



“Navkar Corporation Limited Q4 FY 2019 Earnings Conference Call”

May 29, 2019



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Moderator: Good Day, Ladies and Gentlemen, and welcome to the Q4 FY 2019 Earnings Conference Call of Navkar Corporation Limited.

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As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing “*” then “0” on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Anish Maheshwari -- Chief Financial Officer, Navkar Corporation Limited. Thank you and over to you Mr. Maheshwari!

Anish Maheshwari: Good afternoon and warm welcome to everyone present on the call. I have along with me, I have SGA Team, my Investor Relationship Advisors; and from our side, I myself; Mr. Kunal; Mr. Shailesh Jha and accounts team.

I just wanted to highlight here the financial updates of Q4 FY 2019. Revenue for Q4 FY 2019 is Rs. 130.1 crores, which is an improvement of 13% on a year-on-year basis; and 5% on Q-on-Q basis. The improvement has been mainly led by the volumes which has increased by the 13% on Y-o-Y and 5% on the Q-o-Q basis, while the average realizations have marginally increased by 1% on a Q-on-Q basis.

The operating profit for Q4 2019 has remained flat at Rs. 38 crores compared to the Rs. 37.9 crores for Q3 FY 2019. In terms of operating margins, we reported EBITDA margin at 29.2 % for Q4 FY 2019 as compared to 30.7% for Q3 FY 2019. The profitability has been impacted due to the increasing fuel prices, higher expenses towards railway and starting of domestic business for the Vapi as well as the Mumbai.

The net profit for Q4 FY 2019 is Rs. 10.2 crores, which is a 10% increase on Q-o-Q basis but a decline of 63% on a Y-o-Y basis mainly an account of higher finance charges and over all cost increases.

Now moving on to the financials update for the full year. The revenue of FY 2019 has increased by 13% on a Y-o-Y basis, the higher revenue is mainly driven by the growth of 8.5% in volumes and 4% growth in average realization. The operating profits come in at Rs. 152.6 crores in FY 2019 as compared to Rs. 166.5 crores in FY 2018. We are able to maintain the operating margins for FY 2019 to above 30% level to 31.6%.



The net profit of the year come into Rs. 52.9 crores. On the balance sheet side, we have a gross debt of Rs. 417 crores with net worth of Rs. 1,754 crores translating to a gross debt equity of 0.24 times.

During the year, we did a CAPEX of approximately Rs. 160 crores, which pertain to completion of our Vapi project with railway sidings and all.

Now moving on to the operational update. This was the best quarter in terms of volume and the first time that we have crossed 1 lakh TEUs in a quarter. Volumes at Mumbai CFS saw marginally increase of 75,637 TEUs from 73,920 TEUs in Q3 FY 2019 of which 30,773 TEUs were imports; 32,831 TEUs were exports and 12,033 TEUs for domestic movements in quarter four 2019.

The volume in Vapi ICD in Q4 FY 2019 was 24,408 TEUs, which is a 69% increase on Y-o-Y basis. The import volume at Vapi were 15,384 TEUs; exports were 6,879 TEUs and 2,145 TEUs were for domestic movement in Q4 2019.

However, on a Q-o-Q basis, the total volume growth has been approximately 6%. On the PFT side Mumbai handled a total 125 trains whereas Vapi handle around 263 trains in Q4 FY2019. On the sequential basis, the trains handle at Mumbai CFS grew by approximately 14%; and for Vapi ICD grew by approximately 21%. For the full year 2019, Mumbai CFS handled 2,92,030 TEUs, of the total TEUs handled at Mumbai CFS 1,43,124 TEUs for the imports 1,21,286 TEUs for the export and 27,620 TEUs for the domestic movement. .

The volume at Vapi ICD has increased by more than 2x to 86,710 TEUs for FY 2019 of which imports 53,120 TEUs; exports were 31,445 TEUs; and domestic were 2,145. The PFT operations grew up by 113% in FY2019 with Mumbai handling 463 trains and Vapi handling 681 trains, which was beyond our expectations also.

Now, we can open the the floor for Q&A session.

Moderator: Thank you very much. We will now begin the Question-and-Answer Session. The first question is from the line of Nisarg Vakharia from Lucky Investment Managers. Please go ahead.

Nisarg Vakharia: Sir, with the three points that you have mentioned, diesel price increase; increase cost of running the trains; and the last is, improved utilization across Mumbai (Bombay) and Vapi, is it safe to assume that our earnings are now bottomed out and will progressively improve from here?

Anish Maheshwari: Yes, sir. You can say That, I just wanted to tell these results this quarter was beyond our expectations also. I can say that our profits have bottomed out and from here onwards it will be on an improvement side.



Nisarg Vakharia: Okay. Second question is that can you please quantify or clarify that what was the worst impact that we have seen in DPD in Mumbai (Bombay) and for your incrementally are we seeing of other impact or Mumbai (Bombay) has made a base and started growing, again?

Anish Maheshwari: It has already bottomed out, we are not focusing on the DPD side, we are focusing on the business side, which is the key for us. However, we have a facility with us, we have land with us, we have a tool, we have a railway siding with us, now we are not looking at how we will have to take care of the DPD or the EXIM cargo movement, we will have to focus on the business itself. So, whatever business we are doing right now, we are getting from the domestic market from the EXIM cargo movement side or optimize users of our fleet as well as the railway siding. So, if we see in last quarter, we did around 118 trains in a Mumbai itself compared to this quarter it is 125 trains. So, we are focusing on the maximum uses of our assets. So, this is the core focus now.

Nisarg Vakharia: Okay. And lastly, what is the ideal target that you have in your mind in terms of deleveraging our balance sheet in the next one year and what is a realistic target that you think can be achieved?

Anish Maheshwari: On that I can tell you, if you will see the profits which we earned in this year, it is around Rs. 52.9 crores, which is very less from our perspective because we have 100% capability to handle all types of cargo like ODC, local cargo, domestic cargo and LCL, FCL all kind of facilities which we have. So, if you see the market conditions are not favorable for example diesel prices if you will see for the whole year there is a huge fluctuation, sometimes it was on the level of Rs. 78 sometimes on the level of Rs. 62. So, last year comparative to other years, there was all kind of unstable situations. DPD also comes in the picture. So, from here onwards the core focus are on two aspects, one the cost effective models like now we are setting the business at the main destinations also like, end to end delivery which we have also started. So, in that case wherever we will make the margins with the fixed cost which incurred in this quarter itself, the margins are definitely going to improve.

Nisarg Vakharia: Okay, so how much deleveraging of balance sheet that we could do in your opinion roughly?

Anish Maheshwari: So, on that, I cannot give you any kind of number but we are trying your best.

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

Pratik Kumar: Sir, first question is on your CAPEX. You mentioned Rs. 60 crores of CAPEX, I think from balance sheet again derived around the Rs. 180 crores of CAPEX including this capital work in progress in the balance sheet.

Anish Maheshwari: If you will see last year numbers compared to this year numbers, in September number we had reported around Rs. 90 crores of our CAPEX against that in WIP it is around Rs. 30 crores



incremental WIP because our Vapi project was completed by 31st March itself. It includes all facilities like railway siding.

Pratik Kumar: So, now what is work in progress? So, there is Rs. 121 crore in capital work in progress still in FY 2019 end, so why is it still not capitalized?

Anish Maheshwari: It was not completed because there were some work of platform till the notified area, which was completed by 31st March. So, we may capitalized by this quarter itself.

Pratik Kumar: So, what was the CAPEX for the year FY 2019?

Anish Maheshwari: FY 2019 whole year that I have to give you separately after this call.

Pratik Kumar: Yes. But you said Rs. 60 crores, so what was that number attributable to? You said CAPEX of Rs. 60 crores pertaining to completion.

Anish Maheshwari: If you will compare CWIP was Rs. 90 crores at the time of September half years, which is Rs. 121 crores. It is around Rs. 30 crores that I told.

Pratik Kumar: So, for total year's number we do not have at this point?

Anish Maheshwari: No last year my total block was Rs. 2,009 crores compared to this year is Rs. 2,154 crores, just around Rs. 154 crores is incremental for whole year. Out of that, there will be 150 trucks which we had taken in June itself.

Pratik Kumar: Yes. So, I am asking for whole year only not for specific quarter half. I am asking for full year, what is your expense?

Anish Maheshwari: So, that is why I am telling you; whole year is Rs. 154 crores including the moveable and non-movable assets.

Pratik Kumar: So, on these 150 trucks, how much was the CAPEX? And where was it allocated?

Anish Maheshwari: It is for both the side Mumbai and Vapi, it is operating for both the sides.

Pratik Kumar: So, for these trucks, how much was the CAPEX?

Anish Maheshwari: Rs. 39 crores.

Pratik Kumar: Rs. 39 crores. And sir, for next year, how much CAPEX we are looking at?

Anish Maheshwari: It will be in the range of Rs. 25 crores to Rs. 30 crores all included.



- Pratik Kumar:** Rs. 25 crores to Rs. 30 crores. And the number of Rs. 1 crore and Rs. 10 crores, which you talked about debt, it includes long term majority or it does not include because last year there was like Rs. 52 crores was related to current maturity of long term debt. So, including that how much would be the figure for this quarter for FY 2019 close?
- Anish Maheshwari:** All together if you see, my total debt including promoters' loan also, it is Rs. 417 crores, as long term as well as the short-term.
- Pratik Kumar:** And what would be included in current maturity of the long-term debt?
- Anish Maheshwari:** Current maturity is Rs. 24 crores.
- Pratik Kumar:** Rs. 24 crores, okay. And next question is regarding we had said that in Vapi operations, we were doing certain non-enumerative last mile movement. So, what is the update on the net front?
- Anish Maheshwari:** So, if you see, my total number of TEUs which was handled in Vapi is around 24,408 out of that export is 6,879; import is 15,384 and pure domestic is 2,145. In pure domestics what we are doing is if some cargo which would like to move towards Mumbai side, we are taking care of those cargos also, which was earlier we would not do. And why we are giving that services because my trains are running empty, correct. So, if in that case, I will be running the trains empty and other than that we are using the trains for the domestic cargo movement also and for the party. So, which means not be giving me profits, but it will cover my expenses.
- Pratik Kumar:** Okay. So, on a Q-on-Q basis, this quarter, we had like 5% higher volumes, but our profit per TEU so but our EBITDA like sort of remain at Rs. 38 crores, so basically which means our profit per TEU went down. So, incrementally whatever volumes we did this quarter that did not generate any EBITDA or there was...
- Anish Maheshwari:** I can tell you, I just interrupt here because certain things which is fixed right away, like last quarter we handled 263 trains and we are handling 3 trains every day. Now, we have total five trains up and running. I just giving you clarification on that because now I require a clientele base, correct. So, if something will improve in any side like diesel prices will be stabled or freight will be increased by 5% in that case also that number will be shoot up. The profitability will automatically shoot because my fixed cost is intact now. If I will run 100 trains - 200 trains of 225 trains or 400 trains, it will remain the same.
- Pratik Kumar:** I mean, but in terms of profitability when we see like to like I mean when EXIM to EXIM or domestic to domestic, so there is compression on like to like volume also.
- Anish Maheshwari:** I can tell you, Prateek, we are not even looking at the quarterly numbers on the profitability side. Because we will how to evaluate the entire things and process will have to set for the client itself. If we are going and talk to the client each and every time the diesel prices are getting up now you will have to revise the tariff, it is not possible for me. So, our core focus right away is that



we will have to stabilise the business first. So, in that case some quarter maybe having a higher margin while some quarter maybe having less margin. But our core focus is what we will have to optimize the usage of our asset. In that case if some clients are like that, he is giving me the entire end to end solutions in that case, we earn decent money, some clients just give me the mere transport in itself that also we will have to do. Some people are using my warehouses at Vapi. In that case, if I am charging him much then he will be get away from my premises. So, what we are giving as we had done to set the business in Mumbai, is to offer the entire package to the client, also give discounts to clients who are new. Once it is set with the Navkar Package System then if I will charge them 5% additionally on any of the quarter of year, it will make sense and it will be for the same for entire year.

- Pratik Kumar:** Understood. And just last question on, we were looking at train license earlier so I mean what is the progress there, sir?
- Anish Maheshwari:** If any information related to that, we will definitely let you know and will update on our website also.
- Moderator:** Thank you. The next question is from the line of Vikram Suryavanshi from PhillipCapital. Please go ahead.
- Vikram Suryavanshi:** Sir, basically can you repeat the volume for JNPT I could not note it.
- Anish Maheshwari:** On JNPT we have 75,637 TEUs all together, out of which import is 30,773 TEUs and export is 32,831 TEUs. And domestic including DPD is 12,033.
- Vikram Suryavanshi:** Okay. And how was MT, if you combine Vapi and JNPT both?
- Anish Maheshwari:** This I would not have right now because we are evaluating the entire process and separately MT we were not working this time.
- Vikram Suryavanshi:** Okay. And Vapi total was 24,408?
- Anish Maheshwari:** Correct.
- Vikram Suryavanshi:** Okay. And you shared domestic in Vapi was 2,145?
- Anish Maheshwari:** Yes, domestic means it is a internal delivery from destination to destination, from Mumbai Vapi and Vapi to Mumbai for certain parties.
- Vikram Suryavanshi:** Okay. And that was through railways or....
- Anish Maheshwari:** They carry both.
- Vikram Suryavanshi:** Okay. And this Vapi import and export mix can you just repeat?



- Anish Maheshwari:** In Vapi altogether 24,408 out of which import 15,384; export is 6879; and domestic is 2145.
- Moderator:** Thank you. The next question is from the line of Sachin Kasera from Lucky Investment Managers. Please go ahead.
- Sachin Kasera:** You mentioned that the cost is all in the base and incrementally the focus on growing the business. So, if you could give us some sense of what are the types of volume growth, we are seeing for FY 2019 20 at both Vapi as well as the Mumbai hub?
- Anish Maheshwari:** As I told on the other question also. We are on of positive side. I can you it is definitely positive but numbers I cannot disclose right now.
- Sachin Kasera:** No, I am saying for the full year FY 2019, if you could give some sense overall what is the type of volume growth we see on a bare minimum, on a very conservative basis, that would be very helpful.
- Anish Maheshwari:** I do not give any futuristic numbers, but I can tell you if you see for Vapi in Q1FY2017 we had 255 TEUs to Q4FY2019, if you will see the quarter is 24408. And I had also mentioned there is a growth of around 113% on PFT side also. 113% is not a small number and I am not into the position to tell you the future number how we will do but I can tell you that growth story will be maintained and earlier also, we told the market that our core target till now remains the same. It may be year or so like, if I give you any kind of number for 2020-2021 it may be the read into 2022 itself or to 2023 but our target is that only. Because if you see last whole year was very unstable for the entire industry, for entire industry not only the transporters for the logistics solutions by rail, by road or warehousing and supply chain management, everybody was having problem with the business. But now, I think so, things are going settle down that Government stability is also there, they will also come up with some policies, we might see change in the infra and legal policies also. So, that will help the industry itself. In that case, sometimes some quarter may be having huge growth, some quarter maybe on a slight lower side. But from there onwards I can tell you that only, we will be on the positive side.
- Sachin Kasera:** Sure, one arithmetic question, sir. Our EBITDA margins used to be around 40% you mentioned that the cost have increased because of Vapi and full utilization has not happened. So, the margins have corrected from 39% - 40% to 29% - 30% - 31%. At what level of yearly revenue do we get back to 40%? So, right now this year, we have done Rs. 482 crores. Assuming we do Rs. 550 crores - Rs. 560 crores next year. Arithmetically that type of revenue, it can go back to 38% - 39% margin or we need to achieve a much higher utilization 600-650 crores of revenue before we see 40% margin again.
- Anish Maheshwari:** I can tell you there is no question on the top line or also not on the volume side, it is all dependent on the pricing side. So, if tomorrow diesel prices reduces and at the same time, I will not revise my tariff then EBITDA will again reach 40%. You got my point? So, there is no question on that I will reach the Rs. 700 crores then the EBITDA will remain same. It is not at all the criteria



to understand the business theory. Right way to understand is what, now I will have to focus to on the clientele base. If my client will remain with me, then tomorrow if I will have hike of 5% for each and every client that improvement of 5% directly added into the profit. You got my point because cost is freezed now.

Sachin Kasera: Got it. And while again, you did not quantify the type of deleveraging so you mention that in another query that this year the CAPEX will be only Rs. 30 crores and our cash profit this year itself if like Rs. 85 crores - Rs. 90 crores. So, fair to assume that anything above CAPEX will go towards deleveraging?

Anish Maheshwari: Yes, it will because if I will be doing more than that c recurring CAPEX of around Rs. 20 crores to Rs. 30 crores than that it will be definitely deleveraging but we are not going to try for it. We are just focusing on like one thing one component, which I can tell you, if tomorrow railway haulage or railway freight will be getting down of 2% or 3% or 4%, it will be directly added into my profit or it will be improve my cash profit also, you got my point?

Sachin Kasera: My question is different, my question is that you mentioned that in FY 2020, your CAPEX will be Rs. 30 crores. So, I am saying all cash flows above Rs. 30 crores will that go suppose assuming our cash flow next year is Rs. 85 crores - Rs. 90 crores? Is it fair to assume that Rs. 30 crores will be CAPEX and Rs. 40 crores to Rs. 50 crores will be debt reduction or is there something...

Anish Maheshwari: Definitely each and single penny which will be add on to the company as a cash flow, it will reduced my debt itself.

Sachin Kasera: And what is the probability that these Rs. 30 crores CAPEX could be like Rs. 85 crores - Rs. 90 crores or this Rs. 30 crores is like a smaller number it could be at best Rs. 4 crores - Rs. 5 crores that is it.

Anish Maheshwari: It is already on the higher side because we would not require any kind of money right now. So, if you see me today's situation for the next quarter itself. We are sufficient with the Rs. 30 crores of CAPEX for our ongoing activity.

Moderator: Thank you. The next question is from the line of Viral Shah from Emkay Global. Please go ahead.

Viral Shah: Sir, basically, in terms of gross debt, what will be our gross debt number be as on 31st March including other current maturities as well and can you give the breakup of that?

Anish Maheshwari: All put altogether. It will be Rs. 417 Crores

Anish Maheshwari: Rs. 417 crores.



- Viral Shah:** Rs. 417 crores. And sir, what will be our repayment due for FY 2020 and this number includes promoter loan as well, right?
- Anish Maheshwari:** Promotor loan we are not going to pay. It was earlier also in the financial covenant with the banks, also till the time Bank loan will be there. the promotor loan will be on the balance sheet. But monthly, I have around Rs. 6 crores to Rs. 7 crores approximately as a principal repayment. So, you can take that in range of Rs. 72 crores to Rs. 84 crores.
- Viral Shah:** Yes, so approximately Rs. 72 crores to Rs. 84 crores is a debt repayment schedule, which is right?
- Anish Maheshwari:** Yes.
- Viral Shah:** Fair enough, sir. And that means that there is a possibility of this interest costs peaking out at Rs. 45 crores per annum or this run rate will be maintained going forward as well?
- Anish Maheshwari:** It will be maintained. If tomorrow RBI will reduce 50 bps then it may be reduced.
- Viral Shah:** Okay. But you are supposed to retain...
- Anish Maheshwari:** It is all my entire loan is based on the MCLR base rate.
- Moderator:** Thank you. The next question is from the line of Hardik Sodha from Crescita Investment. Please go ahead.
- Vijay:** Hi, this is Vijay here. Just wanted to understand in terms of the interest cost, if I look at last quarter interest cost, it is Rs. 12.5 crores, so which implies on Rs. 417 crores kind of it gives interest cost of 12%. So, what is the rough cost on the date that we are having including the promoter side?
- Anish Maheshwari:** We are not paying any kind of interest on the promoter loan. It is notional impact of the interest is around 10.5%.
- Vijay:** But then this quarter the interest was on higher side, Rs. 12.5 crores. So, if I take that as base and it comes to Rs. 50 crores which is approximately 12% on the Rs. 412 crores - Rs. 413 crores that you talked about.
- Anish Maheshwari:** That is why I said to the last query also, it is all based on the MCLR numbers. If the base rate increases by 0.25%. If you will see more of Vapi loan **29:56.8 (Inaudible)** so overall if you will evaluate, sometime it may be in the range of 10.5% if the MCLR will be getting down. Sometimes it will be the higher side of 11.5%. So, average out if you will see it is 11%. So, I will have to calculate the number for interest not paid to the promoter but the provision which I have to made on the higher ide.

Vijay: This year your entire interest cost for the year has been Rs. 45 crores, for the last quarter it also. Is there some one-time kind of fees of something that you can counter in the interest income?

Anish Maheshwari: Yes, it will be there. I think the loan which is including interest also which we have paid like quarterly EMI also there. Some EMI's are on the quarter basis also. So, that I will have to give you the number after the call.

Vijay: Capital work in progress the one that you earlier explain, I have not got that correctly. So, this Rs. 121 crores WIP which is sitting which is towards what? And it will start getting capitalized because I think the money has already been spent, only it is lying, you have to just get into the gross block. So, what it is pertaining to and when it will come back into the gross block?

Anish Maheshwari: I can tell you there are certain things for that which we required a full report for the operations, okay. Like I have a railway siding which is the operating position. But I have a platform where I cannot put any kind of container which is completed by March itself. So, that we will have to evaluate and make the report and then after we will have to capitalize it. So, entire CAPEX related to Vapi as well as Mumbai and that de-notified area was 100% done by the March 31st, so that maybe capitalized by this quarter itself. Depending on the positive report on the entire thing because certain things which we will have to evaluate because it is 100% non-movable items. Like we will have to make the concrete pavement for that we will have to wait for minimum 15 days to 1 months' time and whether it will be okay or not. If tomorrow that pavement will be not serve my purpose and that pavement is removed from there then I will have to ensure that the entire facility for that platform and the other things is okay and for ready to use. Then after only I will capitalize.

Vijay: And another incremental depreciation of Rs. 5 crores - Rs. 6 crores, if I say state Rs. 120 crores if I put it in so it will like last year depreciation was around Rs. 40 crores. So, will depreciation again move higher Rs. 45 crores - Rs. 46 crores going forward?

Anish Maheshwari: It will be in the range.

Vijay: Okay. Just last thing in terms of the Vapi Tumb facility, now is everything on the ground or some facility like cold chain in all that warehouse is yet to come? So, when can we see the full benefit of all the things that we have done in Vapi? So, some approvals or somethings are pending?

Anish Maheshwari: No approvals are pending. We have the full facility with us. We have notified ICD there, warehouses are there, railway facility is there, sidings are operating, food storage are also there which is also in operating position. So, everything is now in the operating position, correct. The thing is what you know, now, the major thing is what, if you see from last quarter-on-quarter that number is on the positive side, if you see Q1FY 2019 there were only 17,000 container movement which in Q4 was 24,000 container movement. So, the entire facility at Vapi is ready



for the operations. There is no further CAPEX pending, there is no further approval pending, everything is intact.

Moderator: Thank you. The next question is from the line of Giriraj Daga from K M Visaria Family Trust . Please go ahead.

Giriraj Daga: Can you give me the breakup of this year CAPEX? Like you have mentioned Rs. 39 crores for the trailers, any other numbers which you can call out for?

Anish Maheshwari: Giriraj, I will give you the separate numbers with the entire block and update on the website also.

Giriraj Daga: Okay. And second, my question is that like how much total we have spent so far in Vapi now?

Anish Maheshwari: Altogether it is around Rs. 575 crores to Rs. 600 crores, altogether.

Giriraj Daga: Okay, it might be a little bit overshoot in the CAPEX which were estimated earlier.

Anish Maheshwari: No, it was not overshoot, it was actually less than that. The actual project was around Rs. 750 crores.

Giriraj Daga: But that was including land, right?

Anish Maheshwari: It was not only including land, it was with the four sidings, additional notified area, cold storage, everything. My original CAPEX for Vapi ICD was Rs. 400 crores. ICD only, not for the railway sidings. End-to-end if we will see it is 100 acres land with the railway siding but the actual CAPEX were around Rs. 700 crores - Rs. 750 crores.

Giriraj Daga: Okay. And now, we are confident in this Rs. 25 crores - Rs. 30 crores CAPEX for the next year.

Anish Maheshwari: Right now with the information from the management and from the understanding with the operational team as well as the infra team, there is no further CAPEX pending.

Giriraj Daga: No, award outstanding also in terms of contractor or something on that side?

Anish Maheshwari: Maybe in the range of Rs. 2 - Rs. 4 crores.

Moderator: Thank you. The next question is from the line of Dikshit Mittal from Subhkam Ventures. Please go ahead.

Dikshit Mittal: Sir, just a clarification, you mentioned that major part of the profitability dip is because of the diesel prices, right?

Anish Maheshwari: Correct.



- Dikshit Mittal:** But sir, if I see our total annual diesel cost is only Rs. 38 crores, so why it is having so much impact in terms of profitability?
- Anish Maheshwari:** Because my diesel should be zero because if you see my Vapi volume is 263 trains I have used. But for hinterland, I will have to use the trucks.
- Dikshit Mittal:** Yes, but historically, it has been in the same range right Rs. 30 crores - Rs. 35 crores kind of annual.
- Anish Maheshwari:** In that case my prices were also high, towards the party.
- Dikshit Mittal:** But, sir, I think if you see like last year to this year, we have seen major dip in the profitability, we are getting around more than 5,000 per TEU kind of margin. Now we are on a blended basis we are getting 4,000 TEU right even including Vapi. So, ideally, they should have gone up. So, I am not able to understand why there has been so much dip in terms of the per TEU purely because of diesel cost.
- Anish Maheshwari:** It is not purely because of diesel, it is because of the entire cargo handling capability, If there is a Rs. 5 increase in the diesel side it will also impact my profitability but not the entire profitability. Other factors like higher finance charges, handling cost increases by the cargo handling side. And the railway costs also, which were also mentioned in the last quarter call too. So, overall impact on the cost side, diesel is a part of that.
- Dikshit Mittal:** Okay. So, can you tell us what is the per TEU realization in Vapi and JNPT currently?
- Anish Maheshwari:** Per TEU realization?
- Dikshit Mittal:** Yes.
- Anish Maheshwari:** Yes, you can take. At Mumbai average if you see it is around 10,423 versus Vapi is 20,993.
- Moderator:** Thank you. The next question is from the line of Vikram Suryavanshi from PhillipCapital. Please go ahead.
- Vikram Suryavanshi:** Sir, what was the revenue for domestic and DPD volume at Mumbai?
- Anish Maheshwari:** It is around Rs. 12.45 crores at Mumbai (Bombay) and Rs. 4.43 crores at Vapi.
- Moderator:** Thank you. The next question is from the line of Pratik Kumar from Antique Stock Broking. Please go ahead.
- Pratik Kumar:** Just a book-keeping question. Sir, what was the incentive for the quarter, which you mention every time?



- Anish Maheshwari:** Not handy right away with me. I will give you separately.
- Pratik Kumar:** Okay. And sir, I think to two - three quarters back, you mentioned that for trains there are shortage and rentals rates have increased and so how is that positioned now? What is the per month rent which you are paying?
- Anish Maheshwari:** It is in the range of around Rs. 20 lakhs, which is higher than the last quarter also but we will have to run our show. That is why we were also mentioning on call also, we are seeking for the CTO license. So, that is the only reason.
- Anish Maheshwari:** We have around five trains on lease.
- Pratik Kumar:** How much?
- Anish Maheshwari:** five trains we were using on lease.
- Pratik Kumar:** Five trains on lease. So, now, this year we had like volume of 263 trains for FY 2019. So, I mean generally in FY 2020 it can go to 500, I mean, we can estimate something? Or in terms of let us say per month volumes if we see. So, like, we exited this year at 8,000 TEUs per month 8,100 TEUs. So, next year, it could be like maybe 12,000 TEUs per month kind of exit rate?
- Anish Maheshwari:** Its up to you to take it. If you see Vapi, whole of last year was around 45,000 TEUs views approximately, by this year, it is around 87,000 TEUs all together for the year. So, from here onwards, you can see...
- Pratik Kumar:** But in this quarter specifically, we increase the number of trains from 211, which we talked about last quarter to 263.
- Anish Maheshwari:** Our target is that only, we would like to use our railway sidings much more because after a year or so, there may be DFCC also on the line. So, at the time definitely freights will be going down. So, we would like to use to with the railway activity, we would like to run our trains with a better efficiency, we would like to use our railway siding in a better efficiency. We would like you know do the 100% exercise, we would like only hinterland deliveries by road, there is no choice. But maximum operations you would like to do by the rail from Vapi to JNPT and JNPT to Vapi.
- Pratik Kumar:** And once we buy CTO license that will also cost Rs. 20 crores or something or so, that is part of CAPEX if we buy that or then we will have to buy trains also I mean now we are running like five trains only. So, these are not part of CAPEX which company envisage in FY 2020?
- Anish Maheshwari:** So, that is not yet finalized. Once, it will get finalized then we will have more clarity. If there is any further CAPEX apart from the Rs 30 Crores mentioned which is required by me on the basis of business evaluation or on the basis of business improvement, that I will definitely inform the stakeholders. Depends on the necessity, if tomorrow like I am handling five trains today on a daily basis. If tomorrow my requirement becomes around 10 trains and there is no availability



what I will have to do? If there is a requirement, I definitely will have to do the certain CAPEX to the extent of improving our business.

Pratik Kumar: Okay. And sir, any update on the land sale which we are looking at?

Anish Maheshwari: There is no further update. We are still trying but there is no positive on that side.

Moderator: Thank you. As there are no further questions from the participants, I now have the conference over to Mr. Anish Maheshwari, for closing comments.

Anish Maheshwari: Thank you so much to everyone. Our Q4 FY 2019 results has improved substantially due to improvement in our overall business sentiments, we expect the same continue in the current year as well and the based on that we are hopeful of better operational and financial performance in the current year.

I would like to thank everyone for joining on the call. I hope, we have been able to respond to your queries. For further information, I just request you get in touch with the SGA, our Investor Relationship Advisors.

I just want to mention that the industrial sentiments will be on the positive side. Now the government stability is also there. So, I hope, positive for not only for the Navkar for the entire country. Thanks so much.

Moderator: Thank you. On behalf of Navkar Corporation Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.