



# “Navkar Corporation Limited Q4FY17 Earnings Conference Call”

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**Moderator:** Ladies and gentlemen, good day and welcome to the Navkar Corporate Limited Q4 FY2017 earnings conference call hosted by SBICAP Securities 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 \* and then 0 on your touchtone telephone. Please note that this conference is being recorded. I now hand the conference over to Ms. Pranjal Sanghvi from SBICAP Securities. Thank you and over to you Madam!

**Pranjal Sanghvi:** Thanks Inba. On behalf of SBICAP Securities we welcome the management of Navkar Corporation and all the participants for the Q4 FY2017 post results conference call. We have with us Mr. Anish Maheshwari, CFO of Navkar Corporation and Mr. Shailesh Jha. I now hand over the call to Mr. Anish Maheshwari for his opening remarks. Over to you Sir!

**Anish Maheshwari:** Thank you Pranjal. Good morning everyone and thanks again to SBICAP to give us an opportunity to give the result of Q4, before I start just wanted to introduce Mr. Shailesh Jha, he is also the part of our team. I will just give in a brief about the Q4 results as well as the yearly performance of the Navkar. Last quarter ended March 2017, we again gaining the topline sum of around 8%, last year the same year and the quarter, the total topline was 97.90 against that. In this year, last quarter we did Rs. 102 Crores all inclusive and on the EBITDA level too we are on the positive mode and at the same time, if you see the operating profit, which is also good, so all in all if you see the performance of company it is in the gaining side of 10% and good news for us is that on the Navkar Terminals Vapi side we are doing around 3,000 containers, which was 286 containers in last quarter with a topline of around Rs.7.5 Crores, so basically this is about the performance of the company and second thing about the projects, our railway is on completion mode, it may take another 20 to 25 days and logistics park work has also been done around 90%, 95%, so before this rainy season I think so we will be in the mode to complete our all the projects and rest if you compare our other earnings from last year, which is a little bit lesser than the last year year-on-year comparison because last year we have a FDR of our IPO money on that we are gaining interest portion, so in totality our profits have improved on the operating level, this is the story of results and other operating things in the company.

**Moderator:** Sir may we open the line for questions now?

**Anish Maheshwari:** Yes.

**Moderator:** Thank you. Ladies and gentlemen we will wait for a moment while the question queue assembles. We have the first question from the line of Chintan Sheth from Sameeksha Capital. Please go ahead.

**Chintan Sheth:** Good morning Anish Ji and Shailesh Ji. Thanks for taking my question. Basically Sir just wanted to understand about the fund raising plan Rs.500 Crores board meeting approval you got what is the use in the light of we have already have an unutilized money around Rs.100 odd Crores?

**Anish Maheshwari:** Basically it is enabling approval from the board, as you would know because there are certain opportunities in our mind, right now there are no such objects, but it is an enabling approval kind of a thing.

**Chintan Sheth:** And what about the real estate monetisation plan because that is also one area where we were hoping that funds will be unlocked and which can be utilized?

**Anish Maheshwari:** Yes extremely correct, the same question was arrived in last quarter also, I just wanted to highlight here because there are certain changes in the real state thing, after RERA there is interest, the discussions are going on, if any further project changes being moved of that particular opportunity definitely we will let you know and again we will do the call, but till now the situation, which was earlier has remained same because after RERA there are certain things real estate developers are not ready to take any call, so we are having a round of a discussions with them, if there is any further development definitely we will let you know.

**Chintan Sheth:** Current fund raising is basically for the growth opportunities you are looking for?

**Anish Maheshwari:** Yes, it is purely for the CFS and ICD growth opportunities or basically improves the performance of company itself.

**Chintan Sheth:** Okay, so any detail related to at this point of time you can share or it is acquisition or greenfield we are looking, a broad idea about the utilization basically?

**Anish Maheshwari:** Basically Chintan what happens, there are certain things, which is in our mind, there are certain discussions, which is going on, on the regular basis with our existing investors and all other market people, so we just taken enabling approvals from the board, if there is an opportunity in near future we are not going to do again onto the board that is the only thing.

**Chintan Sheth:** That is likely to be inorganic or organic that is what I wanted to...

**Anish Maheshwari:** Related to only our CFS alternative business only.

**Chintan Sheth:** Okay and can you share the quarterly and yearly volume numbers for Panvel as well as Vapi?

- Anish Maheshwari:** This quarter in totality Vapi as well as this Mumbai Panvel CFS we did 82,406 containers.
- Chintan Sheth:** 82,406?
- Anish Maheshwari:** 82,406 containers, out of which at Mumbai Panvel we have a 79520 containers, at Vapi we did 2886 containers.
- Chintan Sheth:** And full year?
- Anish Maheshwari:** Full year we did 3, 26,834 at Mumbai and if you include Vapi number, just for a moment I will give you the total number, last year we did 3,33,329 containers altogether.
- Chintan Sheth:** 3, 36,329?
- Anish Maheshwari:** 3, 33,329 comparing to last year we did 3, 08,501.
- Chintan Sheth:** Okay, I will joint back in queue I have a few more. Thanks.
- Moderator:** Thank you. We will take the next question from the line of Jinit Mehta from B&K Securities. Please go ahead.
- Jinit Mehta:** Good morning gentleman. Sir my first question would be regarding the increase in other expenses on this quarter the number has gone up significantly, so any one off that you have taken in this quarter or?
- Anish Maheshwari:** There are three different things that I wanted to give you the brief about it. One is there is a loss on sale of property, property means asset, which is regular equipment and all those things, which is around 1.5 Crores, second item there is as per the Ind AS we will have to buildup the bonus provision for the next particular year, which is around Rs.1 Crores.
- Jinit Mehta:** This is towards employees' bonus you are saying or?
- Anish Maheshwari:** Yes, this is towards employees' bonus.
- Jinit Mehta:** But that would be in other expenses?
- Anish Maheshwari:** That is under the operating expense.
- Jinit Mehta:** That is the second thing? Okay.

- Anish Maheshwari:** And third thing is a forward premium because if you see in last quarter there is a significant change in the dollar price, so we role it our forex option premium, so there is a hit of Rs.1.9 Crores.
- Jinit Mehta:** Okay, understood.
- Anish Maheshwari:** Altogether it is 4.50 Crores and second thing is the security charges because our Vapi operations are going a little bit in the safe mode, so there we increased the employees and all those things, which has been shifted from year itself first because there is a huge requirement, so total cost of employment is around Rs.2 Crores, which has increased by this quarter.
- Jinit Mehta:** Okay, understood and Sir on the...
- Anish Maheshwari:** There is a difference of Rs.6.5 Crores.
- Jinit Mehta:** Understood, that is helpful Sir and Sir regarding the rail approvals I missed the opening remarks Sir?
- Anish Maheshwari:** You are talking about Navkar Terminal rail approvals?
- Jinit Mehta:** Yes Sir, Navkar terminal.
- Anish Maheshwari:** Rail approvals intact already, we are on the mode of connecting the railway line
- Jinit Mehta:** Sorry I missed that part so how far are we now in that because in last con call you had told us that there is a 1.5 kilometer loop line if I remember correctly that you had?
- Anish Maheshwari:** We are already some 20 to 25 days maximum.
- Jinit Mehta:** Okay, 20, 25 days maximum before we can start rail ops?
- Anish Maheshwari:** We are evaluating that option. We will be in the mode to start operations over there.
- Jinit Mehta:** And Sir if you can give us the number of trains that you did from Panvel in this quarter and the number of containers carried on rail that would be helpful?
- Anish Maheshwari:** Just for a moment, last quarter we did around 110 trains compared to before last quarter 165 trains because there is a – in February month particularly February month 12 to 15 days was closed at the port site because of Chinese New Year.

- Jinit Mehta:** Right.
- Anish Maheshwari:** Yes so it will be gaining again in this quarter.
- Jinit Mehta:** Right, so you did 110 trains in Q4 FY2017?
- Anish Maheshwari:** Yes.
- Jinit Mehta:** This was in comparison to Q3 how much was it sorry?
- Anish Maheshwari:** Last quarter we had 165 trains.
- Jinit Mehta:** 165 trains and the number of containers, which you...?
- Anish Maheshwari:** Around 9,900.
- Jinit Mehta:** 9,900 perfect. Thank you so much I will come back in the queue if I have more questions.
- Moderator:** Thank you. Next question is from the line of Ankur Periwal from Axis Capital. Please go ahead.
- Ankur Periwal:** Hi Anish, so to start with, if you can give the breakup of the volumes, both imports and export at Panvel?
- Anish Maheshwari:** Yes I will just give it to you, wait a minute, export was last quarter 33,950, and import was 45,570, there was a ratio of 43:57.
- Ankur Periwal:** 45,570?
- Anish Maheshwari:** Yes.
- Ankur Periwal:** And in exports you mentioned 33,950.
- Anish Maheshwari:** Yes, so altogether 79520.
- Ankur Periwal:** Yes so export volumes have still not picked up is it because it is still showing probably, 12%, 13% degrowth year-on-year?
- Anish Maheshwari:** There is an impact of demonetisation still now?
- Ankur Periwal:** Okay has it been largely led by the agri volumes, which are the little...?

- Anish Maheshwari:** Yes it will pickup from this quarter, last quarter because as I told you there was a Chinese New Year of 12 to 15 days just setting down the vessels that was one reason, major reason and after that from this quarter it is going smooth.
- Ankur Periwal:** Okay and secondly on the DPD front any impact we are seeing anything you like to highlight the impact on our volume?
- Anish Maheshwari:** DPD front, I just wanted to highlight here, there is no such impact just due to the DPD, there is only change in our numbers, which is earlier we will have to pay incentive to the shipping line, which has been stopped now slowly and gradually, so we are also handling the DPD cargo from last quarter and being nominated for DPD cargo movement.
- Ankur Periwal:** Any percentage Anish you can share, what proportion of our aggregate?
- Anish Maheshwari:** We would not do any kind of definite calculations from DPD cargo because cargo belongs to me and definitely monetized by the shipping line itself till now.
- Ankur Periwal:** Sir Realization and margin perspective, do you think there is a difference between DPD volume entered and the normal volume, which used to come to us?
- Anish Maheshwari:** Yes, there is a difference of Rs. 300 to Rs. 400 on per TEU realization because earlier when we paid to shipping line incentive there was margin of Rs. 300 to Rs. 400, which comes to the company, which is going to stop now, so any which way because just again I just want to tell you here the railway advantage in the absolute terms we will be getting from this quarter itself.
- Ankur Periwal:** Okay fair enough and slightly on the Vapi volumes now in this quarter we have seen a sharp jump in realization, which I think probably we will be averaging around 24,000-25,000 on a per TEU basis, which you...?
- Anish Maheshwari:** Yes, I think Rs. 28,000.
- Ankur Periwal:** On the margin front also do you think Q3 numbers are more sustainable or should we look at 4400 EBITDA per TEU what we did in this quarter?
- Anish Maheshwari:** After this because there are certain changes in this quarter particularly so by this quarter we will see the actual numbers, which will be again 4200 per TEU realization.
- Ankur Periwal:** Or this is because of the earlier, which you mentioned the higher employee cost, which we had done over the year at Vapi?

- Anish Maheshwari:** Correct.
- Ankur Periwal:** But Anish just one clarification here, so once Navkar Terminals gets merged into the parent company, what sort of operating synergies or let us say you know the lower cost overheads etc, what sort of benefit do you envisage over the probably next let us say one to two years?
- Anish Maheshwari:** Basically what happens Ankur, we are hoping that the merger will be in the place by December quarter, after that because it will be from the effect of April 1, so in total basis what happens today the operating cost which is on the higher side for both the operations, but after that we will have a liberty to make operations from any of the point then what happens from Mumbai to Gujarat we will have to select some specifically lead because there is entry tax again. So these kind of operating expenses will be reduced. After that merging all the cost will be on the same banner, because today if I will have to consider some kind of employment towards Vapi, I will not use the employees from here to Vapi, but after that there is no restriction, wherever requirement will be there the operating leverage will be in our hand, so on EBITDA level if you see today's EBITDA level is around 40%, which is the remain same after one year.
- Ankur Periwal:** Okay. Fair enough. Thanks a lot.
- Anish Maheshwari:** Thank you Ankur.
- Moderator:** Thank you. Our next question is from the line of Shalini Gupta from Quantum Securities. Please go ahead.
- Shalini Gupta:** Could you just please repeat the Vapi volume numbers for the quarter is it 79505?
- Anish Maheshwari:** No, Vapi is 2886.
- Shalini Gupta:** For the quarter?
- Anish Maheshwari:** For the quarter, altogether 82,406.
- Shalini Gupta:** 82,406 is for the quarter? For the Vapi full year what are the volumes if could just repeat that?
- Anish Maheshwari:** Last year 6495.
- Shalini Gupta:** Could you please give like expenses of empty running charges?

- Anish Maheshwari:** There are no specific expenses in empty running; last year we did 2574 empty containers comparative last quarter was 4247.
- Shalini Gupta:** Just one more thing basically the trains that we ran during the quarter were 110 versus 65 in Q4 financial year 2016?
- Anish Maheshwari:** Correct.
- Shalini Gupta:** And in the Q3 if you could give the number?
- Anish Maheshwari:** Q3 of this year?
- Shalini Gupta:** Yes.
- Anish Maheshwari:** Third quarter was around 165.
- Shalini Gupta:** 65?
- Anish Maheshwari:** Yes.
- Shalini Gupta:** Or 165
- Anish Maheshwari:** Yes correct.
- Shalini Gupta:** Is it 165 or 65?
- Anish Maheshwari:** 165.
- Shalini Gupta:** If you could just please help me with the incentives that were given out in the quarter?
- Anish Maheshwari:** Absolute amount?
- Shalini Gupta:** Yes, absolute amount.
- Anish Maheshwari:** It was 10 Crores.
- Shalini Gupta:** 10 Crores okay.
- Anish Maheshwari:** Last quarter was 12 Crores.
- Shalini Gupta:** Third quarter?

- Anish Maheshwari:** Yes.
- Shalini Gupta:** Alright. Thank you.
- Moderator:** Thank you. Our next question is from the line of Shekhar Singh from Excelsior Capital. Please go ahead.
- Shekhar Singh:** Sir, just wanted to know like Vapi numbers are somewhere around 7000 for the full year this is correct?
- Anish Maheshwari:** Yes, full year.
- Shekhar Singh:** This year in FY-2018 full year Vapi number will be roughly how much, any idea?
- Anish Maheshwari:** We are restricted by SEBI guidelines; we will not give any kind of numbers.
- Shekhar Singh:** Correct, so in terms of run rate this Vapi is 7000 is for a one-month period or two-month period or for what period is this 7000 number?
- Anish Maheshwari:** 7000 number is from Q1 to Q4.
- Shekhar Singh:** So at least like maybe I am missing out something, but it seems like this number is well below the 100% utilization level?
- Anish Maheshwari:** I just wanted to brief you about it. We have not even started railway lines usage till now, so this is the number without rail, it is only the road-oriented cargo. So we are ahead of the time of around three quarter, our railway operations were supposed to be start October 2016, so we are delayed by nine months.
- Shekhar Singh:** So what does it mean like once the rail operations start, this number can go up to how much roughly?
- Anish Maheshwari:** Practically I am not commenting you right now.
- Shekhar Singh:** It is not a commitment, I am guessing you are building up capacity, what does it mean in terms of like 100% capital utilization what does it mean, the capital that you have put in once the entire thing is ready and up and running so what will that mean?
- Anish Maheshwari:** After that railway act total capacity will be 4, 74,000 TEUs.
- Shekhar Singh:** 4, 75,000 TEUs?

- Anish Maheshwari:** Altogether and there is a market of 15 lakh containers.
- Shekhar Singh:** Sorry.
- Anish Maheshwari:** If you see the south Gujarat market is having container volume of 15 lakh containers altogether and against that we will be having a capacity altogether is 4, 74,000 TEUs.
- Shekhar Singh:** Of which 3, 25,000 will be somewhere around that numbers will be from Mumbai?
- Anish Maheshwari:** Yes, so out of that last year we did 3,33,329 containers out of which around 26000 is just from the Mumbai container yard.
- Shekhar Singh:** Correct and just 4,75,000 include Mumbai and Vapi put together?
- Anish Maheshwari:** No, only Vapi. Mumbai and Vapi will be around 1 million TEUs capacity in this year.
- Shekhar Singh:** What the capex is left for FY2018?
- Anish Maheshwari:** It has all done sir.
- Shekhar Singh:** It has all done?
- Anish Maheshwari:** Hardly for 2% or 3% we will have to make the payments only, around 5% is outstanding now.
- Shekhar Singh:** Understood, great Sir. Thanks a lot.
- Anish Maheshwari:** Thank you.
- Moderator:** Thank you. Next question is from the line of Parikshit Kandpal of HDFC Securities. Please go ahead.
- Parikshit Kandpal:** Sir, just again on the Vapi ICD, so wanted to know last time on the call we had a discussion the target segment, how big is the market size and how much we have covered the ground already, so what kind of conversions you are seeing from the efforts you have put in last one year, so do you expect some big deals happening in this year and what kind of TEUs out of the 1.5 million you spoke about we have already covered in terms of target segment?
- Anish Maheshwari:** Correct, I just wanted to clear it out all the shipping lines are working right now with us, first thing. Second all the major parties are working with us. I will give the example like Karani Papers, last quarter I am giving the same example Karani Papers was having a total

volume of around 800 TEUs per month import and export. Out of which in last month, he was giving me 50 containers which is now 200 containers, so these kind of an embark we are getting now, they are all waiting for our railway thing only. Once the railway will commence then definitely there will be a good effort.

**Parikshit Kandpal:** But even if the railway comes in so the effort basis or mix basis I think it maximum can reach up to like because of the capacity constraints and other things 20%-25% not beyond that right?

**Anish Maheshwari:** I am not committing you right now, it may be 35%, it may be 10%, it all depends. Once the railway will commence after that actual numbers will come, because today what happens what is the price which we are providing to the party, which is hardly having Rs. 2000 to Rs. 3000 difference between another variants, so actual difference will be much higher than that like today the cost for transportation is around Rs.20,000 per TEU both the way, after railway it may be around Rs. 7000 to Rs. 8000. There is a big difference, 13,000 is a big difference is there.

**Parikshit Kandpal:** But on your capacity of 474 how much could be handled like suppose I am not asking you guidance about how much you will be doing, what I am saying in terms of trains how much you can handle?

**Anish Maheshwari:** We have four lines over there, so per day if I would like to run approximately per day 4x3 it means 36 trains if I would like to handle in a day. There is a deviation of 8 hours, so each train you will handle one train with 8 years so each train will be having an efficiency of four trains at a time, here are around 5 hours basically.

**Parikshit Kandpal:** So 36 trains you can handle per day, so which translates into?

**Anish Maheshwari:** 12 trains per day and approximately 360 trains in a month.

**Parikshit Kandpal:** 360 trains in a month?

**Anish Maheshwari:** It all depends. If there are only container trains from JNPT Port to my premises there may be more capacity utilization of railway track.

**Parikshit Kandpal:** In terms of ground like, how much we have covered out of total 15 lakh containers you said, last time I think we were somewhere around?

**Anish Maheshwari:** Today, I just wanted to just spread our marketing team in three division, one is a corporate, second is mid corporate and third one is a retail, so if someone is having one container volumes, we are also capturing him also. So one team going for a marketing of all large

corporate, one team is marketing for all mid corporate and third team is going for all retail corporate. We would like to catch every single cargo, which belongs to the South Gujarat market.

**Parikshit Kandpal:** So, how much would be the segments, which you have already covered in terms of pipeline, how is the pipeline?

**Anish Maheshwari:** Earlier I think so last time I provided the actual number of parties which we have, but this particular quarter out of that 1000 containers volumes we had sum of around 40-45 parties additionally.

**Parikshit Kandpal:** What could be the size of opportunity with these be 40-45 parties in terms of like market size in terms TEUs?

**Anish Maheshwari:** As I said you, it is a total market of 15 lakh containers, there may be some parties... that 40% parties will be having 8 lakh containers volume.

**Parikshit Kandpal:** It would be 40 and 45, which you have added I am asking about that?

**Anish Maheshwari:** There may be one container volume, 10 containers volume, 20 containers volume, there are different, it is a huge segment. In only Silvassa and Vapi is having 1250 big corporates.

**Parikshit Kandpal:** Second question was could this Vapi actually become a DPD hub for the Gujarat traffic?

**Anish Maheshwari:** Yes, absolutely.

**Parikshit Kandpal:** That could be big if it becomes the DPD hub then.

**Anish Maheshwari:** That is the reason Sir everybody wants to work with us, if you talk today any of the freight forwarder they will like our Vapi model, they are just waiting for the railway, that is the reason they are giving the cargo.

**Parikshit Kandpal:** Sir, now the Capex you have done in Vapi, so what could be the quantum, is it in WIP right now or has been capitalized?

**Anish Maheshwari:** No, it is only in WIP.

**Parikshit Kandpal:** Sir, how much will be WIP as of now and once it get capitalized so what will be impact on depreciation because last year we had

**Anish Maheshwari:** Basically there is no depreciation impact because my total expenditures, which is going for the land development.

**Parikshit Kandpal:** But rakes and all these...?

**Anish Maheshwari:** Rakes, we are not taking

**Parikshit Kandpal:** I am saying rail, sorry.

**Anish Maheshwari:** Rail is covered under only the land development.

**Parikshit Kandpal:** There would not be any jump in depreciation?

**Anish Maheshwari:** There is no major jump in these...my depreciation year-on-year compared may be only 4% to 5% because my major Capex in on the land development side. Land development is basically for seven layers foundation because after that DSCC my track should be in the mode to handle around 6000 tonnes with the single train, so the major cost for my railway ICD is on the land development side.

**Parikshit Kandpal:** Sir last two months as reported by JNPT, there is a very significant jump in DPD volumes if you see 42,594 TEUs have been handled in April and in May they are expecting around 50,000 TUEs, so how has been this quarter, I mean is it in line without historical trends or have you seen significant mark down in our JNPT CFS volume?

**Anish Maheshwari:** I agree with you, JNPT putting the pressure on each and every shipping line as well as the party so they are gaining the DPD shares, but practically if you will ask me we would not have any kind of issue as we have railway and fleet ownership model. That is the only reason after DPD, there is no significant change in my TEUs handling capacity.

**Parikshit Kandpal:** These DPD containers will still be routed through you like through a warehouse model?

**Anish Maheshwari:** It is very few, there is a change between DPD and my model is only the clearance, which has happened in my premises, which is just not doing at port perhaps I am taking cement.

**Parikshit Kandpal:** So still these containers are moving.

**Anish Maheshwari:** We are doing that logistics part that container itself, we have commenced this destocking for that container terminal particularly, so everything is done by CFS only, the problem is what after DPD there is a major issue between the parties is someone is having two or three containers volumes per month, so how could he maintain his own warehouse, so players like Navkar which has 100 acres land over there in Mumbai, we also have 110 acres of land

in South Gujarat, all together if we put with the companies capacity today it is around 250 acres land which we have in our control, so after DPD there will be major change going, which is the warehouse hub and spoke kind of a model.

**Parikshit Kandpal:** Has DPD really reduced the dwell time significantly now because it is not reflecting?

**Anish Maheshwari:** Not yet.

**Parikshit Kandpal:** Because it is not reflecting your realization?

**Anish Maheshwari:** There is a major problem in the port side, there is congestion on the part, you cannot imagine, parties are suffering like anything. There is a pressure from port. I am not denying that fact port is doing well in the DPD side, but there are certain things, which are not in hand of port house, like there is a huge congesting, eight-way line work is going on. If you see in the evening time, if you would like to reach over to the JNPT port from my premises it will take minimum 6 hours time, so first of all they will have to look into that how could they will have to...Sir today they are gaining definitely I agree with you, but how much time it will take to you know continue the train.

**Parikshit Kandpal:** Was there any forex loss in this quarter?

**Anish Maheshwari:** No, there is a forex gain Rs. 2.63 Crores.

**Parikshit Kandpal:** Rs. 2.63 Crores?

**Anish Maheshwari:** Yes.

**Parikshit Kandpal:** Okay Anish. That is all from my side. Thank you and all the best.

**Anish Maheshwari:** Thank you so much.

**Moderator:** Thank you. Next question is from the line of Jinit Mehta from B&K Securities. Please go ahead.

**Jinit Mehta:** Sir, could you just speak about the GST rate, which has come in we believe that containers carried on rail will attract 12%, so how is it different from earlier and does it impact us in anyway?

**Anish Maheshwari:** Practically, it will be positive for us because what happens today if any kind of change which is made by the government definitely easy to digest for anyone, but you will ask me about GST in the longer term, GST will be really positive for each and every sector of

logistics, I will just give you a small example if somebody would like to move his cargo from Chennai to Indore, there are three states involved, so there is a fact maximum truck operators are not even take any money in the quantum of cheque or any other mode of payment, so after that GST will be running through the single invoice, so in that case party will definitely go into the mode which is available for him because if there is stuck cargo in each and every movement you will be losing money like anything, so cargo itself is not removed from there so in that case what happens frankly speaking to you, there is a component, which is right now not capturing in our topline or unorganised sector's topline, which is just because of cash. After the GST we will have to make invoice, there is no other opportunity for you.

- Jinit Mehta:** No sir, this is the opportunity that you are talking about is the shift from unorganised to organised, but what I am trying to imply is that?
- Anish Maheshwari:** In that case what happens today the companies they have not even conclude their invoices.
- Jinit Mehta:** That is right sir, just from the tax implication point of view I was trying to ask.
- Anish Maheshwari:** Tax implication there is no change because for me I am taking the credit; if there is a tax rate 28% I will take the credit again.
- Jinit Mehta:** Are they still available post GST that is what?
- Anish Maheshwari:** Post GST it will be available.
- Jinit Mehta:** Sir you are saying financially there will be no impact; you do not have to pass on any cost to the end customer.
- Anish Maheshwari:** No not at all.
- Jinit Mehta:** Okay, I understood Sir. If you could give us a capex done for FY2017, if you can quantify the number?
- Anish Maheshwari:** In totality?
- Jinit Mehta:** Yes.
- Anish Maheshwari:** In totality, we will see that Vapi as well as the Mumbai side, total capex was Rs.274 Crores for our IPO utilization and that is around Rs.300 Crores for my ICD at Vapi, so altogether Rs.574 Crores.

- Jinit Mehta:** Okay, perfect. Thank you so much for answering all my questions.
- Moderator:** Thank you. The next question is from the line of Chandra Gopal of JM Financial. Please go ahead.
- Chandra Gopal:** Sir I just wanted to understand on this forex gain you told Rs.2.60 Crores is the forex gain in the quarter and also there was Rs.1.9 Crores hit on forwards, so both things are there right?
- Anish Maheshwari:** No, it is a basically forward gain on the dollar side. There is a difference of dollar variation and Rs.1.9 Crores in my notional, which is converted into the INR term, which will impact in June quarter.
- Chandra Gopal:** Okay. Sir, I just wanted to understand on this Vapi terminal strategy, so after this rail gets commenced, so we will be going ahead with the road transportation, so how will it work after the rail?
- Anish Maheshwari:** It will happen like someone is having only 10 containers volume for that I am not having the train.
- Chandra Gopal:** Okay.
- Anish Maheshwari:** You got my point, for that I will use my road fleet.
- Chandra Gopal:** Okay Sir. Thank you.
- Moderator:** Thank you. The next question is from the line of Jaikant Kasturi from Dolat Capital. Please go ahead.
- Jaikant Kasturi:** Could you let me know the number for like...in terms of storage income for the full year and for the quarter gone by?
- Anish Maheshwari:** You require separate numbers?
- Jaikant Kasturi:** Yes.
- Anish Maheshwari:** In this quarter particularly cargo handling revenue was 58.90 and cargo stood at 28.78, it is on a standalone basis.
- Jaikant Kasturi:** Yes and for full year Sir for storage income number?

- Anish Maheshwari:** Jaikant, what you do is that give me a separate call on it, I will give you the entire number comparing it to Q-on-Q.
- Jaikant Kasturi:** Yes and in terms of number of trains run for the full year, do you have the number Sir?
- Anish Maheshwari:** Full year we handled 627 trains.
- Jaikant Kasturi:** And for FY2016 was?
- Anish Maheshwari:** 765.
- Jaikant Kasturi:** 765 Sir and in terms of your capex guidance for this year like would you be utilizing it or putting in some incremental capex?
- Anish Maheshwari:** Right now not, there are no such plans available with me. There is no such capex till now in our mind, but there are certain opportunities for which we have.
- Jaikant Kasturi:** What would be like...the maintenance capex would be like?
- Anish Maheshwari:** 2%.
- Jaikant Kasturi:** 2%, okay.
- Anish Maheshwari:** 2% of my total income.
- Jaikant Kasturi:** Okay Sir, that is it from my side.
- Moderator:** Thank you. We will take a next question from the line of Chintan Sheth from Sameeksha Capital. Please go ahead.
- Chintan Sheth:** Thanks for taking my question again. Sir, on the ICD we have not yet started operation right warehousing and all at Vapi.
- Anish Maheshwari:** We have started operations by road only, rail operations will be commenced by July.
- Chintan Sheth:** Okay, I just wanted to understand entire realization we are generating right now 28,000 per TEU it includes warehousing and other facilities?
- Anish Maheshwari:** Everything it is all included.

**Chintan Sheth:** So once the warehouses and all are operational or the railway line will be operational then realization number will dip down to the extent the cargo moved from?

**Anish Maheshwari:** We are not having logistic part as a separate thing because railway is not commenced till now. After railway the logistic part will be full swing. What will happen, we will give the entire package to the party as hub and spoke kind of a model. So in that case what happens party will give me the delivery as well as party will take delivery from me the destination to destination delivery, by all kind of mode of trivial things. So in that warehousing for him, domestic warehousing for him, EXIM warehousing for him in that we will move that cargo from port to here, here to port in that we also captured the domestic delivery till their destination. So it will be the entire package deal for the party. Okay, so in that case the realization will be definitely higher than it.

**Chintan Sheth:** Okay, so it will be how much like 5%, 10% or something like that or...?

**Anish Maheshwari:** Higher than that. Definitely 10% higher than that because the reason behind is that what you know today we are only doing the transportation as well as the CFS receipt from that after that fixed slab will give the entire solution till the premise.

**Chintan Sheth:** Correct, it includes CFS...?

**Anish Maheshwari:** Yes, it will be included.

**Chintan Sheth:** Warehouse and everything.

**Anish Maheshwari:** CFS shipping and then warehousing storage in the EXIM cargo movement after that domestic solutions, so various kind of a thing.

**Chintan Sheth:** So Vapi's realization plus 10% plus, minus higher would be it?

**Anish Maheshwari:** Minus side, it will be the positive side definitely.

**Chintan Sheth:** Okay Sir and capex, you mentioned around Rs.574 Crores, but net block increase on the balance sheet on a consolidated side, it shows an increase of around Rs.280 Crores, Rs.290 odd Crores.

**Anish Maheshwari:** Basically we are not even adding the WIP.

**Chintan Sheth:** Okay that will be around half of it which is not on the books, now in WIP.

**Anish Maheshwari:** It is required in totality of my capex and net block; I will give it to you separately.

- Chintan Sheth:** Okay, net debt number, total debt as on March?
- Anish Maheshwari:** As on March it is Rs.450 Crores.
- Chintan Sheth:** Okay Sir.
- Anish Maheshwari:** Which we paid in this quarter Rs.65 Crores which we take the stakeholder approvals.
- Chintan Sheth:** Okay, so Rs.65 Crores debt repaid this quarter.
- Anish Maheshwari:** It was high-cost debt.
- Chintan Sheth:** Okay and what will be the interest cost average?
- Anish Maheshwari:** 9 or 10, it may be around 10%.
- Chintan Sheth:** Okay, Sir. Thanks.
- Moderator:** Thank you. The next question is from the line of Shalini Gupta from Quantum Securities. Please go ahead.
- Shalini Gupta:** I just wanted to check like status of the logistic park, so is it fair to assume that one year from now when railway operations commence at Vapi, the logistic park also will be fully ready?
- Anish Maheshwari:** Logistic parks and coal station both fully ready.
- Shalini Gupta:** Okay, thanks, bye.
- Moderator:** Thank you. The next question is from the line of Prateek Kumar of Antique Stock Broking. Please go ahead.
- Prateek Kumar:** Sir my First question is regarding your amalgamation of Navkar Terminals, so beside the synergies, so what changes would we see in balance sheet as such post this amalgamation... meaningful change?
- Anish Maheshwari:** Basically the amalgamation is not yet took place, it is under process.
- Prateek Kumar:** My question was like currently consolidated balance sheet which we give, post to this amalgamation.

**Anish Maheshwari:** It will remain same, but the difference is that today we are giving the numbers separately, basically we are showing the consolidated number, which will remain same. There is no change to it.

**Prateek Kumar:** Okay, there is no change with respect to reporting.

**Anish Maheshwari:** Because it is 100% subsidiary right now.

**Prateek Kumar:** Okay.

**Anish Maheshwari:** After amalgamation it will be merged with the company.

**Prateek Kumar:** Okay, Sir you used to give this line item of... I am asking this question again from the previous participants, you used to give this line item for foreign exchange loss or gain, so this quarter you had like around Rs.12 Crores of other expense this includes this line item of foreign exchange gain or not?

**Anish Maheshwari:** Foreign exchange gain is included in it, because for the statement of accounts, financial results of this quarter which has been changed by the Ind AS guideline.

**Prateek Kumar:** This is Rs.2.6 Crores you mentioned gain.

**Anish Maheshwari:** Rs.2.6 Crores is a part of operating expense.

**Prateek Kumar:** Which compares to around Rs.2.5 Crores of loss in Q3?

**Anish Maheshwari:** Correct.

**Prateek Kumar:** Okay, so there is a huge swing in that sense in other expense in this quarter?

**Anish Maheshwari:** Correct.

**Prateek Kumar:** Okay, so reason attributable to that would be the ones you mentioned in the beginning of the call?

**Anish Maheshwari:** Wait Prateek, I will just give you a brief about it. Total opex, which is having a materialized impact in the balance sheet, is around Rs.6.5 Crores out of which we want to write it down again, there is a security charges means employment cost is around Rs.2 Crores additionally in this quarter. Second item is Rs.1.5 Crores which was not there in last quarter's balance sheet which is on the loss on sale of assets which is like we sold one or two equipments which is going old, on that we booked a loss of Rs.1.5 Crores, third item we would have to

make the bonus provision as per the new Ind-AS guideline which is Rs.1 Crore, old one is forward premium which we booked in notionally Rs.1.9 Crores. So totality there is an impact of Rs.6.5 Crores against that there is a gain of Rs.2.63 Crores. If you would like to take a call on the operating level, the net impact additionally is around Rs.3.87 Crores from the last quarter, this is the overall scheme of thing.

**Prateek Kumar:** Sure Sir.

**Anish Maheshwari:** But there was a quarter ended if you see December my operating expenses were 37.56 against that this quarter is 40.17.

**Prateek Kumar:** Okay.

**Anish Maheshwari:** That is the only impact.

**Prateek Kumar:** Okay, fine. Thanks.

**Moderator:** Thank you. The next question is from the line of Pranjal Sanghvi of SBICAP Securities. Please go ahead.

**Pranjal Sanghvi:** Hai Anish, I just wanted to know whatever timelines of the JNPT port terminal coming by?

**Anish Maheshwari:** Particularly they are saying that mid of 18, I think September 18, they will be starting with another two million capacity with respect to port. We do not have any specific guideline from the port.

**Pranjal Sanghvi:** Okay, is it safe to assume that with other new capacity coming at JNPT, DPD volumes might increase even more further from what their current levels is?

**Anish Maheshwari:** But I just wanted to tell you here if the port will additionally add two million TEUs out of which 14% may be 8 lakh TEUs will be handled by the port trust, 12 will be moving by the CFS itself.

**Pranjal Sanghvi:** Okay.

**Anish Maheshwari:** Because port is not having this much of a capacity right now. There is a huge congestion on the port side. As I mentioned on the same call earlier, if we are going to a port today there may be in the evening time took around six to seven hours.

- Pranjal Sanghvi:** Okay and also one last thing about the difference in realization if the DPD container, non-DPD container and Navkar itself, like what would be the quantum of difference like DPD container, I assume would give more?
- Anish Maheshwari:** From the EBITDA level there is a difference on the maximum side, because earlier what happened there were incentive which was provided by us to the shipping lines in that we built up sum of around Rs.300, Rs.400 on the EBITDA level which is definitely going to reduce.
- Pranjal Sanghvi:** Okay, so major difference comes over there.
- Anish Maheshwari:** Yes.
- Pranjal Sanghvi:** Okay, that is it from my side. Operator, would you like to close the call.
- Moderator:** That was the last question. I now hand the floor back to the management for closing comments. Over to you Sir!
- Anish Maheshwari:** Thank you so much for huge participation again on this call. I just wanted to thank once again to the SBICAPS giving me an opportunity to represent my company once again. Thank you so much Pranjal and we definitely give you the sense, each and every time and we are on the growth path, we do our best, we will definitely come up with this some new and higher numbers for the next quarter. Thank you Pranjal.
- Pranjal Sanghvi:** Thank you Sir.
- Moderator:** Thank you. Ladies and gentlemen, on behalf of SBICAP Securities that concludes this conference. Thank you for joining us. You may now disconnect your lines.