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| <b>BSE Scrip Code: 520151</b>   | <b>NSE Symbol: SHREYAS</b>   |

Dear Sir,

**Sub: Transcript of Analyst Call on 15<sup>th</sup> February, 2017**

Please find enclosed herewith the transcript of the Analyst Conference Call conducted on 15<sup>th</sup> February, 2017 for your record and reference.

Thanking you,

Yours faithfully,

For **Shreyas Shipping and Logistics Limited**



**Namrata Malushte**  
**Company Secretary**



Encl: A/a.



“Shreyas Shipping and Logistics Limited  
Q3 FY17 Earnings Call”

February 15, 2017



**ANALYST: MR. AMAR MOURYA - EMKAY GLOBAL FINANCIAL SERVICES LIMITED**

**MANAGEMENT: CAPTAIN V.K. SINGH - CEO - SHREYAS SHIPPING AND LOGISTICS LIMITED  
MR. RAJESH DESAI, CFO -SHREYAS SHIPPING AND LOGISTICS LIMITED**

**Moderator:** Ladies and gentlemen, good day and welcome to the Q3 FY2017 results conference call of Shreyas Shipping Limited hosted by Emkay Global Financial Services. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions at the end of today's presentation. Should you need assistance during the conference call, please signal the operator by pressing "\*" then "0" on your touchtone phone. Please note that this conference is being recorded. I would now like to hand the conference over to Mr. Amar Mourya of Emkay Global. Thank you and over to you Sir!

**Amar Mourya:** Good morning everyone. I would like to welcome the management and thank them for giving us the opportunity. I would now hand over the call to Captain V.K. Singh. Over to you Sir!

**V.K. Singh:** Thank you very much and good morning to all and welcome to this conference call. I will just give a brief about the global container shipping a few lines, then we will proceed with our performance for the quarter. Basically the global container shipping continues to face challenging times marked with low ocean freights and the impact of higher fuel cost along with excess tonnage, which has been there for sometime. The main focus in the coming months is likely to be on consolidation of various shipping line companies and alliances. In this current challenging time, our focus also remains at rationalization of tonnage and services to achieve better asset utilization and reduction in operating cost. This has been very efficiently carried out by us, which is evident from the quarter result. The SMILE service, which we were operating along with FCI using four vessels, three of FCI and one of our vessel on a longer service route was trimmed down to two vessels, one of each partner to operate on west coast only earlier the service was going all the way up to east coast and then to Jebel Ali which we brought down to only coastal service on west coast and reduced the vessel operation cost and time. So the service was brought from four to two vessels, each sharing one. The transshipment hub between PIX2 service which is going to our east coast service from Jebel Ali and Mundra and ECC service which is the feeder service with Vizag and Krishnapatnam, transshipment hub was changed for these services from Vizag to Krishnapatnam which also gave us a considerable cost advantage. We continue our cooperation with other operators from the coast like SCI and Simatech for providing better frequency to the customers as well as rationalizing of tonnage. Our focus has been on development of coastal trade as well as feeder services on the east coast which as resulted quite positive and developed Krishnapatnam container terminal as our transshipment hub for not only our transshipment cargos, but also for other shipping lines like Maersk, Hyundai, and ZIM lines where transshipment port chains from Singapore to Krishnapatnam for them. We expect an additional volume of around 4500 TEUs per month on this sector for the feeder on the ECC service. We will continue to be there in the coming quarter. To cater to the advanced trade on the East Coast of India and in view of the current utilization of asset, we have signed MOU for acquisition of two vessels. One name SSL Delhi of 2500 TEUs which is built in year 2000 at USD 3.87 million and other name SSL Kolkata of 1100 TEUs capacity built in 2007 at USD 3.875 million. Both vessels are expected to be acquired on 23<sup>rd</sup> February and first week of March respectively. We also have signed an MOA for sale of our vessel SSL trust, which was 1100 TEUs and it was already 25 years old, so it is used to the cost of operation for the vessel. We

have taken call to sell that vessel which will be sold by end of this month. Overall operating income for the quarter has not really increased much as against the previous quarter, but the increased profitability is mainly the result of saving in the operating cost for the mainly port and marine dues for around Rs.7 Crores and also slot purchase cost of around Rs.4.5 Crores, which was earlier purchased in the last quarter. Growth in the volume has covered for reduction in trade, which is mainly market, controlled. Average increase in bunker cost during the quarter as against the previous quarter was around Rs.3400 per metric tonne for both fuel oil as well as diesel oil. The increase in bunker cost resulted in additional cost burden of Rs.3.5 Crores for the quarter, although there has been a reduction in the bunker quantity for the quarter. SSL Visakhapatnam underwent for her SS and DD and was not in service for almost a month during the quarter. Currently SSL Gujarat is undergoing Special Survey and Dry Dock and SSL Mumbai to follow in March. We had a better utilization level on PIX2 from east to west and also a better utilization of ECC service from north to south. This was actually a weak link earlier and now changed to our strength. Utilization level on PIX2 service on both the length increased to almost 95% as against 84% earlier. Our market share on the domestic trade for the quarters was almost close to about 55% and increase in volume was around 1600 containers while overall increase in domestic trade for the quarter was just about 560 containers. We foresee growth in volume on the east coast trade and newly acquired two vessels will be deployed on this sector to take care of the additional volume. I conclude my performance report for the company for the quarter and we wait for your questionnaire. Thank you.

- Moderator:** Thank you. Ladies and gentlemen we will now begin the question and answer session. We will take the first question from the line of Pritesh Chheda from Lucky Investment Managers. Please go ahead.
- Pritesh Chheda:** Can you help us with volume on TEUs handled total in the quarter and what was it handled in the Q2, immediate sequential quarter and if you could just give that in Exim & Domestic?
- V.K. Singh:** The total volume handled for the quarter was 83,715 TEUs as against the previous quarter of 78401. That is the total volume. On the domestic, our own volume against 41,992 in the last quarter, we handled 47,539 TEUs that is inclusive of laden and empty and for the feeder, we handled 34,157 last quarter; even this quarter, we handled about 34,000 TEUs and on the domestic others operator cargo, we handled 2174 as against 2252 for the last quarter.
- Pritesh Chheda:** Can you give the corresponding realization Exim and Domestic for two quarters?
- V.K. Singh:** The total realization operating income for the quarter was Rs.96.68 Crores as against Rs.92.40 for the last quarter.
- Pritesh Chheda:** Can you give the realization per TEU, the Exim and Domestic?
- V.K. Singh:** Average realization per TEU for domestic was about Rs.10,000 and for the feeder was about Rs.8000.

- Pritesh Chheda:** Can you give the corresponding for Q2, if you have?
- V.K. Singh:** Q2 realization for the feeder was 8300, so it has slightly come down on the feeder side and realization on the domestic was about 10,800, which is now 10,300.
- Pritesh Chheda:** Any reason why these realizations have come down when the bunker cost have gone up and the corresponding road freight would have increased, so ideally on a relative basis even sea freight should have increase so, any reason or any comments?
- V.K. Singh:** Basically if you talk about the feeder freight it is all market linked and you know that globally the feeder freight and ocean freight have come down and correspondingly even the feeder freight has come down and on the domestic side also basically it is market driven and as per the current asset, which applies for the domestic freight. The freight has not increased even on the road it is not increase for the domestic as such and that is where we have to take the market whatever the market controlled freight what we are getting. So virtually we see the freight has not gone up that is exactly what we are trying to say that more or less the freight has actually not gone up. It has remained more or less in the same status as last quarter. Of course, the volume has gone up slightly which has given us a little growth on that and the increase in volume is what we are foreseeing that which can even if the freight remains at this level with the increase in volume we can and the additional tonnage we will have better revenue in the future.
- Pritesh Chheda:** Okay and any assessment that you have when should the freights in your opinion rise because I am also picking up from your initial comment that supply needs to be – you rationalized that is the comment which you made, but you yourself are adding two more ships, so first if you could give your assessment on the freight and I could not understand these two contradictory comments.
- V.K. Singh:** If you notice that utilization level on the PIX2 service and the ECC service had gone up. Our ECC service is basically a feeder, which is where the volume is there of course the freight rate is something which we have already had a contract with liner companies as per the prevailing freight rates but definitely there is going to be a more volume on that, so in order to cater the increased growth in volume, we have taken one vessel off the level and it will be useful as a replacement for SSL Trust which was operating on the ECC now and that will be put there and of course even on the PIX2 service which is going on the east coast because generally we had a volume already with that. On that sector definitely we have a better utilization level and even from east to west the utilization level has gone up and that is where we have increased and we have swapped one vessel from there and we are not increasing much, we are only taking out one smaller vessel of 1700 and we will be putting the new 2500 acquired vessel on that PIX2 service and the 1700 TEU vessel will be again put on a feeder between Krishnapatnam to Haldia for the purpose of transshipment of our domestic cargo which has increased and Kolkata we are facing a little issue, so we have shifted everything to Haldia and that is where the growth is there. That is why the tonnage has come. It is not mainly for catering to the additional volume of domestic, it is catering to the additional volume of transshipment and Exim cargo along with the transshipment

of domestic cargo, which we are carrying for Kolkata. So virtually we will find the four ships will be deployed on between Kolkata, Haldia and Krishnapatnam alone where we had earlier two vessels. So that is only doing the transshipment cargos whether transshipment for our own volume or for the third party liner volume and Exim volume. So virtually the increase is there and only increase is about 10,000 tonnes per month on the PIX2 service with the change of upgradation of the vessel, which we are putting. The main volume which we carry and the services which are there on the west coast, of course this combined with other competitor services, where it is definitely the tonnages not in line with whatever the volume is there today because everybody is not going full and even if we maintain our market share and we continue to have, we have not increased any tonnage on the West Coast of India virtually. We have only increased for the East Cost of India services where we are seeing a growth in volume.

**Pritesh Chheda:** So that explains 10,000 TEU extra tonnages from Q4 of last year to 83,000 TEU in Q3 of this year, incremental tonnage?

**V.K. Singh:** What we expect more because the transshipment volume which was not there, which you are not seeing now, which will be there in the coming month which has started only virtually from January, so that is where we have planned for all these things which is not reflecting in this quarter, but you will see Exim volume growth on the east coast that is where that incremental tonnage capacity will take care of the increase in volume.

**Pritesh Chheda:** Perfect Sir. Thank you very much. I will come back if I have more questions.

**Moderator:** Thank you. We will take the next question from the line of Amar Mourya from Emkay Global. Please go ahead.

**Amar Mourya:** I wanted to know what is your current capacity in terms of TEU?

**Rajesh Desai:** Good morning Rajesh here. Current capacity basically we have around 13,000 TEU capacity and we are going to acquire like as mentioned by Captain, two vessels we will be acquiring and one actually new vessel will be added in the capacity.

**Amar Mourya:** What would be the current utilization Sir?

**V.K. Singh:** Our current utilization service wise as I said like we are almost close to about 90% plus on the main leg from north to south and from west to east, 90% to 95% what we expect and even on the return hub, we expect almost from both the services, we expect all the three services liner, we expect now around 80% to 85% on an average.

**Amar Mourya:** Thank you.

**Moderator:** Thank you. The next question is from the line of BR Singal from Haragrec. Please go ahead.

- BR Singal:** There is a disclosure on your side, agreement for selling one ship against this you have purchased another one or you just sell it?
- V.K. Singh:** We have basically purchased two vessels and we are selling now one vessel, which was old and which had a higher offering cost, so virtually we have sold one vessel of which we are selling at about 1100 TEU vessel and purchasing 1100 TEU vessel in 2001, 2500 vessel, so even if you say take out one what we are purchasing as a replacement for the 1100 TEU then we are adding around 2500 TEU in the capacity with one ship more. So virtually we will remain at 10 vessels fleet for the coming quarter, but then has.
- BR Singal:** Is there any cost addition?
- V.K. Singh:** Definitely there will be one cost addition for one vessel acquisition and operating one vessel, so that they will go along with the addition of cost and definitely to take care of that, there will be addition of revenue.
- BR Singal:** How much is it?
- V.K. Singh:** Actually we target to get on a yield for the vessel for around \$6500 per day and that is after taking the cost out from there, we get an yield and the net we expect almost close to about \$2000 to be on the net side.
- BR Singal:** How much turnover will be increased by this acquiring additional tonnage?
- V.K. Singh:** Sorry.
- BR Singal:** How much turnover or volume you will get by purchasing this ship?
- V.K. Singh:** This will increase a turnover of almost about 10%.
- BR Singal:** How much, pardon me?
- V.K. Singh:** 10% growth on the turnover.
- BR Singal:** Okay and financial cost what comes out?
- V.K. Singh:** Financial cost for the vessel what we are purchasing is as I said basically we are taking the vessel at \$3.87 million and we are taking a finance of 75% that is 3 million almost and rest is our own finance, so there we will have a financial cost of on that basis and we are taking, so basically covering that financial cost we should be able to cover the financial cost and in addition, we should be having a net gain of almost about \$2000 is what we expect per day on these vessels on an average.
- BR Singal:** Thank you so much.

- Moderator:** Thank you. The next question is from the line of Sunil Jain from Nirmal Bang. Please go ahead.
- Sunil Jain:** Good morning Sir and congratulations on good numbers. My question relates to two, three things. First of all on financials, like ocean freight charges which was there around 8 Crores in Q1 has increased to 23 and now 32. Can you explain exactly what is this?
- V.K. Singh:** Ocean freight basically whenever we are loading on some third-party vessel and also when we take some space on other vessels like whatever we have arrangement with other operators, so basically that will come under this portion ocean freight and slot charges.
- Sunil Jain:** So this has come mainly because of whatever the tie-up we have with SCI?
- V.K. Singh:** Tie-up and also we are loading on other vessels also, where suppose we do not go then there we load on some other party vessels, so that also it is included.
- Sunil Jain:** Second thing, since we are like discontinuing few places on the tie up with SCI reducing two vessels and reducing services, so will that have a... what is the impact on the customer or a marketing team which is generating marketing for that services and then we are discontinuing in a very short time?
- V.K. Singh:** Basically if you see earlier all the four vessels of this service plus the four vessels of our PIX2 service all were going to east coast and all were going to Jebel Ali, so virtually the utilization level both the services were low and now we have cut down that two services to take care of one service only on the West Coast of India so that we give service to those who have cutdown because that was also we were carrying and then going from West Coast to East Coast almost virtually empty. So that is what we have done that we have reduced the cost burden of two vessel which we were operating mainly the contribution was from SCI side and our vessel which we were contributing one continues to be there, so the total tonnage what we are providing with that remains same. Because if you see that even with that four vessels we had a weekly call only and here also the two vessels we have a weekly call only, because the service which was earlier done in 28 days is now being done in 14 days. So virtually instead of four vessels we are doing with two vessels and that also on a weekly, so actually the tonnage sales out from Mundra is same as what we had earlier. So we have not reduced the tonnage, so it is only question of changing the port, so total volume remains the same, so we are not hitting back any customer's requirement rather we have already reduced the capacity which we are going vacant on certain legs.
- Sunil Jain:** So this when you had done that Sir?
- V.K. Singh:** This was done during the last quarter beginning of the last quarter itself.
- Sunil Jain:** So, we captured the benefit of that.
- V.K. Singh:** That is where I said that mainly what we have captured the benefit, yes we have more or less if you see income has remained in this line with the last quarter, but we have still got a profitability



of 10 Crore because mainly of the fact that we have been able to cutdown the cost by way of what we were actually buying slot from SCI. We reduced that our buying of slot cost and also by way of reducing the port cost and reducing the bunker consumption, which although there was an increase that is what I told you, although there has been an increase in bunker cost, but with the reduction of quantity, we could reduce it to just a cost bundle of 3.5 Crores and that was also covered up by the way of better utilization and better like other cost reduction by port and marine charges and also the cost for the slot purchase.

**Sunil Jain:** What is your view about the rates going forward from here, because now your utilizations are at somewhere what we had seen in the peak time and good time where you were making margins of over 15% to 20%, so now utilization is moving in that direction, so are you expecting any movement in your rates for the now cargo?

**V.K. Singh:** Yes, you are very much right and that is our strategy that first we wanted our utilization level to go up, like earlier also unless the utilization level of our vessels as well as third party and other operators goes up, it is difficult for increase in the rate, so now since the utilization level has gone up, there are certain operators who have reduced their tonnage also on the West Coast of India, so with the reduction of those tonnages, those competition tonnages, I think the utilization overall has gone up and it is the time for increase in the rate which we expect even with the price is going up I think there is the reason for increase in freight rate, which should come followup shortly is what we expect. Of course this is market governed, so we will cannot give a firm view on that, but our expectation is that yes, the rate should followup and go up only.

**Sunil Jain:** Whether we had seen anything in first 45 days of the current quarter?

**V.K. Singh:** Not now, first 45 days was because definitely we have not seen so far, but we are working towards that.

**Sunil Jain:** Okay, great. Thank you very much.

**Moderator:** Thank you. The next question is from the line of Vinay Khare from IDFC Bank. Please go ahead.

**Vinay Khare:** Thanks for the opportunity. I had a question.

**Moderator:** Sorry to interrupt Mr. Khare. Sir, can you speak a bit louder, we are not able to hear you.

**Vinay Khare:** Is it better now?

**Moderator:** Thank you.

**Vinay Khare:** Thanks for the opportunity. I had a question regarding impact of demonetization. I feel that there might have been a shift from road to the coastal shipping to the extent possible, is it truth thinking like this, thank you.

- V.K. Singh:** Not really, basically during the demonetization time and even now because of that there has not been a shift of volume from road to sea as such, it continues to be what volume we have been carrying from by sea, it continues to be that except the flight growth in that, but otherwise we have not really that is where like we said the growth in overall domestic volume as against the last quarter was just about 500 containers which is very nominal growth. So we have not seen a growth because of that... virtually the growth should have been much more if the demonetization would not have been there, because during that time, there was slight dull movement because of transportation and other local like your first mile and last mile transportation issues which we faced, but otherwise there has not been and now it is back to the same normal condition of working, so that growth what we can see now or otherwise also which would have happened, the only cargo which moves by sea continues and the growth is there on that one itself.
- Vinay Khare:** Sir to what extent if you can put percentage the impact would have been in November and December for your cargos?
- V.K. Singh:** We have not seen any effect as I said like growth has been there even during that time and the reduction was not there. The volume continued to be the same and as compared because mainly on the domestic front we could see that volume continues and increased rather than reducing as such. So there was no effect on that because of demonetization.
- Vinay Khare:** Okay, fine. Thank you.
- Moderator:** Thank you. We will take the next question from the line of Jaikant Kasthuri from Dolat Capital. Please go ahead.
- Jaikant Kasthuri:** Good morning Sir. I just wanted to know in this previous one quarter what was your average bunker cost in comparison to sequential quarter and quarter last year?
- V.K. Singh:** Average cost during the last quarter was Rs.19,000 and during this quarter was about Rs.22,400.
- Jaikant Kasthuri:** In terms of sequential quarter, how much Sir?
- V.K. Singh:** In the previous quarter it was Rs.18,000. So from 18,000 it went to 19,000 and then to 32000, so this quarter has been almost 3400% increase. Even on the diesel wise, gas wise, the increase was there from the first quarter of 53,700 to 67,000 that is, September 2015 quarter that is 57000 and in December 2016, it was 70600. If you take from December 2015 to December 2016, there has been almost about 17000 TEUs on that.
- Jaikant Kasthuri:** That is 17,000 extra for that. In terms of your market share I think I have missed out, what is your present market share?
- V.K. Singh:** Market share on the domestic cargo, we are 55%.

- Jaikant Kasthuri:** Okay and in terms of increase of how do you see in terms of your bunker cost like going further in terms of coming quarters?
- V.K. Singh:** I think it will continue to be 10% increase in the coming quarter also.
- Jaikant Kasthuri:** Okay. Thank you Sir.
- Moderator:** Thank you. We will take the next question from the line of Deepak Kapoor, an individual investor. Please go ahead.
- Deepak Kapoor:** Good morning Sir. What is the average age of fleet?
- V.K. Singh:** Average age today is about 19.5 years which virtually with the sale of one of our older vessel and then purchase of these two vessels, it will be much better and it will go to about 17 years is what we expect.
- Deepak Kapoor:** Can you throw some light on the global scenario for container ships, their prices, their scrapping, net additions?
- V.K. Singh:** In the global scenario basically the supply outlook for 2017 remains of course challenging with almost about 1.7 million TEU scheduled to enter the service. This is a huge increase as against as on 2016 when the fleet grew by less than about 1 million TEU. Inevitably some capacity will be delayed but scrapping will play an important role in balancing this year's book, so it should come down to more or less the same level as 2016 is what we expect on the container outlook for the growth in the tonnage globally.
- Deepak Kapoor:** After scrapping you are saying about 1 million might come up?
- V.K. Singh:** Yes after this 1.7 is expected out of that while some will get delay and the part will be scrapped also, so overall growth should be around the same as the last year that is 1 million TEU is expected and that should of course take care of the... I think increase in the... because basically if you see even the JP Morgan's recent report on PMI saw the world manufacturing index rise to 52.7 points which is the highest reading since February 2014, so definitely with that we feel with the manufacturing going high, this much tonnage should be absorbed and the excess tonnage may come down but definitely the cost of fuel going up is like a threat for the container shipping lines globally and of course ocean freight will also have to go up because once their utilization level on the global shipping goes up with the reduction as against the availability of cargo, then definitely we can see a little freight also going up, but this all is not expected very soon, we feel that it should happen somewhere in the second half of this 2017 is what we can foresee.
- Deepak Kapoor:** And prices for container ships have they stabilized or they are still weakening?
- V.K. Singh:** Prices have come down for certain vessels. It has actually come down. It has not stabilized. It has come down, because mainly for the Panamax size of vessels it has seen much reduction, even

vessels of almost about 2006-2007 going at a flat price. At the same time, the smaller vessels of 1100 TEUs category is fetching a better price because the availability is not much now even 1700 TEU vessels availability is not much, so that is also facing... otherwise the larger vessels of 2000-2500 TEU is almost at the level of scrap those which are built before 2000 or so and at the same time, the scrap value has slightly gone up at the level of last what we have sold is around 325 per LDT, so that is gone to about this level which has come up a little bit and it is now more or less...

**Deepak Kapoor:** You said you sold at about 325?

**V.K. Singh:** That is generally it is sold at dollar per LDT, so that is \$325 per metric tonne.

**Deepak Kapoor:** I also wanted some assessment of yours on the government had been speaking about making inland shipping going ahead through the waterway policy, do you see any progress on the ground?

**V.K. Singh:** Well other things are a little far set, which is as per the Sagar Mala project which is in process, but that will definitely take sometime before it really helps on the infrastructure side of coastal shipping or any other shipping for that matter because connectivity and all those things and infrastructure development that is in process but that will take sometime. But beside that I think other things are in process which we expect anytime for one which we were looking at the foreign ports like delivering in foreign ports going to Columbo and Chittagong along with the domestic cargo and Exim cargo, so that is something which is being worked out and we are quite hopeful that should be put in place very shortly and that will also help to some extent our vessels, which is going from east to west and vice versa and also we can venture in more development into Chittagong along with Exim, so that is the new sector which we can consider. So those are definitely there and as regards to even fuel cost, bunker cost which they had worked out is almost there now in process which we are following up because government has resolved the issues which we are getting stuck because of that and while companies are now more or less working on the last few formalities to sort out the issues and supply the exempted that is excise exempted fuel while on the coastal container vessels. So that also should ease off a little bit of cost problem on the fuel, so definitely I think overall whatever was planned is going through and it is working out as per the government's directive.

**Deepak Kapoor:** Interesting Sir. Thank you for that update. One last quick question, what will be your long-term debt on the books now?

**V.K. Singh:** Long-term debts on the books on consolidate level is around Rs.130 Crores.

**Deepak Kapoor:** This includes any debt you took for the acquisition of the new vehicle?

**V.K. Singh:** No, that will be coming subsequently.

**Deepak Kapoor:** How much approximate debt you might take on for that?

- V.K. Singh:** Just another say \$336 million.
- Deepak Kapoor:** Thank you so much.
- Moderator:** Thank you. The next question is a followup question from the line of Pritesh Chheda from Lucky Investment Managers. Please go ahead.
- Pritesh Chheda:** On east to west, a movement from 62% to 89% should be feeder right?
- V.K. Singh:** No, it is basically for the cargo for Jebel Ali and cargo for even domestic which we move from east to west, so it is combined on that, it is not only feeder. I am talking about the PIX2 service, which goes from Jebel Ali to East Coast of India and back. So far which we have seen that is ECC service that we have actually it is we do not work much on the utilization virtually because there is a draft issue there but volume we have seen to grow. On ECC service, if I see the volume, which was there earlier, was even feeder volume, which was there in the second quarter total. If I say 5500 from ECC service on east to west that is from north to south which was low 5500 has gone up to 7400, so there has been an increase in 2000 TEUs there and that is where we expect to further increase of almost 44000 TEUs there and that was the requirement for adding up the tonnage there on the ECC service, so that is something which is very much required and we are working that is on west to east and also on the other side from west to east ECC service, this was from east to west and on east to west I see fixed...
- Pritesh Chheda:** Which means that the only leg which you need to fill up is now south to north, because south to north is 67%, rest you are almost plus 90%.
- V.K. Singh:** Yes, that is about we are looking at and that is where exactly I am putting it that utilization level has gone up, we are quite happy with the utilization level and we have to only maintain the utilization level and now look at increase in the freight level.
- Pritesh Chheda:** What kind of cargo you attracted on east to west where there is a maximum improvement and also north to south, because even last quarter was obviously a quarter where one would have thought that prices which is coming out of Morbi, north to south would have got hit yet your utilization is higher, so any comments there on the north south and east west legs in terms of the type of cargo?
- V.K. Singh:** North to south if you see we have been working on more or less the similar cargo and the volume has not increased except overall the value has not increased, but our kitty it has come... slightly increase has been there as against the overall increase of only 500 containers, we have almost increased about 1012 on this container from north to south alone, so that is what it has helped us to have a little slight increase in the utilization level, but north to south in any case even earlier we had a better utilization level. It was only question of east to west, which was poor utilization level earlier, and even the freights were low. Freight of course is more or less the same with a slight increase now we can see, but utilization level definitely has gone up and the cargo mainly has increased for Jebel Ali is one cargo which has increased from east to west when we are

talking about on the PIX2 service that is service which is going to Jebel Ali from East Coast of India. So there it has increased by level of utilization and the volume with Jebel Ali cargo and also in addition we have been able to generate some domestic cargo which is discharged at Cochin before the vessels proceeds to there, so vessel when she sails from East Coast of India, she is more or less 100% utilized. Of course we discharge all the domestic cargo at Cochin and thereafter we load some cargo, so departure Cochin for Jebel Ali the vessel is not full, but more or less the vessel is 95% utilized departure East Coast of India for Cochin, so that is where we needed some more space and the increase in tonnage what we are looking at will help us to fill the gas.

**Pritesh Chheda:** You had nine ships right in Q3, Q2, and Q1 all the quarters you had nine operational ships?

**V.K. Singh:** That is exactly correct.

**Pritesh Chheda:** What TEUs they represent, total capacity for the nine ships?

**V.K. Singh:** We had nine ships in Q1, Q2 as well as Q3.

**Pritesh Chheda:** And capacity for nine put together?

**V.K. Singh:** Capacity was 13500 which was there which continued to be same during all this while and that is why we are just comparing from the last quarter and the quarter before and not comparing the similar quarter in the last year because...

**Pritesh Chheda:** That time it was eight ships I think.

**V.K. Singh:** Yes, that time there was lesser volume capacity, but now with 13,500 and you add about 2500 ultimately, so we are going to be around 15,000 TEU capacity and with 10 ships and which we are going to operate henceforth not fully in this quarter of course it is going to come only in the last month of this quarter. But definitely during this quarter there has been one vessel always in the write-off so that also is left which we are feeling the pinch of the vessels which was there going for write-off because the shortage of capacity for our operation, but with the increase of this volume of 216,000 TEU in the forthcoming quarter and we should be able to and that more or less this increase except for 10,000 tonnes, the balance increase has been pushed only on the east coast feeders as we introduce.

**Pritesh Chheda:** Sir Just last question, one clarification, the port and marine dues which came down is a function of SCI alignment with SCI on these services, sharing of vessel and hence lesser port call, so that was the main aim and the reduction first of all is this correct and is this a sustainable thing, if you have for example you had nine ships in the quarter and if you have nine ships even in the next quarter then this is a port and marine dues which we should look at or it is not what or it is not a correct assessment?

- V.K. Singh:** No, you are right. It is not mainly because of the alignment. Alignment was done earlier and that alignment continues. It was mainly for the purpose of innovative way of operating service, I can say and the service pattern was changed. The PIX2 service which was going all the way up to Visakhapatnam, now changed to Krishnapatnam that has given us a lot of reduction one way that is because the vessels which we are larger vessels were going all the way up to Visakhapatnam which is further north and we could revert back from Krishnapatnam hence the handling cost at Krishnapatnam is lesser than Visakhapatnam is another aspect of it. So in that we could save some fuel cost also and also we could save the port cost for the vessel that is otherwise and otherwise also now we had an understanding with the terminal and we have negotiated further with slight reduction in our cost, so that is where we have... virtually you will see there are a lot more number of port calls but then port calls we had made into coastal that is what we have also changed because of one vessel which was earlier doing a foreign going with four vessels, the cost of course fair for one vessel only in that but that was as a foreign going cost at port and marine which we have now the SMILE service which we changed to coastal service. There the cost has come down, although number of ports they have been more, but the cost has come down because of coastal service, so all that has been worked out in a more innovative way to take care of the reduction of cost because we are very well aware that the revenue is not increasing in this quarter and we have to take care of the cost to have a better profitability that is what exactly we have done.
- Pritesh Chheda:** Is it sustainable or is it a one-off event?
- V.K. Singh:** Which is going to be sustainable and it continues with similar cost now for me for sometime.
- Pritesh Chheda:** You have grown your TEUs at 10% quarter-on-quarter, do you think you will continue to grow that number, so you were 70 last year, now you are 83, every quarter your growth the tonnages by about 8%, 10%, do you think you can continue that?
- V.K. Singh:** Yes, but our aim is not to keep on growing. We want to grow to at least the best utilization level on this and then grow on the numbers on the revenue side that will be the better way of growing up.
- Pritesh Chheda:** That will be by price.
- V.K. Singh:** That is what we are trying to because once the utilization level becomes... and then the growth is mainly what we have put is on the feeder service where the east coast which is given us a small volume there and that is again a contracted growth and of course it is there for a year now which is the contract which we have signed for feeding this Maersk and other clients, but that again it depends like how it goes and to continue utilization level for these tonnages what we have to at a higher level and then look at growth in the revenue side.
- Pritesh Chheda:** Thank you and all the best to you Sir. Thank you very much.

- Moderator:** Thank you. We will take the next question from the line of Sunil Jain from Nirmal Bang. Please go ahead.
- Sunil Jain:** Just a question about you got one ship dry-docked in the last quarter and two ships are growing for dry dock in the current quarter. Will that have an impact on our volume in this quarter?
- V.K. Singh:** Volume, we will not have impact that is where you will see basically we have not grown in spite of one vessel short because volume has grown only even in this quarter if you see the volume has growth, although we had one vessel short for a month during this quarter. So we are trying to cover up that with other more total volume growth. We will be able to take care of whatever volume we have and that definitely gives a better utilization when we do not have vessels, so we are not really losing much on the revenue front also and the cost for the dry dock is in any case a push in for the two, three years as per the increase in volume.
- Sunil Jain:** So this time the dry-docking is for one month each or it will be lesser?
- V.K. Singh:** Virtually the first vessel which we dry docked was almost for 20 days one vessel, but one month was in part of this quarter and there was 20, 25 days a part of the current quarter and that was the first question and the next two vessels we expect around 20, 24, 25 days each.
- Sunil Jain:** Okay, the first vessel, which you dry-docked to us more than even one month, means that was continuing in the current month also?
- V.K. Singh:** Continue it when the current quarter also for...?
- Sunil Jain:** You will be working with less capacity in the current quarter, because the first vessels dry-docking were continuing and then two more are going in the dry-docking?
- V.K. Singh:** Yes, capacity will be less, but then we are again adding up the new capacity in this month, so that should cover up their losses of capacity with the addition of one vessel by end of this month for the quarter, so that adds up that loss.
- Sunil Jain:** But the volume we are confident that that can be maintained it?
- V.K. Singh:** We should be able to handle the more or less the same, because we are trying to work with that is why we have made all this cooperation with other operators are standing and we take slot on their vessels during such time when our vessels are not in operation.
- Sunil Jain:** Okay, great Sir. Thank you very much.
- Moderator:** Thank you. As there are no further questions I would now like to hand the conference over to Mr. Amar Mourya for his closing comments.



**Amar Mourya:** I would like to thank the management once again. Thank you all for joining the conference.  
Thank you.

**V.K. Singh:** Thank you so much.

**Moderator:** Thank you. Ladies and gentlemen, with that we conclude today's conference. Thank you for joining us. You may now disconnect your lines.