Shreyas
Shipping and Logistics LTD

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BSE Scrip Code: 520151	**NSE Symbol: SHREYAS**

Dear Sir,

Sub: Transcript of Analyst Call on 26th May, 2017

Please find enclosed herewith the transcript of the Analyst Conference Call held on 26th May, 2017 for your records and reference.

Thanking you

Yours faithfully,
For **Shreyas Shipping & Logistics Limited**

Namrata Malushte
Company Secretary

SHREYAS SHIPPING AND LOGISTICS LIMITED

Encl: A/a

"Shreyas Shipping and Logistics Limited Q4 FY17 Earnings Conference Call"

May 26, 2017

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

MANAGEMENT: CAPTAIN V.K. SINGH – CHIEF EXECUTIVE OFFICER - SHREYAS SHIPPING AND LOGISTICS LIMITED
MR. RAJESH DESAI – CHIEF FINANCIAL OFFICER - SHREYAS SHIPPING AND LOGISTICS LIMITED

Moderator: Ladies and gentlemen, good day and welcome to the Shreyas Shipping Limited Q4 FY2017 earning conference call hosted by Emkay Global Financial Services. We have attached today Captain V.K. Singh, CEO and Mr. Rajesh Desai, CFO. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal the operator by pressing "*" then "0" on your touchtone telephone. Please note that this conference is being recorded. I would now hand the conference over to Mr. Amar Mourya of Emkay Global. Thank you and over to you Sir!

Amar Mourya: Good morning everyone. On behalf of Emkay Global Financial Services, I would like to welcome all the participants who have logged into this conference call of Shreyas Shipping to discuss the Q4 FY2017 results. I would like to firstly thank the management for giving us this opportunity to host this conference call. First we will have brief overview on the result and the quarter gone by so I would like to hand over the call to Captain V.K. Singh for his opening remarks. Thank you and Over to you Sir!

V.K. Singh: Thank you. Good morning Ladies and gentlemen. I will just brief you regarding our performance analysis for the fourth quarter as well as for the year.

Just to begin with regarding the global container index scenario, the container index remained almost flat during the year on the complete year; however, trend in the global container shipping suddenly changed during the month of March. We saw the fastest monthly increase in the container index by 41%. There seem to be correction in the index as current variation is again not much so there is again become constant.

This increase in container index was coupled with increased in charter hire as well as the freight rate on certain sectors. The scrap prices and prices of secondhand container vessels also went up and sure enough we had a gain by acquiring two of the vessels just before this increase took place. There has demand side support with overall increase in global volume by 10% during the quarter.

During the quarter, our focus remained at rationalizing of tonnage and services to achieve better asset utilization and reduction in operating cost. We continued our cooperation with other operators on the coastal region like SCI and Simatech for providing better frequency to the customers as well as for rationalization of tonnage.

Our focus continues to develop coastal trade as well as feeder services on the east coast which resulted very much positive and also developed Krishnapatnam container terminal as transshipment hub for not only our own container transshipment container, but also for other shipping lines like Maersk, Hyundai, and ZIM lines where transshipment have chains from Singapore to Krishnapatnam. By close of the quarter, we were already operating four vessels on this trade line between Kolkata, Haldia, Vizag and Krishnapatnam.

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The growth in volume on this sector during this quarter was almost about 105% as against the previous quarter. To cater enhanced trade on the east coast of India and in view of the increased utilization of our assets, we acquired two vessels during this quarter SSL Delhi of 2466 TEUs, 33500 deadweight built in 2000 at USD 3.87 million and SSL Kolkata of 1100 TEUs capacity 13760 deadweight built in 2007 at USD 3.875 million.

Both vessels have been put on our service and being used effectively. We also sold SSL Trust for scrap, which was very high on our operating cost as well as due for Special Survey and Dry Docking. With said sale and purchase our current fleet stands at 10 vessels of total capacity 61090 TEUs, 226999 deadweight and that makes us India's largest container tonnage in company.

Total vessel operating days during the quarter was 744 as against 796 during the last quarter so virtually it has come down if you see that total operating days because 4 or 5 vessels were dry docked during the quarter and we lost almost 80 operating days and the consequent revenues loss during further period, the vessels were in dry dock.

Overall, operating income for the quarter is almost close to the previous quarter although we had 52 days overall less vessel operating days but **volume** increased was almost to the tune of 13%, utilize level on all services from North to South as well as from West to East remained at the level of around 95% and on a reversal leg was around 82% to 85% increase in operating expenses was mainly on account of crewage due to increase in tonnage during the quarter.

We also had additional expenses for requisitioning of newly acquired vessels as well as repositioning cost involve for vessels going and coming out of dry docks. We also had additional slot purchase cost in view of shifts in the dry dock because we needed more tonnage during the time so it was purchased from other operators.

Market share on the domestic trade for the quarter remained 56% and increase in domestic volume was around 10% while overall increase in domestic trade during the quarter was 8%. Total volume handled during the year was 33100 TEUs as against 25300 TEUs during the last year. A growth of 31% in volume during the year average drop in the feed rate per TEU during the year was 20% as compared to the last year; however, the reduction in operating cost for per TEU for the year was achieved at 10% as compared to the last year.

We see this one of the toughest year, very challenging year for the container trade where drop in overall freight by almost 20%. Operating margin per TEUs also came down to 17% as compared to 27% last year. So definitely even with challenging year we have done quite well in our performance and achieved our better performance as compared to earlier year; however, revenue side was under challenge.

Our current containership tonnage are right-sized and right-priced to suit the coastal trade in addition our service have been well planned to provide complete coastal coverage and well suited for the coastal trade.

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We expect growth in volume by 12% to 15% and increase in operating margin by 8% to 10% during the current year. Further we would like to diversify into the coastal break-bulk trade at the earlier opportunity and we are already working towards this prospect.

Thank you very much for listening to me and we will be welcome any question from you all.

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: Good morning Sir and thank you for the opportunity. Sir few data points if you could tell us what was the volume TEUs handled this quarter and what volume TEU handled last quarter means same quarter last year and when you referring to 13% volume growth were you referring from Y-o-Y basis and if you could give that volume for EXIM & Domestic and if you give the realization for EXIM & Domestic?

V.K. Singh: Well the total volume handled during this quarter was 93,000 TEUs as against 83,500 TEUs last quarter that I said that increased was almost about 13% in volume handled.

Pritesh Chheda: 83 was quarter 4 FY2016 right?

V.K. Singh: Q3.

Pritesh Chheda: What was it Q4?

V.K. Singh: Q4 was 93,000

Pritesh Chheda: Q4 last year?

Rajesh Desai: Last year it should be something around 70,000.

Pritesh Chheda: Can you give what was EXIM & Domestic this quarter came to you?

V.K. Singh: Total volume handled on the domestic side out of it was 41,200.

Pritesh Chheda: EXIM is the balance right?

V.K. Singh: Yes the balance is EXIM. EXIM was almost about 52,000.

Pritesh Chheda: What was the realization?

V.K. Singh: Realization if you see we had almost 50% of the revenue was from the domestic side and 40% from the EXIM side.

Pritesh Chheda: What was the realization for TEU Sir?

V.K. Singh: Per TEU realization was almost around 8500 for EXIM and 9500 for domestic.

Pritesh Chheda: Can you give this number on yearly basis the realization numbers? What was the details when you referring to our 20%?

V.K. Singh: That is why I said like on total side we have worked out the realization it works out to 20% average out of that there was a drop in revenue on the domestic front with close to about 18% and drop in revenue on EXIM side was almost close to about 23% so overall it worked out to 20% drop in revenue.

Pritesh Chheda: Lastly I want to know the bunker rates Sir for the quarter?

V.K. Singh: Bunker rate for the quarter was almost in line with the previous quarter is not much change even per bunker cost, as bunker cost remained at 22400.

Pritesh Chheda: Sir you mentioned that there would be 8% to 10% margin expansion next year that is how you mentioned right?

V.K. Singh: Yes I said 8% to 10% margin and 12% to 15% will be volume growth, which we expect with the additional capacity what we have got now and which is going and that is mainly what I have said is from the basis of the trend, which has changed slightly on the revenue front with the effect from March itself after the index changed so now the trend is on the rising side so basis is that we have taken average of what we should be achieving during the year is about the margin should increase by 8% to 10% and volume by 15%.

Pritesh Chheda: I think Sir this must be factoring or jump in realization per TEU right?

V.K. Singh: That is correct.

Pritesh Chheda: Can you give some flavour on what kind of realization increase are you seeing? Let us say you said after March that increases flow in. Can you give some colour?

V.K. Singh: On an average about 10% increase in growth and revenue has come in and there were on the cost front it has remained more or less same but definitely why I said that cost also we will be just levering to more or less the same with just reduction in cost by 5% because we have largest tonnage now and with the tonnage economy of scale we should be able to reduce the overall cost per TEU by 5% and while the revenue can go up by 10% to 15% over the year and therefore we expect that 10% we should have margin there.

Pritesh Chheda: Then you are not expecting realization increase and I am now confused. You said volume growth was 12% to 15%; you are mentioning 12% to 15% of?

V.K. Singh: TEU again I am saying like TEU wise realization we are talking about.

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Pritesh Chheda: You said 10%.

V.K. Singh: If we are getting a realization increase of 8% to 10% and at the same time you are getting volume increase, so that is double effect there.

Pritesh Chheda: Which means that the revenue growth is about 20%.

V.K. Singh: Overall revenue growth yes, but only thing what I am saying is that yes there will be a growth of the both front, one on the volume front.

Pritesh Chheda: Plus on the realization.

V.K. Singh: Yes.

Pritesh Chheda: Okay and you are saying that happening from the container indexes that you are saying it is already visible after March?

V.K. Singh: Yes, it is already visible after March and we have to just see how watch, how it go continues during the year.

Pritesh Chheda: This was very helpful. Thank you very much and all the best.

Moderator: Thank you. We will take the next question from the line of Dimple Kotak from SKS Capital & Research. Please go ahead.

Dimple Kotak: I just missed on the TEUs in the volume for the full year and you mentioned that there is a reduction in operating cost by 10% YOY per TEU?

V.K. Singh: Yes, I mentioned that first of all to give you answer on the volume, yes on the year front we had 331,000 TEUs as against 253,000 TEUs on the volume and on the margin yes we said that per TEU cost realization will be better by almost 12% on the volume 12% to 15% and also the margin on per TEU basis I said that per TEU basis, the margin will go up by almost 8% to 10%.

Dimple Kotak: Sir and what has been the freight rate increase or decrease for the current year FY2017 and for the Q4?

V.K. Singh: For this year actually the freight rate reduced as against 2015-2016, 2016-2017, we had reduction of freight rate by almost 20%, 21%, but we expect the freight rate to increase by almost about 15% during the year that is why we want to go back to at least level of what was there in the last year, that go up with that and we will have the increase in the volume, the way we have increased because there has been increase of 31% on volume and over and again if we go and increase additional volume which we expect to increase about 10% to 15%. So with that increase and if the freight level comes to that level, your margins because the cost is not really going to much, it is not going to change much, so definitely the margin will remain and more so what is advantage this year is that we have already done most of the dry dock and now the dry dockings are over because we have already completed almost six vessels dry docking and special survey. Thus we are not going to have dry dock in the next couple of years, so that will give us an advantage, now the vessels are all right sized, right priced and we are set with our operations, so I do not see there will be any disturbances in the operation and if the revenue goes up, the freight rate goes up then we are much better placed.

Dimple Kotak: Numbers of operating days in this quarter were less compared to last year and this year?

V.K. Singh: Yes, number of days we are operating were less, although we had added two vessels during this quarter, but those two vessels came in only in the last month if you recall, but at the same time we had about four to five vessels going in dry dock and we had almost 52 days less during this quarter of operating days as against previous quarter. So that is why we said even in spite of having a lesser number of operating days, we could have almost revenue in line with that, so virtually you can see the revenue has even in this quarter we have achieved a better growth.

Dimple Kotak: Sir, so overall for FY2018 we can expect 20% jump on your revenue growth and 8% to 10% increase in margin per TEU and 12% to 15% volume jump per TEU, with freight rate increased 20%, which you are expecting?

V.K. Singh: Yes, correct.

Dimple Kotak: Thank you so much Sir.

Moderator: Thank you. We will take the next question from the line of Pavan Kumar from Unifi Capital. Please go ahead.

Pavan Kumar: Good morning Captain Singh. Two questions. In FY2015 you had EBITDA margins of slightly over 20% and if we do the working on the guidance that you are just giving us for FY2018. FY2017 your margins were little below 10% EBITDA, if we assume topline growth of 8% and some operating leverage from volume growth of 12%, we should see EBITDA margins come back to the region that you had in FY2015 which is around 20%. Do I understand you correctly?

V.K. Singh: I think we can even be a better than 2015-2016, because if we are saying like revenue growth, the freight rate which has dropped and if it comes back to that level, but at the same time if we are going to have a larger volume, so that effect is going to be there and of course cost variation, we will have to check as against 2015-2016, but definitely it should be much better than 2015-2016 because of the larger volume, which we will be handling even if we have the operating margins per TEU remaining in the level of 2015-2016 then with increase in volume overall increased in revenue will be much larger than 2015-2016.

Pavan Kumar: Actually, I was referring to FY2014-FY2015 you will have EBITDA margins of 20%, this year you had EBITDA margins of about 10%. Assuming that your topline has realization benefit of 8% and if I credit that 8% entirely to EBITDA because they may not be any material increase in cost related to that and some operating leverage from the 12% volume growth. I am looking at topline of about Rs.800 Crores for next year; little more may be Rs.850 Crores for next year and EBITDA margin of about Rs.165 Crores or so?

Rajesh Desai: Good morning, Rajesh here. Basically there will be difference for the next year because as already we have published that my 100% subsidiary is no more 100% subsidiary, so whatever that turnover was including line-by-line consolidation, but in March my share in that subsidiary it came down from 100% to 30%, so therefore now it will be associate company henceforth. So topline definitely will now whatever the consolidated topline will come down and automated by revenue as well as expenses which will not comparable as per the consolidated for the current year but as you mention definitely there will be improvement in EBITDA margins as compared to last year, but there may be some gap as compared to 2014-2015 because that time my tonnage was totally different, now my tonnage is different. The area of operation is also different.

Pavan Kumar: I understand Mr. Rajesh. Can you help me understand in FY2017, you did revenue of Rs.720 Crores of that how much came from the subsidiary?

Rajesh Desai: Generally standalone basis it is always roughly Rs.350 Crores or Rs.370 Crores Shreyas Shipping and around Rs.400 Crores, Rs.450 Crores of Shreyas Relay but we have to knock up intercompany so therefore that turnover will be around Rs.700 Crores for the current year.

Pavan Kumar: Okay, so I am working only on that number. I am assuming that Rs.700 Crores will grow by 12% and Rs.700 Crores plus 12% will enjoy a pricing power of about 8% better than what we had last year?

Rajesh Desai: But next year onwards I will have to publish standalone because I cannot show that Rs.700 Crores and all that I will have to only standalone figures will be published for shreyas shipping.

V.K. Singh: But the benefit will show up in EBITDA right that is why I gave you an absolute comparison of EBITDA.

Rajesh Desai: EBITDA level it was not the benefit will come, although we will have the standalone, but the growth and whatever we are saying the advantages if we go as your question regarding 2014-2015, yes we are already placed in a better situation than that I can show you that and it all depends on the market. If the market also works out similar level I am sure we can achieve better and we can always go to that level comparatively because now we are having much larger tonnage and much better capacity, so definitely if the utilization level also continues to be in the level what we have today and if the freight rate goes up, definitely we can expect much better performance in the future.

Pavan Kumar: Can we have clarification on the press release; there was an index that you mentioned increase 41%, which index is this Robinson Howe index?

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V.K. Singh: Yes, Robinson Howe index it increased in March by 41%, which is largest ever increase in a month, it was just a sudden rise and that affected the market quite considerably, because the charter hire went up quite high even the prices went up, even the second hand prices, scrap prices everything was aligned with that increase in the index and the market has also changed since then quite a bit, of course again it has come, so I think it was just a correction in the index, because definitely globally shipping lines were suffering and now it is come to a level where everybody is in a comfortable position.

Pavan Kumar: Howe Robinson index from what our data says which we picked up from Lloyd website. In March, the index has only gone up by around 10%, so are you looking at is the raise you are indicating from January to March or it is only in March, how does it only work?

V.K. Singh: It was virtually in last part of the March first week of April when the index rose and within 15 days index rose by almost 51%, so it is only in March where the index we have for all sector combine and that is where they said like it was basically Robinson index and it went by 41%, 45%.

Pavan Kumar: At around 618 levels throughout now am I right?

V.K. Singh: Yes, it is now at 618 levels.

Pavan Kumar: But that particular index, okay. I will take it offline because I wanted to check on this particular data.

Moderator: Thank you. We will take the next question from the line of Sunil Jain from Nirmal Bang Securities. Please go ahead.

Sunil Jain: Good morning Sir. I would like to assess the impact of our subsidiary becoming now associate company, so whatever the standalone results which is coming right now that will be there and plus in consolidation at the year end you will be adding up whatever the profit is there in the associate company, am I correct?

V.K. Singh: Yes.

Sunil Jain: And there will not be any impact on standalone result because of this exercise?

V.K. Singh: No, they would not be any standalone result.

Sunil Jain: Whatever the standalone result, which is coming, we have to work going forward on that and then we may add up associate profits thereafter.

V.K. Singh: Yes.

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Sunil Jain: In associate profit, earlier it was only alone, now we had merged two more company, so other two companies are profitable or what is their operation and what is the size if you can say something on that?

V.K. Singh: Now they are profitable and the company has become larger, even standalone now they are quite large and definitely profitability and their turnover is going to be much higher on the whole for them, so we will definitely at the end of the year when we join at least the percentage share of where in our profitably, it will be much higher than what we were having today.

Sunil Jain: Like Relon if you can say at some numbers for the year how much was their revenue and EBITDA and PAT is possible in the current year?

Rajesh Desai: Topline was around Rs.540 Crores and the EBITDA percentage was something around it should be 8% to 9% and PAT was basically it was just 1% or 2%, it is 1.5% it will come.

Sunil Jain: Okay, now what we are talking like this 540 turnover how much it can increase because which was 100% and now it was become just 30%, so we should gain at least 70% more profitability in that?

V.K. Singh: In that we are expecting because company, which they have acquired it, is roughly about 1.5 to 2 times is company.

Sunil Jain: On profitability side?

V.K. Singh: On profitability side, also it will more or less see basically that company is purely in liner business, it will move as per the liner and if you see last year or couple of years, liner business has started showing some improvement, so that we are expecting that also both consolidated basis it should be doing better.

Sunil Jain: Second question, it relates to whatever the increase in the index what you are seeing which is applicable mainly to the international business or EXIM business, so will that be applicable to even domestic business also?

V.K. Singh: No, that is not applicable to the domestic business, but as I said that effect definitely comes here also, because if the index rise is there, vessel, yields or charter hire increases, so definitely there is a pressure to increase the freight rate here on the domestic side also and overall even our business if you see almost 40% based on in business, this increase in the freight rate from the EXIM is that also we gain, so there is both combine and domestic also definitely gets little affected with that.

Sunil Jain: You mean to say we may be gaining much more in EXIM business and because of that domestic business also gets support of that. Overall we are expecting take 8% to 10% increase because of that?

V.K. Singh: That is not really the index effect on the domestic business as per se but we are seeing that even domestic freight rates have the trend is showing very positive and there has been an increase on the freight rate on the domestic side and plus additionally with the increase in the index even on the EXIM side, the freight rates are have getting better. So overall I think combine with both fronts, the revenue going up, the freight rate going up. We should be at a better position and better advantageous position.

Sunil Jain: Last question, can you talk about how the competition is adding up more ships in this particular, any big addition which has happened or any planned in the next three to six months?

V.K. Singh: No, on the west coast mainly the two companies which came in have left that was one size shipping which was there with one vessel has left this operation, so there are now out of this business operation on the west coast and also PIL who was there earlier has also left, so with then going out, now the established player are only Simatech is there, who came in the beginning of the last year and then they are established with two vessels, they have got any possibility or any plans for them to increase the tonnage. Beside that of course TCI is there with one additional vessel, but not very large vessel as such. So overall even if you see on the tonnage front only our tonnage has gone up to take care of the increase in the volume on the domestic front and otherwise the tonnage what was there for the completion has more or less remain in the same line and the possibility of growth has increased is not there now, because now in any case even charter hire for these vessels are quite better in the foreign market and international market, so definitely the chances for the people to come in is also lesser, because we would like to continue with the foreign trade.

Sunil Jain: Just a squeeze one more. Sir whether we had any additional plan to add ship and how is the rate now means we acquired at a very attractive rates now whether the rates of the ships are moving up or there is still headroom at those levels?

V.K. Singh: Rates of the second hand ships have gone up. We had a plan to acquire little more larger vessels, but now we have kept it on hold till the rate stabilizes or if we find like if they have better opportunity to purchase then we will go ahead and do acquisition for the future for the replacement of the tonnages for the future, of course those plans continues and at the same time as I said we are also looking at the break bulk business which is a new business, which we want to come in on the coastal business along with the containers on the MPP side, so if required for that particular business, we will go new acquisition means second hand vessels acquisition MPP side to do carry out that particular type of business.

Sunil Jain: Great Sir. Thank you very much and all the best.

Moderator: Thank you. The next question is from the line of Kalpesh Maheshwari from RBL Bank. Please go ahead.

Kalpesh Maheshwari: Good morning Sir. Congratulations on the result. I would like to know whether we as the company will be impacted by the GST, which is being planned to be rolled out in July?

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V.K. Singh: GST even if suppose that impact will be there, I think that impact should be favorable, barring like as everybody I think initially there will be blockage of working capital, but over the long-term definitely it will be favorable impact.

Kalpesh Maheshwari: What we are seeing any analysis that we would have done in terms of the operations that we are having because you are having operations in west even in south and east coast, so spread it across various geographies in terms of states, what will be the focus points for us?

V.K. Singh: We are working that how operationally we can, basis, they may not be much variation from the current practice of our operation it will continue in similar fashion, only how the positioning or how planning exactly needs to be done that we are already in process and once GST is rolled out, we will be able to face the GST implementation.

Kalpesh Maheshwari: My second question would be that would there be any dry-docking in FY2018?

V.K. Singh: FY2018 now we have already done one dry docking in FY2018 which is completed already and another dry docking is only in the end of the FY2018 that is one of the smaller vessels that is in Chennai and there is no dry docking in thereafter.

Kalpesh Maheshwari: This should also help us to improve the margins because as compared to last year we have added new vessels efficiency will also come down contribution against mixed cost will also improve?

V.K. Singh: Yes, you are absolutely right.

Kalpesh Maheshwari: Basically, you had said that freight rate has increased by 15% from FY2017 and FY2018 in the first two months or we expected to increase by 15%, any specific reason for the same?

V.K. Singh: That is only I am seeing this trend now after the container index went up. The trend has been there for the freight rate, which has gone up in 10% to 15% already. So on that basis we are looking at that where the index going up and even on the domestic side, on the coastal side, the freight rates have gone up because definitely if you see previous year last year, the fuel prices have also gone up slightly. We expected the freight rates to go up because even on the road and rail, the freight rates have gone up because the increase in the fuel prices, so virtually that is how we are also saying that it will go up and the trend says in the beginning of the year itself rate we have seen that the trend is on the rise now and we feel that the worst is over and 2016-2017 was really worst year for us and for all the container segment business.

Kalpesh Maheshwari: Would there be analysis around how much of cargo has moved from road to sea in terms of domestic business, because if the freight rates have improved there means there will be some shifting from the cargo resulting into the increase in demand from the road to the sea?

V.K. Singh: Basically whatever increase is there is all cargo has been moving in any case on the road, so whatever increase you see on the sea side it is shift of cargo from road to sea, it is not something like cargo was not moving earlier. It is only question like if it becomes cheaper for them to shift

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it, more convenient for them to have this mode of transportation, so they will definitely shift to sea.

Kalpesh Maheshwari: I understand that, but is there any percentage increase of shift of the cargo like last year entire cargo movement, there would be x percentage by road and x percentage by sea or a combination, but what is the differential increase, any analysis is there on that front?

V.K. Singh: I have only that analysis how the domestic on the sea has moved that has increased by 8% in this quarter, so that is there 8% of the cargo what we are actually moving on the sea in the previous quarter as against that 8% and this cargo has moved on the sea and definitely that also we look at the trend of more that volume will go a little more higher and there has been a growth in the – because that is where the utilization level has also gone up because virtually the volume has grown on the sea front.

Kalpesh Maheshwari: Earlier our topline had mostly been supported by our subsidiary SRSL around 45% to 50% came from there, will that still continue on the business front or there will be some changes at that level also?

V.K. Singh: No, business front does not change anything. It is all same. We are part of the group and we continued to be working in the same pattern, so it is only the accounting may change because the topline we will not be accounting line wise, but otherwise for us standalone definitely there is no change in the business and we continue to do our business in the current what we have been doing earlier.

Kalpesh Maheshwari: Sir any government initiatives that you expect to be there with a lot of changes that are happening at the logistic space overall. Do we see any improvement at the sea front?

V.K. Singh: Definitely one of the improvement which government on the fuel while this excise duty waiver and other custom duty what they had come out with the circular earlier in the last year has got effected this year and in this quarter, so now we are getting all over which we were not getting earlier, so that advantage also we have to take into account that yes, we are currently getting excise waiver on the fuel oil while which we were not getting earlier on the across Indian ports, now we have started getting because government has put that into effect and while companies have also put out their SOPs so with that that has come in effect which was actually not only in paper earlier, but now it is actually working.

Kalpesh Maheshwari: Any discounts at the ports like in Kerala and all they had got some discounts for the movement of the cargo through sea. So is there any discount scheme also or some concession scheme also going on?

V.K. Singh: Yes, discount whatever there for the major ports they have that they have the discount that continue over and above definitely like other ports also they are free to give additional discounts for certain cargo like recently even the port of Kandla has given additional discount on the domestic and EXIM, so that it depends like they are free to give additional discount that also they

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keep giving as and when required with our proposal what we give them for increase in volume on the domestic and coastal front. We can share by the government and the government ports.

Kalpesh Maheshwari: Is the docking charges or the parking charges at the ports have increased compared to last year or their expected to be at the same levels?

V.K. Singh: More or less the same level that is expected to be more or less except few ports have increased by 5% to 10%, but fact remains that overall charges if you see the port cost will go up for us, because we have large tonnage and it is charged on the basis of GRT and definitely you will see that port cost going up, but that may not be because the tariffs have gone up that is because our utilization and port calls increases with that the more number of vessels and more number of port calls within the services.

Kalpesh Maheshwari: That will remain at line because percentage per TEU it will still be the same according to what you are saying?

V.K. Singh: Absolutely right, but now we are also working and that is why we gave you analysis per TEU basis that gives us a very good analysis and per TEU we have budgeted and we are looking at just increase of about 5% overall cost.

Kalpesh Maheshwari: Great, Sir. Number of operation, days of operation in FY2016 and FY2017 and what you look like in FY2018, can we add some sense on that?

V.K. Singh: FY2018, the number of days will go much higher, because if you do not have any dry docking, it will straightaway go into – we see number of vessels what we have is going to be overall for the years 365 x 10 and minus the number of days when the vessel goes out, so that makes it quite large.

Kalpesh Maheshwari: Sir one last question. The cargo that we have moved in the EXIM and the domestic what kind of industry we were catering to and what has given you the increase in the volumes. Which industry has given you the increase in the volumes?

V.K. Singh: See most of the industry has remained the same, but on the domestic front mostly the cargo, which is heavier cargo and construction material, which is moving that has given a growth that is on the cement because lot of infrastructure development all around is going. Cement, tiles, marbles, and all those things, which we generally carry has given definitely a larger increase in the growth, but otherwise all other volume also like if you see the cotton, which we have been moving this year was good crop. So that has also given an increase in the volume. So that way commodity more or less remains the same has grown in numbers and volume.

Kalpesh Maheshwari: Thank you so much Sir.

Moderator: Thank you. We take the next question from the line of Sunil Jain from Nirmal Bang Securities. Please go ahead.

Sunil Jain: Thank you for giving me followup. Sir this quarter particularly depreciation was low, so any particular reason for that?

Rajesh Desai: Yes this is mainly because of see depreciation is always calculated on the basis of a residual value, which is on the basis of scrap value of the vessel. That has increased at the end of year and also we have sold one vessel, which is the older vessel where depreciation was much higher. The SSL Trust we have sold, so both these impacts have come on that depreciations.

Sunil Jain: Sir going forward what should we assume for deprecation?

Rajesh Desai: Depreciation if you see again depreciation on future basis definitely it will decreased, but there will be slight increase in depreciation because of the dry-docking of the vessel. All the vessels we have dry dock previously that now also will be amortized over the period of next so that will come in depreciation.

Sunil Jain: See because the difference was quite large. If I see the last year same quarter standalone depreciation of Rs.8 Crores and now it is coming just Rs.2.5 Crores, so should we assume Rs.2.5 Crores is debt and will continue like that and some increase on that?

Rajesh Desai: No it cannot be because the depreciation impact is for the entire year automatically will come. There will be a decrease in depreciation on vessels definitely, but on an annual basis like you can consider the depreciation should carry on.

Sunil Jain: We have to work on annual figure.

V.K. Singh: Now most of the vessels, which we have acquired, are quite priced well because we acquired except for the one, which is still with us, which SSL Sagarmala, which was the only one older vessel left with us, but otherwise are in purchased at quite an economical rate and so definitely the overall depreciation will come down and with older vessels facing out the depreciation will come down, but expect as like I said like dry docking, amortization will be taken for this year what we have done and in further going ahead, it will definitely come down only, so it will be on the reducing trend.

Sunil Jain: Sir the second thing was on seasonality of our business quarter wise, so any of the particulars means in the rainy season, which one is the lean season lean period for us?

V.K. Singh: Now we do not see any lean period where actually lean period should have been this, but I do not see this as a lean period. Neither there is a lot of other volume also seasonal volumes like cashews and others have come it, so we continue to have a better utilization even now and we expect that on throughout the season even during the monsoon season, which normally is slightly lean, but still we should be better off with the growth.

Sunil Jain: Great Sir. Thank you very much.

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Moderator: Thank you. We take the next question from the line of Pavan Kumar from Unifi Capital. Please go ahead.

Pavan Kumar: Sir any kind of disclosures on Balaji Shipping Lines in the sense what is the kind of revenues sectors and what is the kind of EBITDA that is making. I just wanted to understand how much of EBITDA contribution from SRSL will come down to Shreyas going forward?

V.K. Singh: We will be definitely there, but we will not be able to tell you exact how much it is, but we only hope that it will be much better than is we are getting today out of SRSL.

Pavan Kumar: Sir I asked this is because revenues have reflected from your Q4 FY2017 results by only Rs.6 Crores are they are right for FY2017 this is the case? As you have mentioned it is around Rs.294 Crores in this particular company.

V.K. Singh: No come again.

Pavan Kumar: The revenues mentioned for Balaji are around Rs.6 Crores and the total assets of this particular company are mentioned as around Rs.295 Crores in the Q4 results.

V.K. Singh: That is only because that Balaji was acquired on March 26, 2017. It has only give days.

Pavan Kumar: It is only for the five days is it?

V.K. Singh: Yes.

Pavan Kumar: Fine. I will get back to you.

Moderator: Thank you. We take the next question from the line of Deepak Kapoor from Individual Investor. Please go ahead.

Deepak Kapoor: Good morning Sir. A quick question just wanted to understand how quickly does the effect of increased freight reflect in your P&L as in what your revenue is versus may be some long-term contracts with clients?

V.K. Singh: Yes there are certain long-term contracts, which are there at least on the EXIM front. Main line is volumes are contracted on a long-term, but those volumes definitely it will not have much effect, but there are a lot of other volumes. We have a contract for only short-term contracts like three months. So those three months contract once have the effect of the increase in revenue freight rate and also on the domestic side as and when the market increases, we have increased. So it is not any time gone.

Deepak Kapoor: Actually in the domestic side in your contract itself you can pass on?

V.K. Singh: Yes.

Deepak Kapoor: So largely on the EXIM front it will take longer to pass maybe anywhere between three to nine months.

V.K. Singh: Yes on EXIM front it depends on the contracts, but longer contrasts are not many except for one or two lines, which we have longer contracts otherwise it is mainly three months freight contract.

Deepak Kapoor: I also want to understand that in reading upon this ballast water convention for treatment of ballast water I think coming through from September 2017, does that apply to us do we need to retrofit our ships or something?

V.K. Singh: No that does not apply for us that are mainly for bulk carriers like bulk belt carrier, so it does not apply for us.

Deepak Kapoor: Could you give me some idea of the global scenario about container ships, order book, cancellations, and scrapping would you have some idea on that?

V.K. Singh: See on the global container scenario, the order book was for 11.6 million TEUs for 2017 itself, which is there, but only 200,000 TEUs were delivered during the first quarter for 2017 ending March 2017 and after allowing for the scrap the actual net increase in capacity was only 50000 TEUs so that is where like globally also they have been able to curtail the tonnage to just about 50,000 TEUs which is a nominal increase in the first quarter and although they have an order book of 1.6 million, but I am sure like that will also because now the pressure is coming, so even if the order book gets released because there is a demand for more vessels. The volume has increased. There is a 10% increase in global scenario in the volume itself, so that will require some more tonnage which comes in can be utilized better, so definitely that will continue with that and the tonnage should not affect that because the mainliners have taken all required necessary actions to curtail their tonnage and keep it to a level where it is best suited.

Deepak Kapoor: Thanks for that. Could you give me the year of ship build for this SSL Kolkata and SSL Delhi?

V.K. Singh: SSL Delhi is 2000 built and SS Kolkata is 2007 built.

Deepak Kapoor: So SS Kolkata is the youngest.

V.K. Singh: Yes that is the youngest in the fleet.

Deepak Kapoor: Just want to clarify these 10 vessels are all in the standalone Shreyas?

V.K. Singh: Yes they are all in standalone Shreyas.

Deepak Kapoor: Fuel oil I think on the emission side I think there are some norms coming in for low fuel oil to be implemented over the next few years' right?

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V.K. Singh: Yes that is coming up, so we will have to see how it goes because definitely on the coast if that also will be on subject to production by our oil companies.

Deepak Kapoor: Sir right now my understanding is they are not really geared or prepared for it right now what is the timeline for this?

V.K. Singh: It is 2020 of course, but let us see if they are not really geared to go ahead for production of such type of fuel oil then we may have to import or use imported fuel oil for that and in any case even today we are using a lot of imported fuel oils, which are actually comes a little cheaper that what we have ingenious fuel oil, so that should not affect and of course the cost for that may be slightly higher.

Deepak Kapoor: You have any plans on paying out your debt or you will continue to maintain this given you want to also diversify business now also?

V.K. Singh: Debt level if you see still it is comfortable zone and my debt equity is around say 0.7.

Deepak Kapoor: I agree with that, but any plans like you would like to deliver more or keep it here or you think because you want to get into break bulk business, debt might go up a little bit?

V.K. Singh: Not much as such. Even if we go like say another vessel or something even also repayment is also there, so there will not be much issue about debt equity as such.

Deepak Kapoor: So I expect that to remain reasonably stable here?

V.K. Singh: Yes reasonably stable although the cash, which we have we can always use it for another business, which we are looking at and some other investment, but definitely we will maintain the ratio to a level of 0.7%.

Deepak Kapoor: Sir last question from my side. I am a little confused about how should I consider tax rate for this business like I mean not considering the affect of any profit or loss of sale of shares or any exceptional item. On the normal business income is the company liable to pay a full tax rate just like all the other Indian Corporates or are there any special benefits for shipping companies here?

V.K. Singh: We are registered under tonnage tax. So in the shipping business tonnage tax will be applicable.

Deepak Kapoor: So there is no corporate income tax as such.

V.K. Singh: There is no corporate income tax. For logistic business, there is a corporate income tax. For shipping business it is tonnage tax.

Deepak Kapoor: How does tonnage tax work if you can give me some idea?

V.K. Singh: It depends upon like NRT of the vessel and it is assumed income for the 365 days. Actually tonnage tax is not much as such.

Deepak Kapoor: Thank you so much.

Moderator: Thank you. That was the last question. I now hand the floor over to Mr. Amar Mourya for his closing comments.

Amar Mourya: Thank you Janice. I would like to thank the management for such a detailed discussion on their performance as well as on the industry. Sir this was very, very helpful. I would like to also thank all the participants who have logged into this conference call today. Thank you so much. Captain Sir if you would like to make any closing comments?

V. K. Singh: I will just say overall that we are in a quite better situation today and we have a bright tonnage and the trend, which we can see is only the positive side and we expect to do much better than what we have been doing the previous year. Thank you so much.

Rajesh Desai: We would like to thank all the participants and thank you also for their support.

Amar Mourya: Thank you so much.

Moderator: Thank you very much. Ladies and gentlemen, on behalf of Emkay Global Financial Service we conclude today's conference. Thank you for joining. You may now disconnect your lines.

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