



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



PhillipCapital

“Navkar Corporation Limited Q2 FY18 Earnings Conference Call”

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**MANAGEMENT: MR. ANISH MAHESHWARI – CHIEF FINANCIAL
OFFICER**

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



Moderator: Ladies and Gentlemen, Good day. And Welcome to the Navkar Corporation Q2 FY18 Earnings Conference Call, hosted by PhillipCapital (India) Private 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 an operator by pressing '*' then '0' on your touchtone telephone. I would now like to hand the conference over to Mr. Vikram Suryavanshi from PhillipCapital (India) Private Limited. Thank you and over to you, sir.

Vikram Suryavanshi: Good morning, and very warm welcome to everyone. Thank you for being on the call of Navkar Corporation Limited. From management we have with us Mr. Anish Maheshwari – Chief Financial Officer. Now, I hand over the call to the management for their opening comments then we will have question-and-answer session.

Anish Maheshwari: Thank you, Vikram. Good morning, everyone. I have, along with my team, Shailesh Jha and Praveen Agarwal on this conference call for Q2. Thanks once again for PhillipCapital to give us an opportunity to announce our results and take session for our performance.

I just want to give a brief about our results and then after I will give sense about railway, which is a big announcement from the company. Third thing, I just wanted to tell you about Q1 data volumes which we handle quarter-on-quarter. One more thing which I just wanted to share with you people, the operations, after the DPD thing how is the movement towards logistic side, I just wanted to give brief on that

So, if we will compare the Q1 data on a consolidated basis, we did around Rs. 98.83 crores top-line, against that consolidated basis this is around Rs. 107.80 crores, a 22% growth quarter-on-quarter. If we will compare with last year's numbers, it may be around 22% - 23% growth. And the PAT and other things, there is also gain of 20% at EBITDA level and operating profit also, compared to last quarter is around 15% profit, up from Rs. 24.8 crores to Rs. 25.4 crores.

Last quarter we handled somewhere around 81,105 numbers of TEUs in Mumbai, and Vapi 6,436. And compared to this, in this quarter we handled 83,145 in Mumbai and Vapi we handle 8,696 in totality. There is one more thing which we started in Vapi, we also started operations from Hazira, that is a region our realizations per TEU in Vapi is slightly going down, but if we compare from Mumbai side, our realization per TEU are slightly up.

Till last quarter we had a realization of Rs. 10,070, which is around Rs. 11,174 in this quarter. Reason behind that is because the railway operations which we started at JNPT and other operations which we held right now with the shipping line, anti-movement is getting down. So, we got actually benefit of DPD just due to the railway advantage which we have with us.

Secondly, Hazira volumes, which we handled in last quarter is around 17,097 TEUs out of 8,696. Tariff is little bit lesser than Mumbai tariff because there is lead distance of Hazira to Vapi is around 30 kilometers between Mumbai and Vapi. Where if we will compare with the



railway side, Mumbai railway we handle somewhere around 139 trains compared to last year it was 127 trains. So, railway movement is getting up. So, everything is in positive side.

One thing that we just wanted to highlight over here, railway operations, this is a positive announcement from the company side. The event which will happen in very few days, today also there is a survey from the railway side in Vapi, ICD. So, it will be the event which will be positively announced very soon. Rest everything is in the positive mode from the company's side, numbers are good, we are performing continuously good. There are slightly, DPD impact is there, but practically if we see the impact of export-import volumes, GST has not much impacted us, this is also a positive sign. And that practical impact of GST in positive side will be seen in next two quarters.

So, everything is in line from the company's prospective. We just wanted to thank our marketing team, they are doing very fantastic job, because last quarter we had around 5718 TEUs compared to last year 6046 all year. We reached somewhere around 3,000 at Vapi per month. So, this is good move from the company's side. We added several parties in Vapi we added around 10 to 12 shipping lines which we add in this quarter. So, operations are good.

One more thing which I just wanted to add, which I tell you in the call. 1797 TEUs which we handle from Hazira, which is **Moroli 5.45** marble which was coming from JNPT port which has now shifted to Hazira. From there we are moving the containers towards South Gujarat. There is a major operation thing from the Hazira port which was earlier we would not expect, parties are now willing to work, marble parties specifically, because costing advantage they get. But it will practically on EBITDA level we are not losing anything, it is again positive.

So, Vikram, from my side it is over. We are going for a Q&A session right now.

Moderator: Thank you. Ladies and Gentlemen, we will begin the question-and-answer session. We have the first question from the line of Giriraj Daga from KM Vesaria. Please go ahead.

Giriraj Daga: First of all, congrats on a very good performance in a challenging environment. We have been looking at number of other companies and we see what pressures companies are seeing. A couple of questions first 83145, right?

Anish Maheshwari: Yes.

Giriraj Daga: And what was the year-on-year number, it was 85105 or...?

Anish Maheshwari: 85105 was the last quarter number.

Giriraj Daga: Okay. And if I see the realization that has gone up, like year-on-year it is like about Rs. 800, quarter-on-quarter also about Rs. 400. We were assuming that dwell time is getting lower, so realization should be coming down.



- Anish Maheshwari:** There is a dependency of the company, because I always see on my last call if you will go through my call, our average realization depends on the yearly basis. If we compare that realization per TEU from quarterly basis it will be difficult for us because sometimes the commodity mix is also getting changed. That is the reason we will have to compare our per TEU realization In terms of dual time which you are talking about, it is not getting down yet. It is already similar kind of thing because port side there is congestion. The DPD cargo which also we handled in our CFS, it is also on the same price and same time too. So there is no dual time which is hardly around one day's difference is there. But if you talk to me about per TEU realization, it is definitely getting up because of the commodity mix.
- Giriraj Daga:** Okay. If you can give also export-import mix which you normally give at both Panvel and Vapi?
- Anish Maheshwari:** Altogether if we will see, on the Bombay side we did export of 37,060 containers. And import is 46,085.
- Giriraj Daga:** And what was at Vapi?
- Anish Maheshwari:** Vapi is, export is around 4,037 altogether and 4,659 is import.
- Giriraj Daga:** If you can also give the numbers of Vapi performance which you used to give last quarter, revenue, EBITDA?
- Anish Maheshwari:** Vapi, we have a top-line of about Rs. 14.89 crores with the net profit of Rs. 1.68 crores.
- Giriraj Daga:** What is EBITDA?
- Anish Maheshwari:** Rs. 5.29 crores.
- Giriraj Daga:** Sir, last few things. So far every quarter how is the traction at JNPT? Do you still believe that **0:09:56.5 VIP** has not made a dent in volumes so far? So far second quarter is very good. second ting, the outlook on the Vapi side, I know after rail it should see multifold, but till the time can we see this quarter-on-quarter growth what we have been seeing so far?
- Anish Maheshwari:** As I told you, on the Vapi side it is really a very big announcement we are making So, today also there is a railway that is going on. The railway event is really very positive for the company. GST impact, which we understand, our exporter, importer, shipping lines, they are having a sense in third quarter and fourth quarter to streamline their operations with the GST, there are certain issues going up. Then they will settle down in third quarter or fourth quarter.
- Giriraj Daga:** Okay. We have also this QIP, so now we are finalizing the plan for next round of CAPEX, any thought on that?
- Anish Maheshwari:** Yet not. We had did the QIP just to reduce our debt. Second thing, there is a asset which is around total value of around Rs. 2000 crores plus, market value. Against that we have only



around Rs. 175 crores debt on the book. So, we are just talking with the banks and they are allowing us to be debt free company, as Navkar Corporation will be going very soon to zero. We have around Rs. 2,000 crores assets which we already pledged to the bank, that we would like to mortgage.

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

Chintan Sheth: One thing on the QIP, Rs. 145 crores we have raised, right?

Anish Maheshwari: Correct.

Chintan Sheth: And that will be entirely used to repay debt?

Anish Maheshwari: Correct.

Chintan Sheth: So, what was in September that number and by end of March what are we expecting?

Anish Maheshwari: Right now before QIP we have a debt of around Rs. 175 crores on the Navkar Group, which will be getting reduced by Rs 140 crores, because Rs. 5.4 crores is my QIP expenses. So, around Rs. 35 crores remain on the Navkar Group. And Navkar Terminal, which is only our subsidiary, there may be around Rs. 220 crores debt. Altogether it is around Rs. 270-odd crores. So, on that today before this QIP we have a net, net interest outgo of around 7%. So, altogether we have about Rs. 28 crores. And then after, for month I am telling you, it was around Rs. 7 crores per quarter. Against that it may be Rs. 1.3 crores only. So, interest will be reduced by Rs. 3.5 crores per quarter.

Chintan Sheth: Okay. So, Rs. 7 crores interest cost will reduce to Rs. 1.3 crores?

Anish Maheshwari: No, it will reduce by Rs. 3.5 crores. So that is the core idea. And second thing, because there are certain opportunities in the market for the logistics business, we are looking for that and we will definitely come along with that with the new announcement if we have any kind of a CAPEX plan.

Chintan Sheth: Yes, I went through your placement document yesterday, there was a mention about a brief idea about the proposed rail logistic network and distribution hub

Anish Maheshwari: Because today if you will see in India there is a logistics cost which is around 14.5% altogether and globally it is only 5% due to railway and air cargo movement. Road is very, very, logistically if we will see, road is much, much higher logistics cost compared to rail. Not only in the longer distance, also in the smaller distance too. As we are also having a hold on that on our last three, four calls, average per TEU cost for the road from 200 kilometers, from JNPT to Vapi is around Rs. 24,000. If we compare it with the rail it is only Rs. 8,000 to Rs. 9,000. So, that is really a big advantage to the company, not only for the company, it is for the industry also. Because today all parties which we are connected in Vapi with us, we all really have a



positive hope of railwas. And before railway also already they are getting 20% - 25% of discount on their overall cost. That they are understanding gradually. Once you will commence operations gradually they will understand where they are losing money. Till last quarter in Vapi we had around 45 to 50 parties, in this quarter we have around 70 parties added for the export side. And the import side, till now we have around 253 parties which we have already added this quarter. So, which is a huge number, compared to 150 parties we are now around 400 parties altogether.

Chintan Sheth:

So, going forward, barring FY18-FY19 that will require more time from your clients, and as you mentioned about GST transition and all. So, going forward in 2018-2019 then everything will be in place, your Vapi approvals will be in place, and hopefully EXIM volume will also pickup by that time.

Anish Maheshwari:

Yes, logistics space itself is having a positive opportunity right now. So there are certain developments, as I told you earlier also and on the call and today also I am giving you, earlier we had around 250 to 275 parties, right now we have 400 parties. So there is a interest, some parties are coming up with two, four, five containers, we split our team in three different division, we categorize A, B, C. In A we cover around 100 plus odd containers per month; in B we cover 50 to 100; and in C we cover 1 to 50. So we are not even distinguishing between 1 to 100, 100 to 1000 containers, any party whoever is in that region, we are pitching them. So, our concentration is also on one container's party and 100 containers party and 1000 containers party, everywhere which we require our batch we are going to them, educate them how to reduce your cost by the way of logistics. So there is a positive opportunity, there is no issue in the port side also. Port is also coming up with 2.4 million TEUs additional capacity, they may announce very soon. It is a matter of time, they may take another three, six, nine months time, but it will definitely come.

Chintan Sheth:

Right. So, in the expansion plan any ballpark, I have more color about where you are going to invest, what kind of regions you are looking at right now. From Mumbai we are looking to build network, as mentioned in your documents. So, if you can provide more color about, at least any timeframe if you can provide by when you can provide such details about the expansion plans?

Anish Maheshwari:

So basically our idea is, in India there are two different kind of logistic model, one is domestic and second one is EXIM, also there are 3PL, 4PL models are going on. So, our focus is majorly 3PL, 4PL kind of a model; secondly, on the domestic as well as EXIM side. So, although there is a slightly lesser profit in the domestic operations but there is a good business, no doubt about it.

Chintan Sheth:

So, how this our CFAs in western side will compliment your expansion plan?

Anish Maheshwari:

If we will see in India Mumbai is central side, it is center point of India. So if you will ask to any exporter/importer for the movements of goods, they always would like to use the JNPT port. Like if he is going towards MP border, half of Gujarat, entire Maharashtra, Goa border,



Karnataka border, they all would like to move their containers from Mumbai itself. Although, Chennai port is little bit easy to move from there, Hazira for Gujarat is near, Adani also is near, but they would like, Adani is having a 375 kilometer distance but JNPT port is much better port from them, first thing. Second thing, on JNPT port there is a vessel connectivity much, much higher than the other ports. Third thing, the laborer component, if you require labor in a day, from the Mumbai side is really easy to take that. Fourth thing, logistics operations if you require 5000 trucks in a day, on JNPT port they have their kind of solutions, although there is a congestion, but if you require that much of a fleet, easily available in Mumbai. So, operation wise, Mumbai port is much, much better port across India.

Chintan Sheth: So, I am trying to understand what kind of plan, in the expansion plan you just mentioned about it but if you can provide more details, what kind of...

Anish Maheshwari: Whenever we will compute anything we will definitely let you do the math.

Chintan Sheth: Okay. It is still in the planning stage?

Anish Maheshwari: Yes, it is our plan which is not on floor yet. We are making such kind of things which will definitely come, whenever we will finalize anything we will definitely implement.

Chintan Sheth: Okay. And going forward in 2019-2020 what kind of volumes you are looking at ramping up?

Anish Maheshwari: It is very early to say it yet.

Chintan Sheth: 80,000 to any number you can say?

Anish Maheshwari: It is really very early to say anything about it. But we are definitely doing our best till now and going forward also give our best to the market.

Chintan Sheth: And effective taxes, last question, effective tax rate what it will be, 25% or...?

Anish Maheshwari: It is 21%. We are covered under MAT, ATIA exemption is there, average if we calculate ATIA average is 2,023 we are available.

Chintan Sheth: So, 21%?

Anish Maheshwari: Yes. 21% is outflow, but at the same time we get the MAT credit.

Moderator: Thank you. We have the next question from the line of Ankur Periwal from Axis Capital. Please go ahead.

Ankur Periwal: To start with Panvel, now I know on a quarter-on-quarter basis probably looking at realization is not a good thing because of the change in the commodity mix. But just looking at the aggregate numbers, QonQ there is an increase in realizations of around 4%. But on a margin front we are broadly flattish or actually down 2%.



- Anish Maheshwari:** Yes, one thing is FOREX loss which is around Rs. 2 crores. Second thing is the interest on FD of IPO.
- Ankur Periwal:** No, I am talking EBITDA, so interest on FD should not come in EBITDA, right?
- Anish Maheshwari:** Yes, it does not come. I am talking of that basically.
- Ankur Periwal:** Okay. No, so on a per TEU basis, last quarter which is Q1
- Anish Maheshwari:** If we are talking about consolidated basis...
- Ankur Periwal:** I am talking standalone Panvel. Rs. 4,630 declined to Rs. 4,525, let us say around Rs. 100 declined there. I am not bothered by the Rs. 100 declined but on realization there is a Rs. 300 increased. So, ideally the increase in realization should at least part of it should flow through EBITDA margin.
- Anish Maheshwari:** So, if we compare quarter-on-quarter it is also positive, Ankur. I think there is a disconnect in I think your understanding and my understanding, there is some disconnect definitely. Because if you see my EBITDA margin level, quarter-on-quarter also it have been like last quarter, it will not include interest as well as other income.
- Ankur Periwal:** Okay, I will take it offline. Now on Vapi, now in last year H2 we showed very strong EBITDA margins of Rs. 4,000 to Rs. 5,000 on a per TEU basis. In this year first half we are at around Rs. 3,200, is this because of Hazira primarily
- Anish Maheshwari:** Yes, this is because of Hazira primarily. But over a period of time, because from this quarter also certainly as I told on the call also, marble parties are willing to give their business from Hazira, because lead distance is 30 kilometers less than Mumbai. Secondly, if we will compare the transportation cost from Mumbai it is around Rs. 20,000 per TEU, which is Rs. 15,000 in the Hazira port. So there is a Rs. 5,000 difference, but altogether if we compare it is around 20% odd volume which we are capturing from Hazira which is specially for marble only.
- Ankur Periwal:** And do you think there is a increase sort of uptake not only for Marble as a commodity but other commodities as well that through Hazira.
- Anish Maheshwari:** Yes, they may be increased from Hazira as well as JNPT. Because right now we are also, as I said you earlier too, railway is a positive announcement which will be coming very soon. Secondly, Bombay also we are continuing with the domestic operations, we got all kind of approvals from the railway team. So, both the sides, domestic as well as EXIM, operations are there, parties are willing to work with us, but it is a matter of time.
- Ankur Periwal:** Okay, fair enough. Now, thirdly, in between there was a tender floated by JNPT guys to invite private companies to start transportation of DPD volumes from port to the respective place. Any update on that?



- Anish Maheshwari:** So, basically, we would like to part in that, we are also may be the party, but there is also no requirement yet from our side. Because party today if you will ask to any CHA, they are willing to work with CLAs too. That is the reason DPD volume if we will compare from February to August also, there is dipping from DPD versus PPD and DPD versus CHA pressure is not much for us
- Ankur Periwal:** Okay. But do you think...
- Anish Maheshwari:** Second thing, for the tender you require smart lead with you, if the VRL kind of people will be going for that auction or going for that kind of operation, they may do. But practically if somebody is having 100, 200, 500 trucks, it is not possible for them because port is charging them on the reverse mechanism. If the delivery is not taking on time they may charge detention to them.
- Ankur Periwal:** Oh, there is a penalty?
- Anish Maheshwari:** Definitely, if you will see the agreement copy which they announced, and it is practical too. If we have to remove the cargo in two days or three days, we will have to do that on time. If it is not at all taking the container from there, it will be penalized for the loss for the importer/exporter.
- Ankur Periwal:** So, how is the interest among the private persons, do you believe there are people coming and willing to bid?
- Anish Maheshwari:** No big parties still now coming. As we understand, no big parties are till now coming. There may be certain people who is having 100 trucks, 200 trucks, they may outsource, they have a planning of outsourcing their trucks also. But practically if you ask me, three quarters back when DPD happened in December quarter call at that same time I was telling, although port would like to do positively but the practice which is done by the party is very tough, nobody is bothered about the logistics cost, they are just bothered about their time, which is not getting reduced.
- Moderator:** Thank you. We have the next question from the line of Viral Shah from Emkay Global. Please go ahead.
- Viral Shah:** I joined the call late, can you repeat the volume numbers?
- Anish Maheshwari:** In Mumbai we did 83,145 containers, and Vapi 8,696 containers.
- Viral Shah:** Okay. So, Vapi is mainly through road only, right?
- Anish Maheshwari:** Yes, it is road, rail has not yet started.
- Viral Shah:** And sales at Vapi, what will be the realization on the EBITDA per TEU at Vapi?



- Anish Maheshwari:** EBITDA per TEU, if you ask me, we have not yet calculated because we are always giving the number on consolidated basis. Vapi's CAPEX is till now going on, so we are focusing on the business side now, because in Vapi there is a contribution of Hazira also. Because certain expenditure within regular maintenance and repair which is not yet finalized for particular operations, that may also cover the regular as well.
- Viral Shah:** That is okay, but Vapi includes volume from Hazira, that understanding is correct?
- Anish Maheshwari:** Yes. In Vapi we have around 1,797 containers which is from Hazira.
- Viral Shah:** Secondly on multi-model logistics park, has that started giving any revenue for the company going forward?
- Anish Maheshwari:** Yes, operations has already started which we are using till now as a package deal for the party. But once the railway will commence the operations will be altogether different from today's operations.
- Viral Shah:** Okay. So, as of now, if we subtract the consol minus the standalone, the number of Rs. 5.29 crores...
- Anish Maheshwari:** Viral, right now we are focusing on the business side only. So whatever facilities which we have in our bucket we are giving that as a package solution to the party.
- Moderator:** Thank you. We have the next question from the line of Shalini Gupta from Quantum Securities. Please go ahead.
- Shalini Gupta:** Sir, just wanted to confirm this again, sorry about this. Volume, I mean, there has been just like 2% volume increase this quarter YoY?
- Anish Maheshwari:** Year-on-year if you will ask me, last year we did 81,105 container in Mumbai.
- Shalini Gupta:** Yes, and now it is 83,145?
- Anish Maheshwari:** Yes, it is around 3.5%.
- Shalini Gupta:** Okay. And sir, if you could give the figure, Vapi last year what did we do?
- Anish Maheshwari:** Last year Vapi second quarter we did only 1,225 containers compared to this year we have 8,696 containers. It is almost around 200% growth.
- Shalini Gupta:** An sir, if you could share the MP running figures?
- Anish Maheshwari:** In Vapi there is no MP, Vapi we have not yet included MP containers. There is a operation of MP but it is only from shipping line. So, Vapi is under package altogether. Bombay we did 4,127 containers compared to last year 4,237 almost, so MP is getting less, 4,123.



- Shalini Gupta:** An sir, the incentives that were there during the quarter?
- Anish Maheshwari:** It is almost similar.
- Moderator:** Thank you. We have the next question from the line of Harsh Shah from Dimensional Securities. Please go ahead.
- Harsh Shah:** Sir, just following-up the question on the tender invited by JNPT, so when is it expected to start, any idea on that?
- Anish Maheshwari:** I do not have any kind of idea, but if you want I can talk to the concern persons and I will let you know.
- Harsh Shah:** Sure. So, one of the big parties, All Cargo Logistics, I think they have tendered bid for that. So, you are thinking to bid for this one as well?
- Anish Maheshwari:** Practically not, Harsh, because our today's model of operations is almost for both kind of rail as well as road. So, anybody who will take part on it is only matter of transportation. So, the container which comes through CFS that may already come through CFS, although All Cargo is taking the delivery or Navkar itself is taking deliver from them.
- Harsh Shah:** So, this is the scope of service which currently you are doing, correct?
- Anish Maheshwari:** Correct. This is the scope of service, the cargo which is going from port via DPD, for that they would like to use this kind of tandem. That is the idea which we got to understand from the port. So, any which way the container already comes to me, so why I am going to that kind of a business model, there is a huge competition if we will do that. So, today I am charging parties Rs. 4,400 for the import container from JNPT to my side, which is also I am taking in DPD too. So, for me there is no value add. Tomorrow if I take the tender also, I only do operations for me which is today also I am doing.
- Harsh Shah:** Correct. And another question is on the DPD, so how much volumes were handled by the port under DPD or in terms of percentage levels?
- Anish Maheshwari:** Till last time if I am not wrong, number of TEUs is around 45,000 TEUs port is doing via DPD.
- Harsh Shah:** 45,000 per month?
- Anish Maheshwari:** Per month.
- Harsh Shah:** And what was it a year back, or may be just six months back?
- Anish Maheshwari:** Around 15,000 - 16,000 containers.
- Harsh Shah:** It has gone up from 15,000 to 45,000?



- Anish Maheshwari:** By last year 15,000 was purely DPD, out of that 45,000 TEUs around 31,000 TEUs is going by CFS. So, almost we have 15,000 TEUs. So, number wise, that calculation is going under DPD but via CFS.
- Moderator:** Thank you. We have the next question from the line of Prateek Kumar from Antique Stock Broking. Please go ahead.
- Prateek Kumar:** Sir, my first question is regarding this FOREX loss you mentioned, you mentioned Rs. 2 crores for current quarter, what would be the same number in Q1?
- Anish Maheshwari:** Q1 is Rs. 3 crores.
- Prateek Kumar:** And sir, year-on-year number, how much it would be., Q2?
- Anish Maheshwari:** It was on a positive side, last year Rs. 63 lakhs we gained.
- Prateek Kumar:** Okay. And sir, as you mentioned regarding Vapi project, so warehouse, obviously the work has been completed and now the operations have started. But whenever the rail comes the ramp-up will be seen in terms of incremental revenue from warehouse. Is it correct?
- Anish Maheshwari:** Yes. Warehouse as well as cold storage is already completed.
- Prateek Kumar:** And sir, while the surveys are going on, but just on estimated timeline, should we expect this in Q3 commissioning of rail or it can be stretched to Q4 or next year Q1?
- Anish Maheshwari:** Prateek, I am not giving any kind of a sense on the deal size, because the problem is what you know, railway was giving us positive commitment in last quarter also but there was a huge delay. So, it is really a positive announcement from the company side too, it may happen in next week also. But timeline if you will ask, I cannot give any, because from the company's perspective if I give you any kind of timeline, if I have any kind of a sense from the railway side communications on the paper. We are not yet getting any kind of a sense from Railways. Today also the surveys are going on. So, they may consider by tomorrow also.
- Prateek Kumar:** So, it is because they have not arrived at your facility or it is because some things they have asked you to rework or why is this delay from general manager railways?
- Anish Maheshwari:** I just wanted to tell you, everything is ready from our side. Railway could and survey and give me the green signal.
- Prateek Kumar:** Sir, that we understand, railway will come and give.
- Anish Maheshwari:** Same thing, if you see from last three, four months there are certain things which are not under control of Railway also, there are five incidents happened on the railway track side. So they all have to make that reports very early right now. So, railway control is everything.
- Prateek Kumar:** So, it is the security issue which is taking...



- Anish Maheshwari:** No, it is like that, in the era where there are certain things which is going for railway industry negative, and at the same time you are going there and survey and give the green signal to the party. Both the things are very opposite. So that is reason they are taking...
- Prateek Kumar:** They only want to push rail as a theme...
- Anish Maheshwari:** No, if you ask me, railway surveyor is already giving reports to the railway which is positive for Navkar. That is the reason they are charging, I think so we had already paid railway rail-licensing fee six months back. If they not agree or start operations on railway Navkar ICD, they are not even taking single rupee from Navkar. So, they have a fair communication to the railway divisional reports saying that Navkar terminal is ready to move. But the problem is what, there are certain surveys which is only done by the GM railway and the senior team of railway.
- Prateek Kumar:** So, he is not there on your facility to do it and that is why there is a delay?
- Anish Maheshwari:** It is a railway GM special train, with that train railway GM is coming, he surveys the entire route, all signaling system, if there is any imbalance, if there is any kind of increase or any kind of problems which is on the railway track side, they make a clearance report. So, if there is a sitting change, like one or two changes they will recommend that you change this, it is a green signal kind of a thing.
- Prateek Kumar:** Okay. It is just that it looks very simplistic sitting here but maybe it is very difficult.
- Anish Maheshwari:** Yes, that is a matter of a physical survey of the railway GM side which may happen very soon. So, it is really a positive announcement from our side. So we are thinking that, why I am not giving any kind of a day sense or time sense is because from last two or three months or approximately six months whenever we give any kind of sense to the market they are assuming that the railway will come in this quarter itself.
- Prateek Kumar:** So it is like 14 months from the original timeline.
- Anish Maheshwari:** That I do not want this time, Prateek. That is the only reason. They may come tomorrow, day after, three, four, five days, we are chasing them like anything. That is the only reason we are not giving any kind of railway timeline sense. But it is really, we are very near to that, we are on edge.
- Prateek Kumar:** Okay. And sir, you said incentive numbers are similar, can you share the exact numbers in current quarter?
- Anish Maheshwari:** It was around Rs. 9 crores which is almost similar Rs. 9 crores, last quarter it was round Rs. 9.68 crores which is around Rs. 9.33 crores.
- Prateek Kumar:** Okay. And sir, regarding this JNPT...



- Anish Maheshwari:** Last year quarterly numbers and this year quarterly numbers, last year it was around 12.48 crores. So, last quarter also we gave them the same sense. The incentive which is getting reduced by all of the shipping lines, major shipping lines now believe now on the incentive portion, they require good services from the port, on time delivery and all.
- Prateek Kumar:** Okay. And sir, you indicated that obviously CFS, DPD volumes via CFS were increasing. So, in your particular case what is the difference in volumes in terms of handling whether it being a DPD or non-DPD volumes? And how are the margins different in these two segments for you?
- Anish Maheshwari:** There is no such difference because my domestic as well as EXIM cargo movement is doing from the same space. But at the same time, parties having this because earlier they had opportunity to declare their cargo from Navkar itself, but now the document portion they will have to do at the port, rest operations are same, there is no change at all.
- Prateek Kumar:** But their dual time is lower for DPD happening at CFS or they are similar as well, and probably the margins are similar as well for those two volumes?
- Anish Maheshwari:** Prateek, practically I just want to clear out here, there is no such difference which we will evaluate and there is a difference of one day, there is no matters for the party. Three days we are already giving free services to them, which is the part of my tariff.
- Prateek Kumar:** Okay. And sir, one last question on the number of trains handled, you said...?
- Anish Maheshwari:** 139 from 127 last year.
- Prateek Kumar:** So, we have 185 trains from my older records from last year.
- Anish Maheshwari:** 185 for?
- Prateek Kumar:** For quarter, Q2 FY17.
- Anish Maheshwari:** Let me check, we never did 185 in any quarter.
- Prateek Kumar:** Sir, it was 165, 185, 165, 110 for four quarters.
- Anish Maheshwari:** Let check one more time, either I will give you the numbers.
- Moderator:** Thank you. We have the next question from the line of Jaikant Kasturi from Dolat Capital. Please go ahead.
- Jaikant Kasturi:** Sir, you said that there was increase in realization at JNPT because of the change in commodity mix.
- Anish Maheshwari:** Majorly.



- Jaikant Kasturi:** Yes. Sir, if you could highlight on that part in terms of commodity mix what was changed?
- Anish Maheshwari:** The commodity mix means export commodity which we are usually paying from, earlier the commodity mix, certain things like we added copper also from this quarter, so copper is giving me good revenue realization, sugar also we added, rice also we added.
- Jaikant Kasturi:** Okay, which was previously not done?
- Anish Maheshwari:** Previously means it all depends, exporters and importers are the same, correct? So, if they have metal export from here or they have metal import from there, so they may be iron, against if there is a copper cargo, so definitely we earn more.
- Jaikant Kasturi:** Okay. And sir, you said that you had a CAPEX for this quarter at Vapi, if you could give us that number, like how much was invested and how much more is remaining?
- Anish Maheshwari:** Vapi is already done, Vapi logistics park and ICD, both totally done.
- Jaikant Kasturi:** Also, what was the investment like?
- Anish Maheshwari:** Investment?
- Jaikant Kasturi:** The CAPEX amount?
- Anish Maheshwari:** In totality, Vapi if you ask me, Vapi is around 206 crores.
- Jaikant Kasturi:** Sir, and in terms of, you said that the realizations were down slightly for Vapi this quarter.
- Anish Maheshwari:** Yes, because of Hazira movement. Hazira is having 30 kilometers less movement from Mumbai port. And second thing, Hazira is transportation wise little bit lesser than Mumbai port.
- Jaikant Kasturi:** Okay, that was the marble thing?
- Anish Maheshwari:** Yes.
- Jaikant Kasturi:** Sir, how much was the realization this time for Vapi?
- Anish Maheshwari:** Rs. 17,100.
- Jaikant Kasturi:** This is down like how many per TEU?
- Anish Maheshwari:** It is around Rs. 3,000 per TEU.
- Jaikant Kasturi:** Sir, you said that you also benefited from DPD, some benefit out of DPD containers?
- Anish Maheshwari:** Yes, because of railways, because onward which a party would like to do which is easy from the railway side.



- Jaikant Kasturi:** Okay. So, that containers went via rail?
- Anish Maheshwari:** Yes.
- Jaikant Kasturi:** So, in terms of containers, how many containers, if you have the number?
- Anish Maheshwari:** We have not segregated the numbers, because it is all package service for the party.
- Jaikant Kasturi:** And CAPEX guidance for this year?
- Anish Maheshwari:** Not yet finalized.
- Moderator:** Thank you. We have the next question from the line of Prateek Kumar from Antique Stock Broking. Please go ahead.
- Prateek Kumar:** Sir, one question is on your realization. So, when you used to service only Mumbai port from Vapi our realization used to be around Rs. 24,000, so that number has now come down to Rs. 20,000 as you are mentioning?
- Anish Maheshwari:** Yes, last quarter was Rs. 20,000. Till last year we were only doing imports, maximum.
- Prateek Kumar:** So, now for our modeling exercise we should do it as a 20,000 number from JNPT, not Rs. 24,000?
- Anish Maheshwari:** Yes.
- Prateek Kumar:** Okay. And sir one question on JNPT fourth terminal commissioning, this was expected in January 2018, do you see that commissioning then?
- Anish Maheshwari:** Practically, we are also getting a sense from the market, there are delays of one or two months, but don't you think that January, February, March, it is also positive for the port. So, they also would like to start very soon, it is 2.4 million TEUs additional.
- Prateek Kumar:** But there are some delays there which we could see?
- Anish Maheshwari:** There may not be because on the port side, on the contractors and all there is a huge pressure which we see. If they will not deliver on time there may be negative cost for them on a daily basis. As we discussed some contractors who are doing work over there, they are saying there are timelines which we will have to follow, if we are not following that timeline we penalize. Because payment is done by port itself, so around 25% - 30% is deposits altogether. So, if they are not delivering on time that 30% is getting reduced. That we got understood from the vendors which are permanent vendors, for we as well as for ports.
- Moderator:** Thank you. Well, that was the last question for today. I now hand the floor over to Mr. Vikram Suryavanshi for his closing comments. Over to you, sir.



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



PhillipCapital

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Vikram Suryavanshi: We thank the management for giving us opportunity to host the call and taking time out for interacting with the stakeholders. We wish you a very good year ahead. Thank you all for being on the call.

Moderator: Thank you. Ladies and Gentlemen, on behalf of PhillipCapital (India) Private Limited, that concludes this conference. Thank you, all, for joining us. You may now disconnect your lines. Thank you.