



# “Navkar Corporation Limited Q1 FY2018 Earnings Conference Call”

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**Moderator:** Good morning ladies and gentlemen welcome to the Navkar Corporation Q1 FY2018 earnings conference call hosted by Axis Capital Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal the operator by pressing \* and then 0 on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Ankur Periwal from Axis Capital. Thank you and over to you Sir!

**Ankur Periwal:** Thank you Lizaan. We would like to thank all of you for dialing in to Navkar Corporation's Q1 FY2018 earnings call. The call will be initiated with a brief management discussion on the quarterly performance followed by an interactive Q&A session. The management team will be represented by Mr. Anish Maheshwari, CFO. Over to you Anish!

**Anish Maheshwari:** Good morning everyone and thank you very much for Chorus and Axis Bank for giving us an opportunity to giving a brief about the financial results of Q1 2018. So I just wanted to give the brief on the standalone side.

In last quarter the topline income revenue was around Rs.90.86 Crores and vice versa our profit after tax was Rs.23.80, which is pretty better from the last quarter and even then that it was due to the RTG machines, which we installed in December the real benefit, which were getting right now by the administrative cost, which we reduced by around 3% or 4%.

On the operating level we are on the profits are around Rs.54.38 Crores, which is around 62.81% comparative to last quarter was around 55.98%, which is also better. EBITDA level we are also improved. In last quarter we are on the EBITDA level around 37.40% vice versa in this quarter if we compare it is around 42.82%.

One more fact with that in the last earnings and in the last quarter Q1 2016 was around Rs.8.97 Crores was other income in that the interest of fixed deposits was there, but altogether if you compare on standalone and consolidated basis, consolidated basis although the revenue number is around Rs.8 Crores and again the PAT level has improved, which was around 2%, last quarter we were on 24.14% which is now 26.19%, which is also good.

Right now looking forward the DPD and the market, which is in the consolidated mode, there is an administrative cost reduced. There are two, three reasons, one is the incentive, which was paid by us earlier, which is getting a little stocked and the administrative cost altogether, which has reduced by putting the RTG machine there is no further improvement on the TEU side, but cost wise we are very benefited to use the technology hybridization.

I just want to share the numbers on the TEUs data side; this quarter we are having around 80293 containers on the Mumbai side, JNPT side and at the same time at Vapi we did 5780, so in Vapi there is a good ramp up we are looking at.

In last whole year we did around 6495 containers vis-à-vis in Q1 we are doing 5718, we also improved the export, import mix at Vapi side. Till last year there was average TEUs at Vapi, export, import mix was around 30:70, which is now improved by 40:60, which is also the good thing and business ramp up are there.

In Vapi last year we did a topline of Rs.12.44 Crores, which was in a whole year last year, so there is a good movement over there. This is the whole story of this quarter. Ankur over to you!

**Moderator:** Thank you. Ladies and gentlemen we will now begin the question and answer session. Ladies and gentlemen we will wait for a moment while the question queue assembles. We will take the first question from the line of Giriraj Daga from KM Visaria Family Trust. Please go ahead.

**Giriraj Daga:** Congratulation on descent performance and Vapi ramp up. Few things if you can help me with the Q1 data of Panvel CFS and Vapi Q1 of last year?

**Anish Maheshwari:** Last year?

**Giriraj Daga:** Yes.

**Anish Maheshwari:** Vapi last year in Q1 only 255 containers over there.

**Giriraj Daga:** And what about Panvel?

**Anish Maheshwari:** Panvel last year total number is 81866.

**Giriraj Daga:** 81866.

**Anish Maheshwari:** Yes.

**Giriraj Daga:** So we see almost 2% kind of a decline in Panvel CFS, so what would be the thought process there and how do we see going forward?

**Anish Maheshwari:** So if you see from last year quarter numbers export was really a high side in last year through the year, one thing is that. Second thing is if you see the port movement also last

year the port movement, last year the port movement was also same line in similar line. There is marginal differences 2% is coverable in this quarter.

**Giriraj Daga:** So on a year-on-year you still be expecting descent growth in – would you like to have some number for Panvel?

**Anish Maheshwari:** Right now if you ask me about the numbers, yes because this is the monsoon season, which is very well. In this quarter as well as second, third quarter of this year will be good.

**Giriraj Daga:** Okay, so overall we can expect like something got 8% to 10% kind of increase.

**Anish Maheshwari:** Right now I am not in the position to tell you anything about it because really futuristic question.

**Giriraj Daga:** Okay sure, second is related to Vapi like obviously the export mix has gone up and that is why if you look at a realization we are seeing on a quarter-on-quarter of 27000 to about 21200 kind of?

**Anish Maheshwari:** Yes, so that is the only reason because last year the import size was very high, if you compare with the last quarter import number and this year import number which is in the similar line of a thing, but last whole year which is 6495 containers. In first quarter we did 5718 containers. Second thing last year there was an issue over there and EXIM mix was 70:30 approximately, but there is only import. So average out if you see the export import mix was around 70:30, which is improved by this year in 40:60.

**Giriraj Daga:** If it further improves may be 45:50 even there is slight decline there?

**Anish Maheshwari:** In the same manner they may be in similar kind of a number. It is good only.

**Giriraj Daga:** Understood. Sure. Thanks a lot and all the best.

**Moderator:** Thank you. We will take the next question from the line of Chintan Sheth from Sameeksha Capital. Please go ahead.

**Chintan Sheth:** Thanks for taking my question. Sir I just missed the volume numbers for the quarter and I have couple of questions? I will followup after that.

**Anish Maheshwari:** I did not give the quarter number. We did 80293 containers in Q1 this June 2017.

**Chintan Sheth:** At Vapi?

- Anish Maheshwari:** At Vapi did 5280.
- Chintan Sheth:** Number of trains Sir?
- Anish Maheshwari:** 118.
- Chintan Sheth:** 118 versus last year?
- Anish Maheshwari:** 108, I think.
- Chintan Sheth:** 108, okay and Sir our rail project at Vapi has it commenced?
- Anish Maheshwari:** Almost completed. Due to the heavy rain for last 15, 20 days are concerned Valsad, there is pending visit from the railway, the GM visit, which is compulsory, it is basically a GM survey, so they just come with their own train to just getting the signaling system, railway track and the bridges which we make.
- Chintan Sheth:** Okay it is status quo from the last quarter what we have discussed I think?
- Anish Maheshwari:** Last year we discussed we may be complete our project by June, which I already completed. From our side all work are done. There is no contention in work side. Project execution is already done, 98%, 99% work had done. It is only pending from the railway survey, so surveyor coming from last two months time on the regular basis to just checking the railway tracks, railway systems, signaling system, but the main survey, which is doing by the railway GM, so anytime if there is no rain in that side from a week or 10 days time they will definitely come and check.
- Chintan Sheth:** So you expect next month?
- Anish Maheshwari:** We are expecting that, we are already approaching them in day in, day out, but that is from their side, they might come in a week or 10 to 12 days time, I think so.
- Chintan Sheth:** Okay so when we get the approval from the GM the visit is over and everything is in place?
- Anish Maheshwari:** Approval is there only. It is a survey only pending.
- Chintan Sheth:** Post the survey and they give the green signal to commercial this?
- Anish Maheshwari:** Yes.
- Chintan Sheth:** How do you see the – given the traction we are seeing on the volume front at Vapi?

- Anish Maheshwari:** So I will give a sense on that. Right now we added some of around 100 odd parties in the both the sides volume, so they have all shipping lines earlier only around 15 shipping lines were there with – they are working with me, right now almost we added 40 shipping lines above.
- Chintan Sheth:** 40 shipping lines we have added again?
- Anish Maheshwari:** Altogether 40 shipping lines are working with me like MSC shipping line is doing almost top five shipping lines added, I will give you the names like MSC agencies working with me, COSCO, Maersk, Wan Hai, EpicLLOYD, MOL, KMTC, USE, everybody is working with me right now.
- Chintan Sheth:** We are operating or giving some cargos to Vapi currently?
- Anish Maheshwari:** I am talking about the Vapi cargo only. In Mumbai all 99 shipping lines are working with me.
- Chintan Sheth:** That we know, but at Vapi we already started working with 40 shipping lines?
- Anish Maheshwari:** Yes, actively working with 40 shipping lines.
- Chintan Sheth:** Sir post capex is done, so what kind of capex number we can expect from 2018 and 2019?
- Anish Maheshwari:** There is no further capex.
- Chintan Sheth:** No further capex, maintenance will be around?
- Anish Maheshwari:** Right now there is no further capex. If there is any kind of a capex we will let you know time-to-time basis.
- Chintan Sheth:** Sure and how we utilize the cash flows, any debt repayment plan for FY2018-2019?
- Anish Maheshwari:** It will depend, if there is an opportunity in the market because the market is really now in a good shape for the logistics companies, the GST is also positive for the logistics industry, we will see if there is an opportunity which is positive for company we will definitely let know the market and we will take the appropriate approach from the shareholders too.
- Chintan Sheth:** Sure, but any debt reduction, the borrowing?

**Anish Maheshwari:** Definitely, if there is a cash surplus with me and there is no opportunity in the market availability then we will definitely looking into that. It is a call when we have a cash surplus in our system.

**Chintan Sheth:** So we do not expect debt reduction this year in a sense if we get the opportunity to invest somewhere and see any interesting opportunity, so we can?

**Anish Maheshwari:** Chintan, I just wanted to tell you here, there is a huge opportunities available in the market, we are looking for different kind of a models, we already evaluate some research kind of a thing, we are already in the mode where the GST will give the benefit, we are already in the phase II to give any kind of a further realistic things in the market, so we are always looking for that only because this industry is required different kind of ball game right now because 95% market of this industry unorganized till now. So in this space there is a huge opportunity.

**Chintan Sheth:** What will be the debt number quarter end?

**Anish Maheshwari:** Almost Rs.360 Crores on the consolidated basis.

**Chintan Sheth:** I will get back in the queue. Thanks Sir.

**Moderator:** Thank you. The next question is from the line of Mukesh Saraf from Spark Capital. Please go ahead.

**Mukesh Saraf:** Good morning. The question is out of your 80,000 odd volumes that you have done at Panvel how much would be the DPD volumes that you have handled Sir?

**Anish Maheshwari:** We are not having any kind of a separate number because for operations for me DPD or the CFS activity is the same.

**Mukesh Saraf:** Why I was asking you is that the dwell time on these would be lower I guess and also the realizations you made will be lower, but if I look at your overall realizations on your standalone operations they are holding up quite well, so just...?

**Anish Maheshwari:** It is a difference of only incentive, which was paid by us to the shipping line earlier did in my topline correct, so that is the reason topline maybe on the import **(inaudible) 14:43** side, but practically if you see on the bottomline why we are on the good numbers **(inaudible) 14:50** it is a benefit of DPD. That is the reason numbers not on the decline side because there is incentive, which was collected by us and paid to the shipping line on behalf of party, which is getting stopped. If you see the last quarter's number and last whole year's

number vis-à-vis in this year the incentive number is a little bit more than the positive side for the company.

**Mukesh Saraf:** Could you quantify these cost benefits that you have got because of this RTGCs that you have mentioned, you said there were two benefits one is the incentives that is understood, the RTG machine benefits could you just give some numbers?

**Anish Maheshwari:** Mukesh earlier we use the reach stackers, which required a huge space as well as operational thing and that we will have to take G+3 in that case we were not using our premises in a right manner, so right now after putting RTG machines there is a huge space available to me and the same space we take till 6 to 7 height, so in that case operational cost when you use the reach stacker is much higher than comparative to RTG machines. RTG machines are basically working on two modes, one is a diesel, and second one is electricity. Electricity is much cheaper than diesel.

**Mukesh Saraf:** So any number you can give Sir that this was the cost saving because of these machines? Probably I will take it offline maybe some issues in the line.

**Anish Maheshwari:** Actually your line is a little bit vocal.

**Mukesh Saraf:** Right, so I will take that offline. Thanks a lot Sir! Thank you.

**Moderator:** Thank you. The next question is from the line of Achal Lohade from JM Financial. Please go ahead.

**Achal Lohade:** Good morning Anish, couple of questions. One sorry I did not understand that part about the DPD. You said earlier the incentives were collected by us from the customers and paid to the shipping line, how was it treated in accounts in the results, was it part of the topline and the expenses both and how is it now?

**Anish Maheshwari:** Part of topline as well as expenses both.

**Achal Lohade:** So as you said the DPD actually, with the DPD there is no such incentives collection and payment right?

**Anish Maheshwari:** Correct.

**Achal Lohade:** Could you mention what is the proportion of the volume through DPD?

**Anish Maheshwari:** We are not getting because for me operation has remained same for DPD as well as CFS activity.



- Achal Lohade:** How about the realization and the profitability?
- Anish Maheshwari:** That is why I am telling in my topline earlier we add the incentive.
- Achal Lohade:** No net realization Sir basically because that is just a collection, just like a tax collect from the customer paid to the government, so that is not...
- Anish Maheshwari:** We are including in our income earlier and incentive paid through the expense, which is knocked off, so if you see my topline is Rs.90 Crores in my PAT, which is comparative to better than last quarter. We are not collecting on behalf of and not even paying to the shipping line.
- Achal Lohade:** But you said the incentive is Rs.10 Crores right?
- Anish Maheshwari:** Earlier it was Rs.10 Crores.
- Achal Lohade:** Rs.10 Crores in which quarter Q1 FY2017?
- Anish Maheshwari:** If we compare in last quarter my incentive was around Rs.11 Crores.
- Achal Lohade:** In Q1 FY2018 right?
- Anish Maheshwari:** No I am talking about the Q4 and if you take in Q1 FY2016-17 was Rs.12 Crores.
- Achal Lohade:** Rs.12 Crores in Q1 FY2017?
- Anish Maheshwari:** Correct.
- Achal Lohade:** Rs.11 Crores in Q4 FY2017.
- Anish Maheshwari:** Correct, which is now Rs.9.68 Crores only.
- Achal Lohade:** Rs.9.68 Crores in Q1 FY2018?
- Anish Maheshwari:** Correct.
- Achal Lohade:** Understood, so there is a marginal drop out there actually. Second question I had was about the real estate project the land you have available; you are contemplating about the real estate development there, what is the status?

- Anish Maheshwari:** We are not even telling about we are going into the real estate development we just monetise that land by the way of giving right to developer.
- Achal Lohade:** What is the status on that?
- Anish Maheshwari:** It was only earlier days on the call, so till now there are certain proposals, which were coming to us and we are also discussing on that, but we are not even making till today any kind of a commitment to anyone that is all the same, which was earlier.
- Achal Lohade:** So we are still looking at it, but there is no concrete action we are taking?
- Anish Maheshwari:** Yes we are still looking at it, there are certain parties, they were coming to us and also we were going to them, but somehow it was not worked out, so we are looking for it till now.
- Achal Lohade:** The other question I had what is the gross debt number as of June 30, 2017?
- Anish Maheshwari:** It is around Rs.360 Crores.
- Achal Lohade:** Rs.360 Crores and net debt?
- Anish Maheshwari:** It is altogether.
- Achal Lohade:** No gross I was seeing excluding cash or if you could tell me what is the cash balance?
- Anish Maheshwari:** Rs.23.60 Crores.
- Achal Lohade:** You said last time the maintenance capex is about 2% of gross block?
- Anish Maheshwari:** Correct.
- Achal Lohade:** Apart from this any other capex plan for FY2018?
- Anish Maheshwari:** Right now not.
- Achal Lohade:** No capex right now?
- Anish Maheshwari:** Right now there is nothing.
- Achal Lohade:** The other question I had if I look at the port volume growth JNPT growth has been close to 5% for the quarter while we have had a negative 2% growth at Panvel?

- Anish Maheshwari:** You have to compare with DPD too. Last year there is no DPD, so in this year there is a DPD in June quarter, but practically if you see from February to June, in February there was around quantum, which was DPD versus DPD is around 57% from the port and 43% was doing by the CFS, which is till June if you compare is around 61% is doing by CFS, only 39% is doing by port itself, so DPD is in the downfall side.
- Achal Lohade:** You are saying DPD is actually declining?
- Anish Maheshwari:** Yes.
- Achal Lohade:** And would you be able to identify the reasons or what is it that is influencing this DPD decision?
- Anish Maheshwari:** Basically choice of party, so in that case shipping line and party will decide, they would like to talk, they would take that container from the CFS or the DPD directly, so there may some reasons with the party they will use again CFS.
- Achal Lohade:** There is no infrastructure related reason at the port, which is causing people to move back to CFS?
- Anish Maheshwari:** Reason of infrastructure.
- Achal Lohade:** That is purely because of the infrastructure?
- Anish Maheshwari:** It maybe, but it is the choice, which is in the hand of party itself.
- Achal Lohade:** Correct, but you were told that the government, the EXIM people actually are forcing customers to go by DPD so that they can improve the ease to do business ranking?
- Anish Maheshwari:** Practically as I said on the earlier calls also because on the port side infra is not in that mode and party we are being CFS having 2000 containers volume in a day hour there in a port. We have stock of around 2000 containers. We are also not getting on time delivery on the port side, so for parties it is really a difficult thing.
- Achal Lohade:** On Vapi front you have improved the volume, what is the expectation for the year at Vapi earlier?
- Anish Maheshwari:** In Vapi I just wanted to tell you there are certain parties whoever giving me, I will just give you one of the example like we are closely working with the Hamilton Housewares Private Limited. In April 2016 they were not given a single container to me, they start business with

me in July 2016 they are only giving me the 20 containers. In last I think so two or three quarters they average out giving me around 125 containers.

**Achal Lohade:** 125 containers a month or per day?

**Anish Maheshwari:** Per month. So there are certain parties they start work with me, they originally having like I am just giving the Hamilton is having around 500 containers volume in a month, out of which they are only giving till now approximately 165, 170 containers. So average out if you see in totality month-on-month we are adding parties, month-on-month we are adding all kind of a shipping lines in first month when we start our operations in April with only single party with us in the import side and right now we are working almost around 100 plus parties in imports, around 60, 70 parties in exports. So everybody is working with me like I will give you example of Chandan Steel in exports. When we start work with Chandan Steel they were giving me only the single container. They are giving me right now month-on-month around 100 plus containers. So this kind of a ramp up they have around 300, 400 containers volume in a month. So once we will start the railway so we are hoping that 50% of a cargo will definitely come to us.

**Achal Lohade:** Got it. Secondly if I look at the realization for Vapi that has again fallen back to 21000 kind of level, it was 26000 approximately in Q4 FY2017, what was the reason for such an increase in Q4 FY2017, which has normalized now?

**Anish Maheshwari:** Last year my export import makes for Vapi was average out 30:70.

**Achal Lohade:** Export was 30% right?

**Anish Maheshwari:** Export was 30%, 70 were import. This quarter, which is improved by 40:60. So realization export is much lesser than the imports.

**Achal Lohade:** What would be the typical difference would you be able to talk about?

**Anish Maheshwari:** Rs.4000 to Rs.5000 difference in CFS charges, transportation has remained same. Average out if you will compare from 10% to 15%, which is good for us to balancing our cargo, which is uniqueness in this industry. So particular realization may be around Rs.22000 range, but the profit is remained the same.

**Achal Lohade:** Correct. So any number you can talk about for Vapi at EBITDA level?

**Anish Maheshwari:** EBITDA level if you want I will just give it to you. So in Vapi if you see we did a topline of Rs.12.44 Crores, against that my cost was around Rs.8.59 Crores.

- Achal Lohade:** At EBITDA level right Sir?
- Anish Maheshwari:** Yes.
- Achal Lohade:** For Q4 FY2017 what would that number be?
- Anish Maheshwari:** It is around 31% is EBITDA level.
- Achal Lohade:** 31% and what would that be in Q4 FY2017, topline was Rs.7.5 Crores would you have the cost?
- Anish Maheshwari:** It was around 18%, 19%.
- Achal Lohade:** 18%, 19%, so there is operating leverage that also plays a role?
- Anish Maheshwari:** Correct.
- Achal Lohade:** Got it. Great Sir! I will come back in the queue. Thank you so much.
- Moderator:** Thank you. The next question is from the line of Manish Goel from Enam Holdings. Please go ahead.
- Manish Goel:** Can you give us a breakup of Panvel CFS Sir for the quarter?
- Anish Maheshwari:** Export import?
- Manish Goel:** Yes.
- Anish Maheshwari:** For Panvel CFS total export was 35749, import is 44544.
- Manish Goel:** 44544?
- Anish Maheshwari:** Correct. Vapi is 3392 is the import and 2326 is the export.
- Manish Goel:** So I was wondering that this quarter your export volumes are marginally up and import volumes are down by 5% despite that and again incentive been lower your realizations are up by 5% on a consolidated basis, so just wondering why is this?
- Anish Maheshwari:** That is the empty number; empty number is a little bit high in this quarter.
- Manish Goel:** How much is empty this quarter?

**Anish Maheshwari:** It is around 4524.

**Manish Goel:** Last year the number we have is 5300 on empty?

**Anish Maheshwari:** Last year?

**Manish Goel:** Last year first quarter.

**Anish Maheshwari:** In totality we will see last year quarter numbers there was a total ramp up of last year number was around 81866.

**Manish Goel:** No, I am talking about empty last year first quarter number what we have is 5300, so what was the actual number?

**Anish Maheshwari:** Actual number, my total last year was around 81866 correct?

**Manish Goel:** Out of which empty was how much?

**Anish Maheshwari:** Empty was 5300 in totality, in export at that time if you see the number of export was 35074 and import was 46792 correct, vis-à-vis if you see in totality last year my export was 35000 only, which is in this year 35749 and the realization in export is little bit lesser than the import.

**Manish Goel:** So that is what Anish what I am not able to understand still your realization per TEU is going up, so that is what I am wondering why?

**Anish Maheshwari:** No it is 10750, vis-à-vis if you see.

**Manish Goel:** On a consolidated basis because of Vapi the realization is higher.

**Anish Maheshwari:** Correct, so you are calculating on the consolidated basis?

**Manish Goel:** Yes I am doing on the consolidated basis.

**Anish Maheshwari:** In that case my realization is 11510.

**Manish Goel:** Yes that is what, so your overall realization is up by 5%?

**Anish Maheshwari:** But it is not comparable.

**Manish Goel:** Sure.

- Anish Maheshwari:** Vapi is altogether different thing and Mumbai is altogether different thing.
- Manish Goel:** Anish can you give us some insights as to how is your warehouse with basically I think you have Rs.2 lakhs square feet capacity, so how is the?
- Anish Maheshwari:** Talking about Vapi or you are talking about?
- Manish Goel:** Vapi warehouse.
- Anish Maheshwari:** Vapi warehouse will be, it is already Vapi warehouse and cold storage 100% completed, once the railway commence within 15 to 20 days there is a business, which is available to us, it is a BPL model kind of thing when the railway starts we will consolidate cargo or the warehouse as well as in cold storage, so realization on the warehouse will be start from this year itself or may be from this quarter itself, so work had already done, 98%, 99% work already completed.
- Manish Goel:** Fine. Thank you so much Anish.
- Moderator:** Thank you. The next question is from the line of Shalini Gupta from Quantum Securities. Please go ahead.
- Shalini Gupta:** Actually I joined the call late; can you please give me the Vapi TEU numbers as well as the Panvel numbers?
- Anish Maheshwari:** Vapi number is 5718, the breakup of export import is import number is 3392 and export is 2326. In Mumbai in totality 80293, breakup of export import is export 35749 and import is 44544.
- Moderator:** There is no response. We will move on to the next that is from the line of Prateek Kumar from Antique Stock Broking. Please go ahead.
- Prateek Kumar:** Good afternoon Sir! My first question is with regards to this trains you mentioned the number of trains at around 118, which was 110 Q-o-Q, Sir this number seems to be much lower sustainably now versus what we used to do like earlier around 161 active trains and that to when it seems that JNPT is also facilitating rail evacuation, which is sort of helping other players, so why is it, are rail numbers lower or we are seeing it in a wrong way?
- Anish Maheshwari:** No, practically if you see my railway number was last year comparative to last quarter is improved because till last quarter there is no such, because railway used by the agro commodities much.

- Prateek Kumar:** Railway is not used by agro commodities?
- Anish Maheshwari:** No, majorly used by the agro commodities. If you see the last quarter and this quarter the agro products from the port side is a little bit lesser than comparative to last year.
- Prateek Kumar:** But our product mix probably would be still 40% for agro and?
- Anish Maheshwari:** That is the only reason because my agro in major quantum, which is 43%, 44% is the agro exports, but from this quarter the export of agro is a little bit less from the last two, three quarters. I will use my railway facility for taking the cargo in, license in for exports.
- Prateek Kumar:** But this number reflects the number of trains running out of JNPT to your terminal?
- Anish Maheshwari:** No it is all for, all kind of a train, which we handle.
- Prateek Kumar:** All kind of trains.
- Anish Maheshwari:** BCN, BLC every kind of a train, which we handle, is the number of that only.
- Prateek Kumar:** But is there any scheme running by JNPT or the port authorities on rail?
- Anish Maheshwari:** Railway there is no problem on the track, there is no problem with the port, the only problem if you will compare it from last two, three quarters, export of agro is a little bit less and we are using a terminal to take in cargo by the way of BCN wagons.
- Prateek Kumar:** Okay Sir export of agro is less despite monsoon being better and agri commodity?
- Anish Maheshwari:** This year from this month itself there is improvement from this month itself.
- Prateek Kumar:** Okay so we should see some improvement in general container movement export for?
- Anish Maheshwari:** On the railway side you will have to compare year-on-year basis. That is the good criteria.
- Prateek Kumar:** Okay and Sir on the direct port delivery is meaningful difference in the profit, which we make on DPD containers or normal containers?
- Anish Maheshwari:** There is a difference of around Rs.300 to Rs.400 because if will compare from last quarter. My ratio of cargo handling and cargo storage earlier it was 20:80, the



cargo handling was 80% and cargo storage 20%, but after DPD the ratio of storage is 15% and 85% in the handling.

**Prateek Kumar:** So it is Rs.300 to Rs.400 lower.

**Anish Maheshwari:** Yes it is lower then the lower side approximately average Rs.300.

**Prateek Kumar:** Okay Rs. 300 lower.

**Anish Maheshwari:** Yes but practical thing what you know today major benefit which were getting in Navkar after DPD is the main advantage earlier what happened some of the shipping lines which were not working with me. They have their own yards; they have their own facility. So somehow we cannot manage that kind of people who ever would like to take services of Navkar but after DPD we have railway advantage everybody is open to take the cargo into Navkar.

**Prateek Kumar:** Okay Sir so do you see any kind of smaller CFS which may get closed or that kind of?

**Anish Maheshwari:** I do not want to quote you the name on the call, but there are certain parties whoever working would be dedicated shipping lines. There are using now the services of Navkar. The reason beyond that because for hinterland delivery Navkar is having the railway advantage. They are using our services for the party just give the example like parties. I will just give you the example like parties who like to import in JNPT Port. They just take the cargo delivery on the port directly and take that cargo to the Navkar for hinterland delivery, for domestic delivery we are using by railway because today if somebody is going towards Nagpur, they take both towards South Gujarat may be import they are using my tracks or some of the they would like to take the cargo into Indore, so for Indore from Mumbai to Indore logistics transportation by road is Rs.40000 but if you compare with the railway it is only Rs.16000. Earlier what happens shipping line was dominating the cargo to take the cargo into specific CFS. Those parties are willing to work in Navkar and that is only the reason after DPD my numbers are not getting down.

**Prateek Kumar:** Sir on your forex number, which you generally tell, which was last quarter gain off Rs.2.6 Crores so Sir what would be this quarter number?

**Anish Maheshwari:** It Rs.3 Crores figure, but at the same time will have the impact of premium so overall loss of forex is around Rs.50 lakh.

**Prateek Kumar:** Rs.50 lakh and Sir just one question on this net debt you mentioned about Rs.360 Crores of net debt last quarter you mentioned the net debt of Rs. 450 Crores if I remember correctly so there is some reduction?

**Anish Maheshwari:** Yes in this quarter we rebid an Rs.65 Crores debt, the prepayment of debt.

**Prateek Kumar:** Okay prepayment of debt and Sir just one final question on this Rs.500 Crores fund raising plan so is there any update on that front?

**Anish Maheshwari:** Right now not any kind of which is enabling approval, which was taken by the company. We are thinking some kind of a strategy decision if there is any kind of finalizing will definitely let you know.

**Prateek Kumar:** Okay it is related to some new project?

**Anish Maheshwari:** Right now there is nothing to say. If there is any kind of a thing, we will definitely let you know.

**Prateek Kumar:** Thanks and all the best.

**Moderator:** Thank you. The next question is from the line of Prateek Pareek from Anand Rathi. Please go ahead.

**Prateek Pareek:** Thanks for taking my question Sir. Sir first thing regarding your Panvel CFS the margins were pretty good this quarter so despite fall in volumes should do we expect the similar level of margins going ahead?

**Anish Maheshwari:** Definitely we would expect. There maybe I think so half a percent of 1% declined or improvement itself because it all depends on the commodity, season and the availability of the machine. Definitely there is ramp up in the huge number side, there may be half percent decline or may be half percent positive and train will remain the same.

**Prateek Pareek:** Okay train will remain same and Sir next thing was since DPD has caused some volume deceleration in this quarter so do we expect similar thing to happen going ahead in the next three quarters?

**Anish Maheshwari:** If you ask me it is a pure call, how the port will resolve the issue. It also depends on the party side because if party is able to take their delivery from the port directly there may not have any kind of an issue, but at the same time because the decline just because of the services, which is giving by the port may be or they may some difference to the party compared to the CFS.

**Prateek Pareek:** Okay and some on the Valsad, the Vapi side currently you have only road operations there so post this rail side doing commissioning do we expect the realization to remain the same or do we expect it to go down?

**Anish Maheshwari:** No realization may be positive.

**Prateek Pareek:** Upwards you would say.

**Anish Maheshwari:** It maybe you are asking me per TEU realization may be remain same.

**Prateek Pareek:** Okay per TEU realization would same.

**Anish Maheshwari:** But the profit side if you see it may definitely improve.

**Prateek Pareek:** Okay and on this mix of 60:40 between import and export so if there is mix improve further through say 50:50, so would there be an impact?

**Anish Maheshwari:** We are trying to do that only because there is a distance of around 175km that case if you are on the 50:50 side it will also giving me good number.

**Prateek Pareek:** But the realizations would be more or less similar or they would be some?

**Anish Maheshwari:** More or less similar but the profit, the incentive cost will be improved by administrative profit will be improved by another 5% to 7%.

**Prateek Pareek:** Thank you. That is all from my side.

**Moderator:** Thank you. The next question is from the line of Harsha from Dimensional Securities. Please go ahead.

**Harsha:** Good morning Anish Ji. I just wanted to clear one of my doubt in case of DPD volume even the transportation from port to CFS then by the CFS operator?

**Anish Maheshwari:** Yes it is by the CFS officer. Nothing changes in operations.

**Harsha:** Okay no change in operations.

**Anish Maheshwari:** Clearance has already been changed between the DPD and CFS. Clearance was happened in the CFS itself duty was pay directly to the customs but as all operations were doing into the CFS.

**Harsha:** Okay fair enough.

**Anish Maheshwari:** There was doing into the CFS, which is now strong for the DPD cargo only.

**Harsha:** On DPD cargo only okay and my second question is after this implementation of GST are you using any benefits in terms of parcel transportation with this Octroi and everything been done away with, are you getting the benefits of that?

**Anish Maheshwari:** I just want to tell you is the first month after GST, so we would not even getting any kind of data from that. Once the data will definitely collected by us then I will use the real sense on the GST, but frankly I will tell you GST is really positive grew for the industry.

**Harsha:** Fair enough.

**Anish Maheshwari:** There is no much difference for me earlier we are paying around 5.3% of the service tax, which is now looking perfect.

**Harsha:** Now I am talking in terms of the improving efficiency like the road transportation, which you send from Mumbai to Vapi currently, so the time taken before GST and time that will take after GST will be significantly different correct?

**Anish Maheshwari:** Me, after a month that will give me average and clear picture. Right now I do not have anything with me how the operation is going on, definitely improvement are

there after GST administrative cost or diesel fuel cost will be a little bit in the lower side. There is two of Octroi check post one is on Bhiwandi side and second one is before Vapi.

**Harsha:** Yes that is what I am asking?

**Anish Maheshwari:** Definitely there may be some improvement, but particularly I do not have any kind of number with me so I will give the sense after on the GST after this quarter.

**Harsha:** Fair enough and my last question was in terms of how is business ramping up and how is the business in Gujarat in last couple of weeks like we are dealing very rains are going on, are you seeing any drastic impact on your business?

**Anish Maheshwari:** No not at all.

**Harsha:** Okay nothing until now.

**Anish Maheshwari:** No as of now there is nothing because the business is going smoothly over there and parties, which are working altogether 12 months, seasons because there is no much agro. There are maximum cargo is in terms of pharma, newspapers; those people are working till now. So marble will never be having any kind of impact by the rain. Practically I just wanted to tell you in the Vapi side every shipping line would like to work with me, there are certain parties also working with me somebody who is giving me only 10-15 cargo before three months they are giving me 100 to 150 cargo in a month, they are gradually the empty up utilization of Navkar facility.

**Harsha:** That is all from my side. Thank you.

**Moderator:** Thank you. The next question is from the line of Viral Shah from Centrum Broking Limited. Please go ahead.

**Viral Shah:** Good morning Sir. This is Viral from Centrum Broking. Basically just one question in terms of other income, there is difference between other income and standalone and consolidated. What is the difference interest Rs.3 Crores is the interest?

**Anish Maheshwari:** Interest, which was paid to the Navkar Corporation by the Navkar Terminal.

- Viral Shah:** Okay and what was that regarding to?
- Anish Maheshwari:** Regarding to the project fund, which was paid by around Rs.90 Crores given by the Navkar Corporation to the Navkar Terminal as a part of project so on that we would have to make the brochure of interest.
- Viral Shah:** Okay and what is that rate of interest be?
- Anish Maheshwari:** It is similar kind of rate of interest is around 10%, which is generally given by the bank.
- Viral Shah:** Okay but is this same one, which was promoter, had given a debt free kind of loan to NTL that was sale in?
- Anish Maheshwari:** Correct it was interest free loan, but in debt will have to make the provision of interest.
- Viral Shah:** Okay so basically this is not in cash outgo basically.
- Anish Maheshwari:** No cash outgo, but will make a provision after Ind-AS.
- Viral Shah:** That is it from my side. Thank you.
- Moderator:** Thank you. The next question is from the line of Jayakanth Kasturi from Dolat Capital. Please go ahead.
- Jayakanth Kasturi:** If you could provide me the empty running cost for this quarter vis-à-vis last year quarter?
- Anish Maheshwari:** See practically we are not calculating any kind of cost for any kind of cargo, because my model is ownership model. So we are not even outsourcing anything. So the entire cost we will have evaluate or we will have to calculate on per TEU basis.
- Jayakanth Kasturi:** Per TEU basis okay Sir and in terms of your cargo storage can you give me revenue number for this quarter?
- Anish Maheshwari:** Cargo storage separately. Are you asking about the standalone basis?

- Jayakanth Kasturi:** Yes both if can.
- Anish Maheshwari:** I just give you the standalone basis my cargo handling was Rs.68.60 Crores and the storage was Rs.15.48 Crores.
- Jayakanth Kasturi:** Rs.15.48 Crores okay Sir.
- Anish Maheshwari:** I will give you separately because right now I do not have any numbers with me.
- Jayakanth Kasturi:** Sir and you said that right now DPD coming up your revenue numbers for cargo storage is decreasing like from 20% to 15% so Sir if this trend continues ahead?
- Anish Maheshwari:** If the DPD will continue, my train will also continue.
- Jayakanth Kasturi:** Okay Sir. Thanks.
- Anish Maheshwari:** There is decline in the DPD my train will remain positive.
- Jayakanth Kasturi:** Okay Sir. That is it from my side. All the best Sir.
- Moderator:** Thank you. The next question is from the line of Parikshit Kandpal from HDFC Securities. Please go ahead.
- Parikshit Kandpal:** Sir on the Vapi 5718 the growth we saw this quarter if you can explain how much was so this was entirely from the customer base, which we had in for Q4 FY2017 or there was like incremental?
- Anish Maheshwari:** There is improvement of around 30%-40% customers added in this quarter.
- Parikshit Kandpal:** So do you have that breakup handy like how much could be that from new customers are counting for this quarter?
- Anish Maheshwari:** I think so from this month onwards I will give you the numbers. So we added almost around 30% new customer in this quarter. They were willing to work with me from last quarter. They were giving me any kind of one or two containers but from this quarter there are giving 20, 25 and 30 containers from right now. I will just give you the names.

**Parikshit Kandpal:** If you can give me how much was the total incremental TEUs, which you saw from new customers, which have on-boarded during this quarter?

**Anish Maheshwari:** We are not calculating any kind of separate kind of thing. I will just give a few top names, so right now in the export side we are working closely working with Chandana Steel, Raj Petro, Jaicor Magnaplast, Alok Industries, Polycab, Beam Polycab, so those are parties in top 5. At the same time import side we are working with Tata Universal, Sierra Paper mill, Sri Krishna Steel products, Kalpana Industry, Precision, Karani Papers, Revival, Ares International, Stoneman Royal, Millennium Granite so all kinds of mix, right now we are working with. We are also working with the metal party. We are also working with the newspapers parties, we are working with the Pharma, we are working with the chemicals so all kind of parties we are working with right now.

**Parikshit Kandpal:** And Sir these customers, which would just, highlighted so do we share like similar relationship with them in the Panvel, I want to understand was there any current realization?

**Anish Maheshwari:** The party names I am sharing with you right now from them I think so hardly one or two parties are working with me.

**Parikshit Kandpal:** I understand from the margin side when the train starts the margin realization may remain the same, but margins will improve but in terms of over volumes so do you already have some customers on board that once the train starts or they will probably migrate?

**Anish Maheshwari:** There are all the players, I will just give you the names, Hamilton House, they would like to give me 100% volumes if we start the railway tomorrow, like NR Agarwal and Sudarshan Chemicals, Rama Pearls, Chandan Steel, Mundra Industries, Plastic Paints, there are certain parties, they are already giving me the sense. Today when we start business with them like as Hamilton earlier also I just now giving example of the same party. They were giving single cargo in month after July 2016 there will give me the 20 cargo right now there are giving me around 170-180 cargo in a month.

**Parikshit Kandpal:** Probably like what could be if the train comes in?



**Anish Maheshwari:** So right now how many parties we are working with, they all inclusive, I can tell you we are working closely with around 200 parties right now originally they have total volume of around 20000 odd containers in a month.

**Parikshit Kandpal:** All put together 200?

**Anish Maheshwari:** All put together we are already hardly giving me the cargo for around 20% and 10%.

**Parikshit Kandpal:** Right now they are giving 20%.

**Anish Maheshwari:** Like Karani Paper is having a volume of 800 containers in a month. There are only giving me the 100 containers in a month. So once they will get the benefit of railway definitely start work with me. Logistics is a part if you are having extreme tied up with NA of the transporter in that case you will rely on me may be first question in your mind. For that what you will do you will give me 10 containers test check basis, once I will give the good service on those 10 containers then after will give me gradually 20, 25 and 30 containers in a month.

**Parikshit Kandpal:** No to ramp up this 4x or 5x from 5000 suppose if over the next three to four quarters we ramp up so 20000 containers per month so how are we looking to tie up with like so what could be the mix of rail and road here and how many truck do we need to add how will you source?

**Anish Maheshwari:** For Mumbai if you will ask me there is railroad mix is around 20:80 but in Vapi it may be 40:60.

**Parikshit Kandpal:** 40 will be railroad.

**Anish Maheshwari:** 40%-50% may be the rail, 40% to 50% may be the road and the reason behind is what you know, because every each and single containers guy will never give me or will never wait for train. For that I will have to console all kind of cargo only. As I shared the name of 10 parties, they will definitely use my rail service itself.

**Parikshit Kandpal:** How much all these trucks will be purchased by us or like will be having?

**Anish Maheshwari:** Yes we already all the trucks, which we are usually purchased is on the book of the company.

- Parikshit Kandpal:** What will be the number now in next year, one year like as that Vapi ramps up?
- Anish Maheshwari:** In the truck side right now we have two models. One is owned by the company and second one is transport division, which is also owned by company. In that right now all together around 800 trucks.
- Parikshit Kandpal:** 800 trucks owned on books of the company?
- Anish Maheshwari:** Owned by the company. Near future if there is good ramped up in the Vapi side will definitely purchase more than 100 trucks.
- Parikshit Kandpal:** So over next one year we will look purchase around 100 trucks?
- Anish Maheshwari:** It all depends. If my Vapi ramps up may be 10000 containers in a month and I will have to buy around 200-300 trucks more.
- Parikshit Kandpal:** Okay so you are saying 5000 is for this quarter so if it moves up to almost you are saying 30000 so 6 lakhs, so you have to buy almost like 300 trucks?
- Anish Maheshwari:** 200 plus trucks.
- Parikshit Kandpal:** And how much with the capex approximately like we have two months?
- Anish Maheshwari:** Hardly 25 lakhs, each truck 50 Crores and long tenure truck book is around 8 years loan.
- Parikshit Kandpal:** That is all from my side. Thank you and all the best.
- Moderator:** Thank you. The next question is from the line of Giriraj Daga from K.M. Visaria Family Trust. Please go ahead.
- Giriraj Daga:** Just two clarifications this 360 Crores of debt include the promoter debt right?
- Anish Maheshwari:** No. 360 Crores is the secured loan.
- Giriraj Daga:** Secured loan outside debt and promoter would be as of now Rs.90 Crores?
- Anish Maheshwari:** It is around Rs.105 Crores.

**Giriraj Daga:** Rs.105 Crores okay second on the costing front obviously the cost come down one per TEU basis so you expect this number now to be a sustainable number bearing the normal inflation?

**Anish Maheshwari:** It all depends it is mainly 0.5% to 1% here or there.

**Giriraj Daga:** That is okay, but like there is no one-half in this number, low number?

**Anish Maheshwari:** Yes.

**Giriraj Daga:** My third thing is that if I look at the rail thing like last year data what I have second quarter is seasonally the highest followed by third while one and fourth are seasonally low quarter is that right assumption?

**Anish Maheshwari:** Practically you will have to look at the entire number for the year basis. Sometimes what happens certain commodities in agro like government deal; there is good agro but government in commodity then what will have to do and sugar, sometimes sugar will be banned by the government. In that case the season is good. The sugar, heavy sugar, which was cropped, but the government banned, then what we will have to do.

**Giriraj Daga:** Okay last year we did about 3627 right?

**Anish Maheshwari:** It all depends the year on year basis. Sometimes there is a stock, like tomato today. It is a huge issue everybody is joking on it, but tomorrow if there is good crop on tomato side, then what will happen. Definitely we will export again, onions if you will see for three or four years back onion was having a price of Rs.100 each kg earlier it was only Re.0.50 paise, so in Rs.100 nobody will export. It also depends on the seasonal basis commodity basis. Like cotton was banned by government last year. This is opened by the government. So it all depends the mix, which is going to be port side on the quarter-on-quarter basis. This quarter there is good rain across India next quarter there may be good improvement in the export definitely.

**Giriraj Daga:** I understood. Just two data point what was empty train running in the fourth quarter empty number what you gave 4574 in the first quarter and what is the fourth quarter and the second at Vapi what was the export in mix fourth quarter?

**Anish Maheshwari:** Vapi export import mix fourth quarter. I will just give you the number. Vapi I have the entire year numbers handy with me. I will give you entire year number. It is around in whole year Vapi we did 4000 landed in one container as import, and export was 1594.

**Giriraj Daga:** 1594 and empty number?

**Anish Maheshwari:** It is around 25%. In Vapi there is no emptying.

**Giriraj Daga:** Not Vapi. I am saying empty number fourth quarter for Panvel?

**Anish Maheshwari:** Panvel empty numbers, I will just give you wait a minute. Exact number I will share with you because my PC is not going on and I will give you exact number.

**Giriraj Daga:** Sure not an issue. Thanks from my side.

**Moderator:** Thank you. The next question is from the line of Chintan Sheth from Sameeksha Capital. Please go ahead.

**Chintan Sheth:** Thanks for the followup on Anish Ji. Just wanted to understand on the DPD side we discussed the most of it like if the DPD volume what will be the split at JNPT right now which has impacted our cargo limit this quarter so what will be the split JNPT on the DPD versus non-DPD?

**Anish Maheshwari:** Are you talking about the total number of DPD, on the port side, in percentage, I have I think in totality in February month, versus DPD was around 61% and I think in number I think say 15000 container and other than 15000 DPD versus CFS was 39%. In June month the number is almost similar and DPD versus DPD was around 39%, DPD versus CFS in 61% so almost there is declined in the DPD cargo versus DPD direct.

**Chintan Sheth:** Okay and Sir you mentioned about the service tax we will pay on 5.3%, which is now?

**Anish Maheshwari:** 15.3%.

**Chintan Sheth:** 15.3%, which is come down to?

- Anish Maheshwari:** Now 18%.
- Chintan Sheth:** 18% so not much impact on that front?
- Anish Maheshwari:** There is no such impact.
- Chintan Sheth:** Correct and on warehousing what would be capacity at Vapi?
- Anish Maheshwari:** Vapi, are you talking about the open warehousing.
- Chintan Sheth:** Open plus?
- Anish Maheshwari:** 475000 TEUs in a year.
- Chintan Sheth:** That is the total capacity?
- Anish Maheshwari:** It is the total capacity out of which anybody would like to take their cargo for a year I do not have the number.
- Chintan Sheth:** If we look at quarter number on the total volume versus our total capacity on an annualized basis it is around 30%-33% utilization so you have given the broad outlook the number of customers you are getting at Vapi and the ramp up we can expect once rail operation starts how do you see this capacity likely to be fully utilized over that next five to three years something?
- Anish Maheshwari:** It may take three to four years.
- Chintan Sheth:** Three to four years. Once a rail starts our realization will dip and profitability will improve that is what?
- Anish Maheshwari:** Correct. Realization may be similar kind of realization till now which is having right now but definitely.
- Chintan Sheth:** From 21000 this quarter on the realization 21700 or something that will remain the same or 20000-22000 kind of?
- Anish Maheshwari:** Correct.

**Chintan Sheth:** Okay and we did EBITDA per tonne at Vapi 600-700 per TEU this quarter so that will improve?

**Anish Maheshwari:** 21000.

**Chintan Sheth:** No that is realization. I am talking about EBITDA per TEU, it is coming around 600-700 something, Vapi itself so that is 31% on margins front what kind of margin we can expect at peak at Panvel?

**Anish Maheshwari:** 40% EBITDA level.

**Chintan Sheth:** 40% right and what we do at Panvel.

**Anish Maheshwari:** Correct.

**Chintan Sheth:** Thanks. I will get separately if I have any queries.

**Moderator:** Thank you. Ladies and gentlemen that is the last question. I now hand the conference over to the management for the closing comments.

**Anish Maheshwari:** Thank you every one for joining us. We hope that definitely will be on positive side and thank you for all your support. Thank you Ankur. Thank you so much for giving us an opportunity and we hope for the best.

**Moderator:** Thank you. Ladies and gentlemen on behalf of Axis Capital that concludes this conference. Thank you for joining us. You may now disconnect your lines.