



M/s Navkar Corporation Ltd
Container Freight Stations & Rail Terminals



PhillipCapital

“Navkar Corporation Limited Q4 FY-23 Earnings Conference Call”

May 30, 2023



M/s Navkar Corporation Ltd
Container Freight Stations & Rail Terminals



PhillipCapital

**MANAGEMENT: MR. ANISH MAHESHWARI – CFO, NAVKAR
CORPORATION LIMITED
MS. DEEPA GEHANI – COMPANY SECRETARY, NAVKAR
CORPORATION LIMITED**

**MODERATORS: MR. VIKRAM SURYAVANSHI – PHILLIPCAPITAL
(INDIA) PRIVATE LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to the Navkar Corporation Limited Q4 and FY23 Earnings Conference Call hosted by PhillipCapital (India) Private Limited.

This Conference Call may contain forward-looking statements about the Company which are based on the beliefs, opinions and expectations of the Company as on date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict. As a reminder all participants' line 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 this conference is being recorded.

I now hand the conference over to Mr. Vikram Suryavanshi from PhillipCapital (India) Private Limited. Thank you and over to you sir.

Vikram Suryavanshi: Thank you Vikram. Good afternoon and a very warm welcome to everyone. Thank you for being on the call of Navkar Corporation Limited.

From the Management we are happy to have with us here today Mr. Anish Maheshwari – Chief Financial Officer and Deepa Gehani – Company Secretary and Compliance Officer.

Before we start with the question-and-answer session we'll have opening comments from the management.

Now I hand over the call to Mr. Anish Maheshwari, CFO of Navkar Corporation. Over to you sir.

Anish Maheshwari: Thank you so much Vikram. Good afternoon and a very warm welcome to everyone present on the call. I'd like to share the insights on the results of the current quarter after the change involved in the financials of the Company.

Here I am highlighting the detail about the continuous operations of the Company after a discontinued operation of Vapi. Company to the total revenue figure of this quarter the same is 106.41 crores for this quarter as compared to 102.24 crores last quarter. On these revenue figures the profit after tax of Company in this quarter stands at 6.65 crores in comparison to 23.26 crores in last one, out of that 23.26 crores, 19 crores was from the sale of assets, so normal profit is around 4 crores, compared to that this is 6.65 crores. Coming to the profit tax the same of 9.96 crores as compared to 2.55 crores in the previous quarter. When we like to discuss the elements of revenue of the Company during the quarter; are as follows in case of CFS Mumbai volume of export containers handled stands at 28,169 TEUs from 25,639 to TEUs on QOQ basis which is raised by 10% and from 29,084 TEUs on YOY basis. This is the same as now down by 3% and the volume of import containers handled raised by 2% from 29,869 TEUs to 30,440 TEUs on QOQ basis and from 30,430 TEUs on YOY basis, there is a difference slightly rise by 0.13%.



Coming to the EXIM turnout of CFS/PFT is the same is down by 2% from 65.45 crores to 64.20 crores and about the domestic turnover from this quarter is 22.76 crores. In the case of CFS/PFT the number of trains handled is 233 in this quarter comparing to 193 in last one. In the case of CFS/PFT with this discontinued operations we have only domestic turnover from this quarter onwards as the basis was not transferred into slump sale. The domestic turnover of ICD/PFT in this quarter stands at 12.34 crores compared to 13.1 crores in last quarter which is marginally declined. In case of ICD Manaba, volume of export container handled stands at 251 TEUs whereas import container handled stands at 6 TEUs. Coming to the EXIM turnover of ICD Manaba, is 0.45 crores whereas domestic turnover is 2.212 crores.

Now coming on the profit figure for Quarter 4:

Operating profit of the Company containers business for the quarter stands at 36.49 crores as compared to 34.36 crores. But when we compare the same with turnover, the operating margins for current quarter 35.24% in comparison of 34.58% in last quarter and the operating profits are slightly increased. The profit before tax from container operation stand is 99.96 crores as compared to 2.5 crores on a QOQ basis. This impact on profit is due to following factors, the employee cost of business is reduced by 2.38 crores due to the discontinued operation of Tumb unit. The finance costs have declined by 2.2 crores in this quarter and compared to last quarter 5.86 crores to 3.66 crores. This 3.66 crores appears because of the notional impact of Ind-AS and the unsecured loan and preference shares and lastly with the prepayment penalty to the loans which was availed by the Company. EBITDA margin has increased by 17.62 crores from 12.44 crores. The same belongs to increased revenue and decline in employee cost and the administrative expenses.

Now I would like to open the floor for a Q&A session.

Moderator: Thank you very much sir. Ladies and gentlemen, we will now begin the question-and-answer session. We take our first question from the line of Kaustav from BMSPL Capital.

Kaustav: I'm fairly new to the Company, so just forgive me if I'm repeating some stuff from past calls. But basically, I wanted to understand, your recently sold ICD and got money and paid off debt with that and a new ICD is becoming operational soon or it has already commenced, is that the correct understanding?

Anish Maheshwari: Yes, you are having a correct understanding.

Kaustav: Could you speak a little bit why about this new ICD which has commenced? What type of numbers can we see from this ICD? Given the current base that we are at already and basically hence how do we see FY24 numbers shaping up in terms of growth and profitability from here on.

Anish Maheshwari: So, I will give you the perspective. Earlier we have ICD at Tumb, in totality Company was having (+1,000) crores turnover and last year we just discontinued till September I think so, half



year of the operations over there in the ICD Tumb and which we sold out to the Adani at the price of 830 crores, out of which we got almost 785 crores from the Adani. We reduced our debt and Company is having almost eight to ten crores FDR right now with the Company. With that surplus money which we got last year from that deal we just infused further money to the Morbi operations we just wanted to become. Morbi as we told, Morbi started in March end this quarter we had already crossed almost 250 containers volume. From here onwards there are the processes, there are two different processes which will have to be continued over there with any of the activity. One is EXIM operation, second is domestic. In EXIM we had already been started all the operations towards exports, for import we'll have to take the code with all the shipping lines and almost around 75% shipping line generated their code for new ICD Morbi. Once that code will be generated to them all across globe then they will start doing business with us because they need some kind of ICD code for bookings on their own destination. So that has already been done around 70%-75% shipping line closed that all code generation thing. So, we are expecting from this quarter onwards, import will gradually improve which was only six containers which we handled in last quarter. So, from here onwards I think so around 20% to 25% growth quarter-on-quarter on Morbi side. So, we are targeting from first year around revenue of 1,520 crores from Morbi which was already told in our past quarter also. Secondly, we are more focused towards the domestic operations or Morbi because Morbi is a tile hub and from there across India and exports of tile mainly is going from the Morbi. So, we are now exploring some more options for the domestic market as we are doing steel from Mumbai, from Vapi, Gujarat and at the same time we just wanted to be looking at that Morbi also. The second commodity which we are focusing as tiles, third commodity which we are focusing is cement. So, for that we are continuously trying to make some special containers for cement which was told in last quarter call also and slightly I can say that we got success in converting that operations into the cement bulk cargo volumes as well as the steel. Same time Morbi we are more focusing towards the tiles for exports. Now we are coming up with a new import once the codes will be started using by the shipping lines. So, from here onwards I can say Mumbai operations will be having improvement around 5% to 10% in domestic as well as EXIM, Morbi this year we are targeting 15 to 20 crores revenue. And year-on- year, second year, third year we are targeting more than 25% to 30% growth. So new growth if you ask me frankly will be coming from the Morbi operations as well as the domestic operations.

Kaustav:

One more point. What led to this debt build up over the last few years and given that this had happened, how do we look at debt over the next 2-3 years? Do we expect this to build up again or how do you look at that whole debt component?

Anish Maheshwari:

Basically, right now we are not having such a plan for making more debt in the Company and the idea behind that was just to reduce the interest cost. You can see, last quarter onwards and from this quarter onwards there will be zero interest cost probably and the objective behind that was because we have the facility over there in Mumbai and the debt was around 750 crores all across secured unsecured loans on the book of Company which we reduced. That entire debt was taken for the expansion over here in Mumbai and secondly for Vapi. In the past few years if you see the CFS/ICD industry was getting hit due to the DPD volumes. Direct port delivery was the concern for all across industry. And when we made all our business houses where in



Mumbai, we expand vertically with the IPO money and we started over there ICD at Vapi. And our main core focus was the cross selling from Mumbai as well as Vapi and at the same time we just wanted to cater the domestic market. But due to DPD year-on-year our volume towards Mumbai were going gradually down. So, we will just take the decision. Why don't we come up with a new idea with new facility or with new geography and in that case Morbi we looked at it will be catering Mundra, Pipavav and Mumbai all the three ports. That was the main idea. And Vapi we just got the opportunity from Adani and they were looking for the ICD over there in that region and we got fair value from them. That's why we just took the decision.

Moderator: We take a next question from the line of Ganesh Shetty, an investor.

Ganesh Shetty: In last con-call I had a long discussion with you regarding dividend distribution to the investor. And you have promised that this quarter or this year we may have some dividend payout for the investor.

Anish Maheshwari: I just wanted to be correct. I have never promised anyone and we are not giving any kind of false promise to anyone for the dividend. We are promising on our business side. That will definitely be there. Secondly as our Morbi business is gradually going an upper side where we just wanted to be make sure that if today I'm going to give any kind of a dividend or any kind of a thing just for sake of giving you happiness and tomorrow I'll take again loan for my new facility that will again impact the benefit of Company itself. So, we are into the discussion till last quarter also. We are now also in a discussion for giving any kind of making policy decisions from the Company sides management and also looking for the same. If you see last quarter management did some flipping also, they were just adding their holding in the Company, so they have their own interest towards the Company and they know this is not the fair value of Company. That's why they are also promising towards the market. Secondly dividend as I told you in last quarter also before when we did the deal of Adani, at that time also were having the same thought with the things that once the Morbi operations gradually increased and we got the understanding towards no further loan required to the Company, no further expansion we need and also we definitely come to the market and we are still hoping that management also thinking on the same how they can make sure that to add the value for shareholders.

Ganesh Shetty: After sale of those facilities to Adani and after having so much of business reorganization, the pain we have taken still the market is not actually realizing our efforts and there is no investor wealth creation on behalf of the Company. So, any further step like meeting investors, long term investors or institutional investors or in any other efforts we are taking to increase shareholder value so that at least for the long-term shareholders who are in the Company since IPO will not be affected and they will get fair value for their investment? In other words, as promoter holding is nearing to 70% in this Company, so they will also have that reward indirectly, so any thought on this?

Anish Maheshwari: We did IPO in 2015 and then we are just having a second round in 2017. Here onwards if you will see, the business and industry of CFS and ICD was having a pain continued since last 5 or 6 years. Meanwhile if you see the numbers of Navkar, last quarter comparative to this quarter



the cost reduction has already been there, now onwards if the interest cost from next quarter onwards will be getting very minimal then the profit it will be getting improved, so if you will see comparison between last quarter to this quarter on the operating level there is a 1.15% improvement. If you see the EBITDA level is around 5% improvement. So, promoters also would like to see the growth gradual numbers from the Morbi. From here onwards there is no further cost for the Company. From here onwards there is a reduction of cost and profitability will be getting improved. Secondly as you told that going to the market and talk to the big investors and all, so we definitely last year we were not going to the market, due to the COVID situation the industry was not doing good. If we'll go to the market and tell again the same story nobody will buy my story. So, we just wanted to be more focused towards improving profitability. Once the profitability is getting improved then everybody would like to see the Company. Now from since last quarter onwards when we did the deal of Adani there is interest from some good investors but we just don't want to give any kind of a number to them and they just wanted to be there, take footstep back. Because in the past what happened some things which were not in our hand like DPD there were COVID situations. So, in the last 5-6 years there was a very bad scenario for the entire segment of this industry. So, we are now just more focusing on our profitability improvement. Once the profitability will be improving next couple of quarters then definitely going to meet with some further investor and meet with some HNI to explore further do value creation for our shareholders. As the promoter himself is having a 70% stake of the Company they will also be having the same interest.

Ganesh Shetty:

I hope that Company will have better communication.

Anish Maheshwari:

I can just tell you one more thing and I would like to hear, gradually from here onwards there is no further losing space for the Company. If you see the last quarter number, this quarter number standalone without the Vapi operations, Morbi will be a value add for the Company. One good thing for the Company is that if today I have a loan for Morbi entity I'll have to pay almost 15 to 20 crores interest for next year. That was also the best for the Company. So that will be value add for the Company and there is only the administrative cost. There may be operating loss for some time because the business improvement will gradually take time. Otherwise, there is no further cost for the Company because this industry itself is having around 60% of the operating or the variable cost. So a maximum of 35% to 40% is fixed cost. So, this will be getting by the Company by the current operations. In spite of the fact there is no revenue since last quarter at Morbi till Company in a profitability, if there is a cost of interest, we were having the losses there on the Company's book. So, this is a very positive side for the Company. From now onwards there may be a gradually incremental profitability generated by the Company. There is no further loss from the Company. So the next couple of quarters maybe take four or five quarters more, but after that we will see the real value of the Company where we get profitability higher than today's margins quarter-on-quarter.

Moderator:

We take a next question from the line of Aman Vishwakarma from Robo Capital.

Aman Vishwakarma:

My question is with regards to your CAPEX, so what sort of CAPEX are we looking at for the next 2 years?



- Anish Maheshwari:** So basically, CAPEX, we are looking further cash flow which will be allowed by the Company. Then also will be thinking on the CAPEX. Right now, whatever CAPEX we need we have already been done. Morbi is already done. There may be some OPEX kind of a CAPEX for the operating situations of the **(Inaudible) (19.48)**. It might be 1% of our entire CAPEX done in past on a block. So, there is no further CAPEX we are looking at. Is there anything required which will be using it from the cash flow itself. There is not that component will be there on further CAPEX.
- Aman Vishwakarma:** And what sort of tax rates are we looking for in '24?
- Anish Maheshwari:** We are under MAT of around 20%.
- Aman Vishwakarma:** And just one last one would be what sort of depreciation and interest are we looking for the next year?
- Anish Maheshwari:** So, interest I can say that interest for cost will be very minimal. Yearly it was earlier around if you see actual number since 2021, interest cost was around 20-25 crores per year which is till last quarter it was around 12 crores for entire year. From this quarter onwards it might below 1 crore.
- Aman Vishwakarma:** And what about depreciation?
- Anish Maheshwari:** Depreciation will remain same because our asset will be sold to the Adani, major component of the land and there was no depreciation. Depreciation will remain the same because Morbi commenced.
- Aman Vishwakarma:** And just one last one, so what are the revenues that we are looking at from Morbi itself? Because let's say if you were to operate at an optimal capacity and then proper this thing, full-fledged operations, what sort of revenues are we looking at?
- Anish Maheshwari:** So, in the past if you will see my experience, the first year of operations at Vapi was around 17-18 crores revenue. Second year it was jumped to 100 crores. 3rd-4th year it was almost in a range of 300-400 crores. So, what happens once you're all code generation done, once all operations done, your local ability to moving cargo, your local availability to moving the service providing assessment then once all everything is getting done it will take around four to six quarter's time. Once everything done things will be on a **(Inaudible) (21.47)** side then the operations will be... it's like that. If tomorrow Reliance would like to do business with me, he will not give me entire operations to me, he might be giving me 10%. Once he will be satisfied with the 10% then gradually, he will convert to 30%-40%-50%. This is the case all across the industry. There are 2000 customers which we have made in the past 2 years before we are commencing operations out there. At the same time when we started Vapi also, we were having assessment around 2000 customers in a period of 1.5 years. Gradually we added 350 customers in the first year. Second year we almost crossed around 700-800 customers and repetition of the business is almost around 50%-60% business houses were giving the business. Sometimes a peak time comes when



we got 100% business from the certain companies. Like I will give a good example in Vapi we were having 100% business from Classic Marble, we were having 100% business from Hindustan. So, there were so many companies initially were giving only 10% business before giving that entity to the Adani, they were having 100% business in last 3 years. So, this is the path which we have to follow for Morbi also. First year might be having a revenue of 15 to 20 crores. Second year it will be and on the call I can say that it might be having a 25%-30% growth but it will be more than that.

Aman Vishwakarma: But still, what is the highest potential revenue that you can make from Morbi?

Anish Maheshwari: Morbi may be having the same potential like Vapi. Vapi was having around 5 crores value on the revenue side last year. So Morbi is having the same capability. Morbi is a tile hub. Vapi was having a very saturated market where there were so many industries which was on a seasonal basis. But Morbi is having 100% yearly business of tiles.

Aman Vishwakarma: So that's all from my end and all the best for you.

Anish Maheshwari: I just wanted to add one more thing. We are looking for domestic operations out there at Morbi as well as Bombay. If there are containers which will be having a cross selling kind of a commodity like steel, fly-ash, cement, tile because for tiles you need fly-ash and salt rock and all. So, if there is an availability of cargo for raw material of tiles that also we are looking for.

Moderator: We take a next question from the line of Vikram Vilas Suryavanshi from PhilipCapital.

Vikram Suryavanshi: Can you repeat what was import container volume at JNPT?

Anish Maheshwari: JNPT CFS you are asking about?

Vikram Suryavanshi: Right sir.

Anish Maheshwari: So JNPT we did import 30,470 container which was last quarter 29,869. 30,470.

Vikram Suryavanshi: Because in the presentation the last digits are not visible so that's why because if you look at on QOQ basis we have seen improvement at JNPT EXIM volume but in revenue side we have not seen improvement. So, are we seeing pressure on CFS in terms of realization as well as EBITDA at JNPT or how is the outlook there?

Anish Maheshwari: Once the Morbi will fully operational then definitely cross sells business for Mumbai CFS will be gradually increased. If you see in past also when the Vapi was started then the Mumbai operations was once the DPD came people were having a thought that Mumbai operations, CFS operations will be getting very less within the country. And it was discontinued level of around 70%. But once Vapi commenced and it has gradually again come to the same numbers. It was almost about 50% to 60%. The same side we are looking at the CFS also. As CFS was always the core revenue generation center for the Navkar, it was the Mumbai only. So, if you see were having a high hope over there at CFS. Whenever we would do any new business in any other



location first center will be Mumbai only, CFS only. Because Dadar station for the goods train we were having in Mumbai. So, from here onwards we go to the southeast or north, everywhere we can go. So, this is the situation we are looking at the CFS also and one more thing which we added in call in our commentary also were looking at a cement as well as a steel commodity for our further expansion for that we are already taking approval of spatial containers which was taking place last quarter itself. So gradually that business also will add value for the CFS also. More focus towards the railway operation. So last quarter you can see, we handled almost 233 trains, which before last quarter was 193. This is almost 20% improvement.

Vikram Suryavanshi: The cement movement will be with flexi-bags which will put inside the container and all that or bulk cement movement basically?

Anish Maheshwari: We have a specialized container for cement movement and trial had already been taken place which was successfully done for the Company. I won't disclose now the Company's name because it was on a trial basis. Once all trial will be getting completed then we'll be getting 100% volumes from them. Because what happens then the cement on a lose basis will take maybe 200 tons or 200 TEUs losses on every movement. That was already been discussed on past calls. Once with the specialized containers, I can say that preference is very nice.

Vikram Suryavanshi: And Morbi cargo will it be split with Adani because Mundra port is also closed by so will that cargo come to JNPT or will prefer to go to Adani or CP Power?

Anish Maheshwari: So, I can say that it all depends on the operational side how you are giving the price and we are very competitive compared to others. I'm not taking name of any of the industry or any of the port but there are cargo movement because what happens in that entire region there is no ICD in 100 kilometers, so whoever is having a cargo movement earlier also they will have to take empty container from the port. They will have to take in their factory then they will have to be moved towards there. So gradually once I will be having EXIM mix balance then they will get the benefit of actual cost. It was earlier case of Vapi also at the same time CFS also. The reason we were having a top and CFS industry in Mumbai because our EXIM volume was 50-50 as always. It will always be a core target for us also. So, if somebody is having export and he gets the cargo or he gets the container from the near location that cost will benefit to him. That's why we are getting volume very fast in Vapi, very fast in Mumbai at the same time Morbi also will be the same thing. Because today what happens if somebody would like to move their cargo from any kind of a domestic region or from the port, they'll have to take container from their own destination, either the port or from the empty yard. If the empty cargo will be available at my place, he will have to take their cargo to my place. The cargo will be taken to the container and then we'll do export from our premise itself, from the Morbi or from the JNPT anywhere. For me there is no such difference for the rail operations. For the party there may be a cost-effective model which was earlier case in Vapi also. So, the same thing will be repeated over there.

Vikram Suryavanshi: And in this presentation we have seen that revenue from Udhna for EXIM and domestic. So, what are actually these operational expenses to explain a bit because I was aware of Morbi.



- Anish Maheshwari:** Udhna is basically domestic operations. Vapi was domestic operations will be with us. It was not being shifted to the Adani and it was earlier discussed also. Slump sale we just only given the EXIM operations of the Vapi unit, domestic which was earlier with also with us and now also we are doing the domestic operations from....
- Vikram Suryavanshi:** But that I think was around 13 crores in last quarter but which has come down to now I think around 12 crores. So that probably on quarterly basis?
- Anish Maheshwari:** It will remain same for next quarter also, in the same way.
- Vikram Suryavanshi:** But is it attractive in terms of margin profile and profitability?
- Anish Maheshwari:** Again, say that on a pure basis for the operations it is always giving me a 20%-22% revenue.
- Moderator:** We take our next question from the line of Ravi Kumar Bucha, an investor.
- Ravi Kumar Bucha:** I am an investor in your Company. I would like to ask the whole process of selling the ICD Tumb to become debt free but as of 31st March 2023 on one side you are saying cash at bank is 93 crores and you have an unsettled loan of 41 crores. What is the whole logic of keeping the unsecured loans and I would also like to ask you what is the interest rate you are paying on this unsecured loan and what is the interest rate you're getting from the bank deposit?
- Anish Maheshwari:** Your voice is not audible actually, it's vocal actually.
- Ravi Kumar Bucha:** My question is the whole logic of selling the Tumb ICD was to get yourself debt free, right?
- Anish Maheshwari:** Yes.
- Ravi Kumar Bucha:** But as on 31st March 2023, we are seeing an unsecured loan of about 40 crores and at the same time you are having cash at bank at 90-93 crores?
- Anish Maheshwari:** So basically, what happens is there is a limitation of repayment of promoter loans and unsecured loan was taken by the promoter himself. So, there may be a rationale of 10% of total revenue. So, in the first year there was a loan of total loan from promoter was almost in a range of around 120 crores and out of that we paid 80 crores in first year.
- Ravi Kumar Bucha:** But at the same time, the loan which is bearing 40 crores will be much higher than what you are keeping it at the bank so does it make sense?
- Anish Maheshwari:** So practically we can't do that payment. There is a restriction. There is a restriction from the guidelines. It is 10% in a year.
- Ravi Kumar Bucha:** I want to ask one more thing Morbi's sales revenue for the month of April and May because we are heading on 30th May. Can you just enlighten on what revenues have you made approximately



in the month of April and May? Because till March it has been very disappointing. It's only 3 crores of turnover what you have increased since quarter-on-quarter?

Anish Maheshwari:

The commencement of operations was started in January, first quarter, was that and in which we won't get the PFT license also we got all the PFT license and everything else is in place in March itself. I can say that the first month if you see was very nice with the limitation. This quarter we reached around 2.5 crores revenue and quarter-on-quarter gradually it will be getting improved. There is a process involved. Once you get the notification from customs then you'll have to take the code from customs which was already been generated. Then you'll have to go to the shipping line. That entire exercise we did in past also and were already being told to all these shipping lines we are coming up with the new ICD but till the time if you are not having a generated code from the customs, you can't give them and go and tell them without code you can start business with us. So, there is a process. It's like that if you want to understand in lay man's language, railway station is constructed, all the signaling system is done, everything is done, then all over India till all registered stations the code is not generated till train cannot run because if any one signal is giving faulty signal, then that train gets lost there so it will be a fault from railway. So, point number one, point number two, in the same thing if anyone wants to import on Morbi side then code is not generated there so anyone who is putting cargo from Dubai or London or anywhere else what will he put, he will not put port's name, he will have to put code for ICD. My destination code will be this and my ICD will be this. It's not like that he will put Navkar ICD from there. It's a unique code. You suppose...

Ravi Kumar Bucha:

January 1st you said operational started and you are saying....

Anish Maheshwari:

Both the things are different. Customs operations for your export movement for domestic that was already being placed. Second is yours PFT and third is custom notification. These all things take time of 2 to 3 months, before all is done. We have sent all the shipping lines that this is my code, like Panvel station so for that you are using PNVL. Our Panvel's railway station ours Navkar's for that we are using PNCL. In the same way Morbi, same port we need to give the people. Once it has already been taken place in all the shipping lines, then they will put their code in their system so then who so ever wants to book that online, if he will put the code straight away it will show ICD Morbi. Now what will happen is all that now, that has been done in 17% shipping lines so in this quarter I had 6 containers, it might be in the range of 600 containers next month. What happens in this is....

Ravi Kumar Bucha:

The revenue which started from that it will reflect in this quarter? In March quarter it didn't happen.

Anish Maheshwari:

It will start by this quarter. The thing in this is, I cannot give commitment on any numbers. Because if I will say.....

Ravi Kumar Bucha:

From April 2 months have gone so enlighten us about April and May because we are retail investors. What will happen in future we are not going to know. So next quarter for us also will be disappointing.

Anish Maheshwari: I can only say this in whole year from 15 crores to 20 crores revenue we are targeting, first year. Now in this quarter we have 2.5 crores so it is possible that it will reach 5, next quarter 7, next to next will reach 10. But I am not focusing on these numbers now. Now I am focusing on operations. Because if I focus only on numbers and work then my cost will not suffice me. It is not that today without taking the vehicles' cost only if I say to increase number to people, my CFS-ICD have started, if anywhere I have to give 25,000 so come to me in 22,000. This will not happen this way. In this if 25,000 to be given then in front of 25,000 so if you want to come in 24,000 so I will have to bring this cost. Gradually people start understanding that. When I started Vapi, I will just give you the example. When we started Vapi, at that time people were spending 40,000 per container. Till the time our Exim volume didn't start till that time we were also doing in 35,000 but when our Exim mix got balanced, export-import both sides got balanced so same thing we brought in 25,000. So, it will depend on how the volume is increasing. If our EXIM mix gradually comes at one level, both 50-50 so my one empty container's to and forth cost is saved. That I pass it on to the party. So, because of this reason if you see my Vapi operations, 2017 we started Vapi operations, in 2021, the 17 crores revenue, which was almost 450 crores in 3 years. So, it will depend how will people accept that because port is near there, there are not many competitors, people can make more things. We don't put ourselves in that, our core purpose is to fix the EXIM volume, once the volume quantity comes onto, then what we have to pass further, pricing will depend upon that. This is the process for four to six quarters. If that is set, if I understand all the costing then I understand everything party wise, I gave you that example. If I have a client, Arcelor is my client for steel then his work of Udhna, we are doing. Initially they didn't give us 100% volume, months 1 crores-2 crores today we are doing 12-13 crores business we are doing we are doing fully theirs.

Ravi Kumar Bucha: I was asking because it was very disappointing. We were expecting a very good revenue for this quarter especially because Morbi started. But we have been very disappointed with the results and also very disappointed dividend mentioned also and I don't think you're planning in the near future also because every time I ask you and always you say we'll first apply the Morbi and then see what you can give for the retail shareholders. I don't think any dividend or anything is on the cards also as of now.

Anish Maheshwari: This will always be on our cards. Management was having past thoughts also. Morbi gradually...

Ravi Kumar Bucha: But now I don't think you have funds. You have only Rs. 40-50 crores in your bank.

Anish Maheshwari: I have to increase the value of shareholders, right? And that value comes when the Company gives a performance. I have said earlier also in the call that earlier the PAT which was in the range of almost 50%-70%, I am talking about PAT which is now 6.5%. If my PAT becomes 10% and I already have calls from HNIs, big shareholders, they just want to understand your number. They are also getting a visibility now about the freezing of the Company's costing. From this point if the Company gets even one container extra, that is going to be an addition to the Company. So, let's say this year we make a PAT 54 crores, next year even if this number reaches 60 crores for them it's a 20% improvement because this abnormality is coming because of profit of sales. If this number is automatically visible to the market and the Company has no



debt load, and there is no other problem, and if the Company has to do only business, then value for the shareholders will get created automatically. And the other part about dividends, it's not that the management has thought about options of not giving it. They are also having the thought. The tension that you have about Morbi about what all you had thought, we too had thought the same regarding Morbi. We thought even better that this 2.5 crores revenue might be in the range of 7-8 crores. Now it's taking time. Whereas we were thinking that we will import the pilot container which was not done. So, these things will get deferred to 1-2 quarters. In the next 1-2 quarters even, they will get a visibility on what's going on in the domestic front, what is happening on EXIM front. Everything is happening, no new CAPEX will come, and there is no need for new expenses. Now the Company will add profit in every quarter. There is no option for increasing expenses. So, once things come online, then you will also get the visibility, investor market will also get the visibility. The biggest load in any Company is debt. People get scared when they see debt.

Ravi Kumar Bucha: That is right, sir, but retail investors and especially institutional investors are not there in your Company. I've been a very patient investor. I hold more than 2 lakh shares of Navkar, but I have been very disappointed this time. That's why I wanted to...

Anish Maheshwari: You are trusting on us and I really apologize you are disappointed also. But one thing is there, from the time the Company has listed, we listed in 2015, and in 2016 DPD came. 70% the volumes were going down. Even then the Company survived and started the Vapi operations. After that, the Company actually made profits, and after selling Vapi the Company is now debt free. Operations have started in Morbi. And in Mumbai even though you would not have seen business growing in Mumbai it has not decreased also. The biggest thing is that till today there is **(Inaudible) (43.02)** for the Company. And even after the people from Vapi went into Adani, the rest of the people the Company retained were in Morbi or Mumbai. So, this is the core strength of the Company. I can only say that we are really hopeful for Morbi as well as Mumbai. Business will be in a positive side, numbers are in an improving side, and as profitability increases, the Company will automatically gain respect in the market. That way the shareholder value will increase. Secondly, it's not that the Company is not thinking. We are thinking since the last 2-3 quarters that how do we create value for shareholders.

Ravi Kumar Bucha: We are also seeing the results patiently since two quarters. And I want to ask one more thing. What you sold to Adani Logistics; the last 50-60 crores was pending within one year. So, that is expected in the month of August?

Anish Maheshwari: 50 crores is pending. 25 crores will come in October. We will raise it to them in August. It should come in September-October, we are expecting in September October. The rest of the 25 crores will come in next year September October.

Ravi Kumar Bucha: All right.

Anish Maheshwari: One more thing we wanted to tell. We are proposed for a subsidy for Morbi which is almost in range of 30 crores. So, we are working on that. If that subsidy comes, that will get added to the



Company. The facility in the Morbi, they were having separate for Railway and separate for logistics park. So, government of India were having a provision for subsidy. So, we have proposed that also. We are trying for that also. I'm not giving false hopes to you all. We are trying our best that the Company should get that money in the next 3-4 months.

Ravi Kumar Bucha: If the Company runs well, it is good for us.

Anish Maheshwari: It will be like that. The Company will only move ahead from here.

Ravi Kumar Bucha: The same quarter last time we had thought the December quarter would be the worst and now everything is going to be the best. The quarter was very disappointing in terms of revenue. Hardly 3 crores of sales.

Anish Maheshwari: You said from December quarter Q4. Please don't just go only to the absolute revenue side. Please come down to profitability also. Our Q3 profit level was 12 crores on EBITDA level which has become 18 crores. Please see the jump. From 12% to 17%, it's a 50% jump. Please don't go on the total revenue number. If this number increases gradually, even if this number is at 17% and the revenue which is 103 now, even if that becomes 110, that 17 crores itself will be around 22 crores. You will have to go with the absolute numbers. It's not that the revenue of 99 has become 103. Please see the profit also. My revenue has increased on 4 crores but the profit increased 3.5....

Ravi Kumar Bucha: December was one time cost. Lot of finance costs were some discontinued operations. You had some employee costs, you had one time finance cost, you had loan prepayment cost, so all those were one-time costs which went in the December quarter.

Anish Maheshwari: It's there in March also sir. You see in March the interest cost is 3.66 crores.

Ravi Kumar Bucha: 3.6 I agree that it is a one-time cost. But I hope in the next quarter we are not having any cost from discontinued operations. Am I clear on that or will there be some cost?

Anish Maheshwari: In the last quarter you would have seen, in discontinued operations...

Ravi Kumar Bucha: There is some interest of 3.66 crores.

Anish Maheshwari: Other than that, Adani has also given me 4.3 crores less. Did you see that? If you see point number 8 in...

Ravi Kumar Bucha: Total revenue from operations 4.3 crores, it's in brackets, quarter ending March 31st.

Anish Maheshwari: Do you know why Adani has given 4 crores less? The total deal was 835 crores. Adani has cut 4.3 crores. The assets given to them on average value basis, we had put a value of written assets. Like **(Inaudible)** (46.58), of some other small vehicles, we had taken it on the basis of WDV and they reassessed it. So, their value was much less than what we had given. For them it was



scrap. So, that 4.3 crores came less to me, which is adjusted in this profit. So, if you see the actual number on operating level, it is more higher than this number.

Ravi Kumar Bucha: I understood, this is an extraordinary item. In this quarter this has happened. I hope from next quarter we will see a neat and clean balance sheet. Just revenue from operations.

Anish Maheshwari: Yes sir. It might take a couple of quarters because I still have to get the money from Adani Rs. 1 crore.

Ravi Kumar Bucha: So, again it will go to extraordinary.

Anish Maheshwari: It might be. As in this quarter there is a hit of 6-7 crores, so in the next quarter it might not be a hit of 6-7 crores, maybe it's for 25-50 lakhs. So, I am not sure today that Adani thing is clean. That will depend on because my money is yet to come from them. So, we can say that, if you see the balance sheet in the year end compared to last year last quarter, there will be pure and clean balance sheet, Morbi and Bombay. Other than this, if we do any new business operations, that will get added.

Moderator: We take the next question from the line of Mandeep Thakkar, an investor.

Mandeep Thakkar: I have a straight and simple question. The profit in this quarter is very little, so how much should have come and from that how much is from Adani of 4 crores and what is the loss. A total profit of 18 crores, is my understanding correct? Adani's 4 crores is getting reduced in that and the rest Rs. 3 crores is there. Can you give us a breakup on the profit?

Anish Maheshwari: When you see my limited view on top, you can see that number 9.96 crores. That is my PAT. Out of that 4.3 crores, if you minus the depreciation, so it's a hit of 3 crores. So, my total profit is 6.64 crores. So, out of this 4.3 crores, 1 crore will go as tax. After that tax goes, there is a reduction of 3.3 crores, simple. So, this is the actual profit.

Mandeep Thakkar: How much balance is there in the bank and what is the plan for buyback? Because you had told that you will do buyback, so what is our share's book value? And book value right now is 0.35% according to me, I think. Can you tell us something about the book value.

Anish Maheshwari: Basically, there is no buyback plan yet. The Company has not decided any buyback now. Because the Company will not gain anything from a buyback. The Company's full focus is on increasing business. The Company is fully focused on Morbi. And the Company is fully focused on Bombay, domestic operations. I have given a full brief too on this. In case a buyback plan comes, you are right, my book value is 35%. But when the numbers gradually increase the book value will be the same. And the market is such a place, once you are coming up with your real numbers and actual growth then automatically give the value. In industry also you would have seen so much pain in the last 4-5 years. COVID came, so see everything.

Mandeep Thakkar: How much balance is there in our account; can you tell us that?



- Anish Maheshwari:** There is an FD worth 8 crores.
- Mandeep Thakkar:** Last quarter there was some talk about the bank balance of 173 crores.
- Anish Maheshwari:** It was not that much. Last quarter it was about 140-150 crores. Out of that we have already given briefs on Morbi trains, special container, that all the new CAPEX that comes we will take from this and we will not take a new loan. And we have done that.
- Mandeep Thakkar:** So, have you invested 110 crores in CAPEX?
- Anish Maheshwari:** Yes, my total Morbi CAPEX till today is 360 crores.
- Mandeep Thakkar:** That is okay but from last quarter to this quarter you have invested 110 crores from the bank for CAPEX, right?
- Anish Maheshwari:** Yes.
- Mandeep Thakkar:** And what is our book value as of today per share?
- Anish Maheshwari:** According to me, as of now we should not focus on book value. As of today, we should focus on moving ahead from here.
- Mandeep Thakkar:** That is alright but for investors to understand that this is the book value for this share and this are the rates, so how much more should we invest, to understand that.
- Anish Maheshwari:** Sir I had brought to IPO to 155. And the QAP was 183. But for me the minimum rate for the Company should be Rs. 200.
- Mandeep Thakkar:** That should be the rate is a different thing. But considering our money and business we wanted to know about the book value.
- Anish Maheshwari:** It must be around Rs. 125.
- Moderator:** Thank you. Ladies and gentlemen, we have reached the end of the question-and-answer session and I'll now hand the conference over to the Anish Maheshwari for closing comments, over to you sir.
- Anish Maheshwari:** Thank you so much to Chorus Call and the entire Investor Community and we are into the positive side and the Company performance side we are going to positive again for Morbi as well as Bombay. If there is anything for a buyback side, dividend side, we'll let you know to the market as and when the Company will decide. Thank you so much.
- Moderator:** Thank you very much. Ladies and gentlemen, on behalf of PhillipCapital India Private Limited that concludes this conference call. Thank you for joining us. You may now disconnect your lines.

