vapi operations are started by rail also. So, from this year also, this year onwards we will be improved definitely.
- Moderator:** Thank you. We have a next question from the line of Vikram Suryavanshi from Phillip Capital. Please go ahead.
- Vikram Suryavanshi:** Sir, can you just tell me what was the DPD volume our container because last quarter I think we handle around 8,000 containers. So, this time what was the rail and DPD numbers in TEU?
- Anish Maheshwari:** Last quarter we are not giving the separate number from DPD. We just give you the sense how you will have to calculate. So, that you will have to minus from my total revenue topline 8.55 minus 7.36 and then you will have to take that number as per TEU realization and then divide. So, it may be around 7,000 TEUs.
- Vikram Suryavanshi:** And second thing this warehousing what at Vapi how is the status, sir?

- Anish Maheshwari:** All done, logistic park, warehousing is already build up there and from railway operations we will start booking for logistics park also.
- Vikram Suryavanshi:** So, currently revenue has started coming up and clients have ...
- Anish Maheshwari:** It is already in operations. But there is a really very small operations going on. We are just waiting for railway operations first. So, once the railway operations will be in a full swing then the warehousing model will be....
- Vikram Suryavanshi:** So, that again we can see the contribution coming from?
- Anish Maheshwari:** Idea behind logistics park was the only that from the railway operations we are taking the bulk booking from the party. So, in that case if do not have a warehouse then how will we consol? It was the only idea when we start we are start thinking of the logistics park, the idea behind that is what only the railway operations which give me the 90 TEUs handling capability in a single train, then if I do not have a warehouse with me or I do not have a logistics park with me then how will I have to put over there in EXIM cargo mix. So, somebody is coming up with the domestic cargo and you would like to warehouse on there so that same cargo I will not be put into the EXIM notified area. So, that is the only reason made the logistics park and after the railway operations in a full swing then the number of logistics park will be in a mode of swing.
- Vikram Suryavanshi:** So, just to clarify even in then Vapi we can clear, have a DPD clear container directly from rail to our warehouse also?
- Anish Maheshwari:** No, DPD clear container from Bombay to Vapi. That we start soon. Work is going on. The reason behind that the entire cargo which we handled till now at Vapi it is by rails only. It was direct. Now, if somebody would like to move that is also going on the question which you arise right now we are having a discussion with several parties whoever is having operations over there in South Gujarat, we are talking to them if the DPD clear cargo you would like to come to my place then we will move from our siding to Vapi the cost is really a beneficiary to the party itself like from port to my CFS DPD cargo the cost may be around Rs. 4,000 and after raw material to Vapi my destination may be around Rs. 7,000 and the last mile delivery to the party destination may be another Rs. 2,500. So, all together party will have to spend 11,500 and if I will charge them 20,000 vice versa today the cost for party is around Rs. 30,000. If they will do the cargo clearance from DPD Nhava Sheva. So, we are also talking to them that is why I am telling you, Dheeresh also asked the same question what is the outlook for the railway operations from the JNPT board and Navkar CFS to the Vapi which we start while the DPD cargo movement from South Gujarat from my CFS to Vapi also. If somebody would like to warehouse over Panvel or Bhiwandi, Kale, Rahanal warehouse over there in our logistics park.
- Moderator:** Thank you very much, sir. We have next question from the line of Dixit Mittal from Subhkam Ventures. Please go ahead.

- Dixit Mittal:** Sir, can you give the differential between the DPD realizations and the normal EXIM realizations JNPT?
- Anish Maheshwari:** So Dixit, we are not segregating that number because DPD is coming up in the mode of LCL not in the FCL. Sometimes we are taking that cargo from port to here which is in the LCL modes. So, we are not segregating the number till now.
- Dixit Mittal:** But my sense is it will be lower by 30%-40%, right on an aggregate?
- Anish Maheshwari:** Not at all lower by 30%-40%. If I am realizing per TEU or there in a Rs. 10,500 from the general agreements cargo there may be only difference of Rs. 400 to Rs. 500 because earlier my carry was Rs. 15,000 inclusive of incentive.
- Dixit Mittal:** So, sir if I assume the same realization, so we did around 80,000 in JNPT roughly. So, it is more or less flat Y-o-Y, so any reason?
- Anish Maheshwari:** Year-on-year a flattish number. Looking for the, there is a change in **(Inaudible) 41.32** DPD, so we are not in the positive sided Mumbai but we are flattish.
- Dixit Mittal:** Is it because some of the volumes you are shifting to Vapi from JNPT the same customer because?
- Anish Maheshwari:** It may be slightly 2% to 5%. Otherwise, Vapi client base is altogether different because some cargo which we are not taking earlier like textile we are not take earlier. The all party's marble we are not taking. To those parties are very new and all client base is very new for us.
- Dixit Mittal:** So sir, earlier we used to grow by at least 10% in JNPT. So, do you expect that growth to come back or ...
- Anish Maheshwari:** Yes, that growth will come back because now we have a 2 railway operating units. So, from here we can take more EXIM as well as the domestic cargo. Like I just wanted to give you some sense we are also going to start the parcel services from Mumbai to Vapi by rail which is very soon. We have some different kind of a tie up with various parties which will definitely let you know once the operations will start.
- Dixit Mittal:** So, now the railway is also now in full swing, so ...
- Anish Maheshwari:** Because the parcel service is having the more potential as well as the profit driven business.
- Dixit Mittal:** So, sir now with the railway also working, so can we expect quarter-on-quarter improvement at both the asset from this quarter onwards?
- Anish Maheshwari:** Yes, absolutely. We have certain things which we are already going up with the railway tie ups for DPD also as well as the hinterland cargo but we are not into the shape till now if there is



any communication clear communication from their marketing then definitely publish in the press release.

**Dixit Mittal:** And sir, can you give the full year breakup of EBITDA between these two assets?

**Anish Maheshwari:** Full year?

**Dixit Mittal:** EBITDA breakup, total is 170 you mentioned.

**Anish Maheshwari:** Dixit, I will definitely give you the same on our IR presentation as well as the press release because right now we are making the merged balance sheet, and this is the first year and our merger effects come into the 11<sup>th</sup> May of 2018 itself. So, we just got the 10 days buffer. So, in that case we will have to change our entire 3 years balance sheet as a merged balance sheet. So, we have not segregating all those numbers in a clear picture but I have some fair sense and I will give you the numbers, clear numbers from which unit we are incurring which kind of a revenue and what is the EBITDA and what is the PAT.

**Dixit Mittal:** And sir, lastly you mentioned that now with railways you are charging the same realization at Vapi. So, can we expect the higher margins from this quarter onwards that Vapi because the railways will be lower according to the ...

**Anish Maheshwari:** Because the fixed cost at Vapi is remain same for around 100,000 TEUs number because the fleet is already putting over there. There are number of peoples we are already putting over there. So, from here onwards our, per TEU margins will definitely increase quarter-on-quarter. This is our assumption.

**Dixit Mittal:** No, sir one is because of higher volume but secondly because of lower cost also your margin should go up, right?

**Anish Maheshwari:** Yes, definitely it will get improved.

**Moderator:** Thank you, sir. We have a next question from the line of Bhawana Israni from Anand Rathi Securities. Please go ahead.

**Bhawana Israni:** Sir, impact of allocation of transport contract to site contractor which is done at JNPT. What is the impact on the CFS operators?

**Anish Maheshwari:** If you will ask me there is no such impact on Navkar till now. Because our volumes towards DPD is flattish but from this quarter onwards because we started operations for Vapi also. So, it will be slightly improved but there is no impact such.

**Bhawana Israni:** And sir what is the overall business environment?

**Anish Maheshwari:** Overall business environment there is an impact on other CFS, slightly impact on us also. But practically if you will ask me the JNPT port having announcement of they will be going till

80% of DPD cargo volume. So, our assumption it is really tough job for them. So, from last 3-4 months if you will see they are on the flattish mode 40% was the DPD 3 months back till now 30%-38%-39%-40% is remained the same. So, it is really a tough job for them but practically if they will convert into the DPD till 80% then the mode of operation for all the CFS will be slightly change because no one party as exporter as importer do not have that kind of warehousing facility and if you heard about the deal I think so 10 days before of Flipkart and Walmart. The party is like Walmart will come into the India then the warehousing zone they would definitely require. So, the mode of operation for CFS is slightly going to change like which we are also started of DPD cargo volume from our non-notified area. So, other CFS may be change that strategy to take the DPD cargo because the direct delivery to the parties' destination is really tough job. Because party is India, if you see out of 100%, 10% peoples are only like that they have their own yards for warehousing all those stuff. But other than that, 90% the exporter importer they do not have their own yards. So, for that they required a warehousing zone definitely. So, in that case CFS model slightly came into the warehousing and the domestic operation but industry scenario till 80% of the DPD cargo volume which was announced by the JNPT port. So, in that case CFS will not be close, not shutdown at all. They will change that strategy towards DPD only which we are also started, other CFS also started.

**Bhawana Israni:**

And sir, is this new terminal started at JNPT, so what is this, we are expecting any business or volumes from there also?

**Anish Maheshwari:**

Definitely they will improve and they are I think so from this quarter onwards they will be in improving site because the viability of JNPT port if you will see the numbers from last 10 years the entire volume which was handled by the India out of the total throughput, out of the total throughput I think so 50% cargo is handled by JNPT port itself and the reason behind that because JNPT port is in the mid of India. So, from here domestic operations if you would like to do from here the entire logistic cost for each of the reason if you would go to North, East, West wherever or South. So, the cost for logistic operation is remain same. So, in that case the viability of port is much higher than other ports and second thing like if somebody would have a cargo from London and they are giving that cargo to the Mundra port now they will definitely shift towards JNPT port that is my assumption. The reason behind that the vessel of call from London to Mundra will much lesser than the JNPT port and the same time and somebody would like to move their cargo from Malaysia and if you would like to move their cargo from Malaysia to Mundra port he will definitely use the cargo for JNPT port after PSA and the reason behind that is what the cost for JNPT port and Mundra sea cost is remain same but the viability of vessel connectivity is much higher than the Mundra port comparative to JNPT port. That is the pure thing which we are understanding from the shipping line and the parties. Like importer who would like to move their cargo from JNPT port to South Gujarat and till now he is coming towards Mundra port or is somebody is having a cargo for North Delhi and he is calling vessel from Dubai to Mundra he will call vessel now other than Mundra to JNPT. The reason behind that is what you know, from Dubai Mundra port will have a single vessel in a day. But from Dubai to JNPT there is a 10 vessels, like the other station is having a 110 call in a day versus Ahmedabad if you will see it is only 10 comparative to that. So, in that case PSA volume will definitely be going to improve.

- Moderator:** Thank you. We have a next question from the line of Abhishek Ghosh from Motilal Oswal Securities. Please go ahead.
- Abhishek Ghosh:** Anish, just wanted to understand you have seen diesel prices increase that is been happening for the last 3-4 months. So, have we been able to kind of pass it on to end consumer in terms of the clients we able to kind of distinct or is it kind of hurting us and also now that Vapi has started and in rail has started. Is it improving our competitiveness of rail vis-à-vis road and helping us.
- Anish Maheshwari:** It definitely improves our business just due to the diesel cost which is like I mentioned like before a quarter if you see that there is a Rs. 50 to Rs. 55 diesel cost is now Rs. 70. So, transporter when the EXIM cargo movement will be slightly change in the positive side then definitely entire business which was going to the road side will definitely shift to the railway because right now there is no demand in the transportation side. Once the demand will come then they will definitely increase their prices.
- Abhishek Ghosh:** But have you seen commence rate, road freight increase with respect to whatever increase you have seen in diesel prices have you seen a commence rate ...
- Anish Maheshwari:** Yes, there is Rs. 2000 change on each 20 tonnes container, already there like we also improved our tariff by Rs. 2000 in last quarter.
- Moderator:** Thank you. We have a next question from the line of Nirmal Shah from Seraphic Management. Please go ahead.
- Nirmal Shah:** Anish ji, just wanted to check an update of PSA terminals, when you expect that to be operational or has it already become operational?
- Anish Maheshwari:** It is already, operations are already there. Numbers I do not have handy but as we got understand from the PSA could operations already started.
- Nirmal Shah:** And the results are not getting reflective of that right? Means the volumes from that PSA terminal yet to come into your CFS or ICD, right?
- Anish Maheshwari:** No, but for me the port is port either the ...
- Nirmal Shah:** Yes, agree what I am saying is that the delta that can be additional delta, right?
- Anish Maheshwari:** Definitely, 100% because I just give you the sense two quarters back PSA also discussed with us for the railway operation before commencing their operations. So, they have also need that kind of railway facility because after the PSA there is a congestion again on the port side. Because roads are like that only till now.
- Nirmal Shah:** And is that a reason you are saying that the growth will now come back at you JNPT operations as well?

**Anish Maheshwari:** Yes, that is the one reason. Second one, the Vapi railway is already in place now. So, the local movement of 2000 trucks in a day from Vapi to Bombay and Bombay to Vapi which we are going negotiating with the party. So, if somebody is having a cargo from South Gujarat to Bombay and somebody having a cargo from Mumbai to South Gujarat that railway operations will be take place.

**Moderator:** Thank you, sir. We have next question from the line of Jaykant Kasturi from Dolat Capital. Please go ahead.

**Jaykant Kasturi:** Sir, I want to just get an understanding with regards to Vapi ICD. Sir, I want to understand what is the market is right now in for the containers in Vapi and how much in terms of utilizations for this year you see you are able to handle?

**Anish Maheshwari:** So, this is really again the futuristic question, but I will give you again the same answer. If you will compare my last year's number was around 7,000 TEUs which is around 40,000 TEUs. Market potential if you will ask me then South Gujarat is having a potential of around 15,00,000 containers per annum altogether. Whereas, there is a domestic market also but we have a total facility which we build up around 4.74 TEUs in a year. So, out of which we are hoping that the number which we are take care of last year to before last year comparison around 500% growth on TEUs number data. So, what I just wanted to tell you now the railway will definitely add on for that. So, whatever number if you would like to assume that will be fair numbers in a range of. So, if you will see my last 3 years' growth in Bombay when we start first year of railway, when we start first year of railway in Mumbai we did around just on purely in Mumbai the percentage of railway handling was always around 20% not more than that. Because lead distance from the port to here and here to port was only 30 kilometers, so we are not using our services from port to here and here to port in Mumbai. But in the Vapi that is not the case. You got my point? So, in that case what happens once the realization will impact to the party calculation or once we will definitely give the discount model to the large party then after the operations of Vapi will be in a different mode. Till now, we are not at all offering single rupee discount to the party and some parties of marbles are also started business with us by railway.

**Jaykant Kasturi:** Marbles are only for railways.

**Anish Maheshwari:** Yes, so it will definitely improve because there is a market of 15 lakhs containers out of which we are only handling 40,000 containers till now.

**Jaykant Kasturi:** So, you are saying the total at Vapi was around 4.7 million TEUs?

**Anish Maheshwari:** Yes.

**Moderator:** Thank you, sir. We have next question from the line of Gaurav Arora from IL&FS Financial Services. Please go ahead.

**Gaurav Arora:** Given that Vapi expansion is complete, are there any plans expansion into other value-added segments of logistics?

**Anish Maheshwari:** No Gaurav, not yet any plan finalized but first of all are focuses on Vapi. Once the Vapi operations in the range which we are looking for then after we will definitely give you the sense or to the market what we are going to do because our total reason is in the direction of that only. Now, the logistic cost is around 14.5%, we would like to reduce at least by 4% for the industry. That is our core object. So, in that case will have to take footsteps in that kind of a manner but first of all because our merger is just now happened Vapi and in operation mode we are reaching some of around 5,000 TEUs in a month. Then our second focus to target the Vapi volumes, once the Vapi volumes in a range where we cannot we can see the breakeven as well as the profitability over there, then after will move for another start.

**Moderator:** Thank you, sir. We have the last question from the line of Bhawana Israni from Anand Rathi Securities. Please go ahead ma'am.

**Bhawana Israni:** Sir, what would be debt guidance or CAPEX guidance for the next 2 years?

**Anish Maheshwari:** Right now, nothing is finalized that maybe in a range of around 20 crores per year till now because now we had the fleet only, fleet or required equipments, other than that CAPEX is already in place. Like railway is already started, logistics park has completed then our cool storage also built up and then notified area is already developed, adequate machines are in place. So, entire major CAPEX which we require for the operations of Vapi as well as Mumbai is already in place. So, now onwards we require a CAPEX which is just add-on of our fleet like equipment and the new trucks which may be the new CAPEX for next 2 years. Till our Vapi operations comes in place.

**Bhawana Israni:** Debt repayment you are planning?

**Anish Maheshwari:** Debt repayment yearly right now we have around 100 crores of debt repayment and against that we have a 329 crores of total debt which is secured debt. So, Vapi operations which may add-on our cash flow, so next 2 to 2.5 years our entire debt maybe repaid.

**Moderator:** Thank you, ma'am. Ladies and gentlemen, that was the last question. I now hand the conference over to the management for closing comments. Over to you, sir.

**Anish Maheshwari:** Thanks so much to everyone to be part of this call and we are definitely give you, not give you the promise but we will definitely take all those challenges and the expectations having from the market as well as the investors. So, we are because of positive side we will definitely take you through whenever we have any kind of a new announcement, new things. And secondly, we are doing our best and we will give our best to next couple of quarters for improving our Vapi operation. Then after we will definitely think for new logistics operation but till now we are giving the best of our efforts and numbers will be definitely improving side. Thanks so much. Thank you, Ankur. Thank you for giving us an opportunity.

**Moderator:** Thank you very much, sir. Ladies and gentlemen, on behalf of Axis Capital Limited, that concludes this conference call. Thank you for joining with us, you may now disconnect your lines.