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Dear Sir,

**Sub: Transcript of Earnings Call on 16<sup>th</sup> November, 2017**

Please find enclosed herewith the transcript of the Earnings Conference Call held on 16<sup>th</sup> November, 2017 for your records and reference.

Thanking you

Yours faithfully,  
For Shreyas Shipping & Logistics Limited



**Namrata Malushte**  
Company Secretary



Encl: A/a

**SHREYAS SHIPPING AND LOGISTICS LIMITED**

**EARNINGS CONFERENCE CALL FOR Q2FY18**

**16TH NOVEMBER, 2017**

- **MODERATOR**
- Ladies and gentlemen good day and welcome to Shreyas Shipping & Logistics Limited Earnings Conference Call hosted by Prabhudas Lilladher Private Limited. As a reminder, all participant lines will be in the listen only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call please signal an operator by pressing \* then 0 on your touch tone phone. Please note that this conference is being recorded. I would now like to hand the conference over to Mr. Sree Sankar from Prabhudas Lilladher Private Limited. Thank you and over to you sir.
- **MR. SREE SANKAR – PRABHUDAS LILLADHER PVT LTD**
- Thank you Stanford. Good morning ladies and gentlemen. Let me first welcome all of you into the conference, the second quarter FY18 results conference call of Shreyas Shipping. Let me also welcome Capt. VK Singh - Chief Executive Officer and Mr. Rajesh Desai - Chief Financial Officer of Shreyas Shipping. We will have the outlook and results gone by, a small snippet from the management. Later we will open the floor for question and answers. Over to you Mr. Singh and Mr. Desai.
- **MANAGEMENT – SHREYAS SHIPPING & LOGISTICS LIMITED**
- Thank you. Good morning ladies and gentlemen. We are here to discuss our results for Q2 FY18 and outlook for the rest of the financial year. The results were announced on Tuesday 14<sup>th</sup> November 2017 and now I would like to talk about some of the key financial and operational highlights of this quarter. During Q2 FY18, the revenues stood at INR 123.45 crores which was INR 92 crores in the same period last year. EBITDA is at INR 26.8 crores as against INR 7.5 crores in the

same period last year and PAT at INR 19.7 crores as against INR 2.4 crores in the same period last year. In percentage terms, our revenue grew by 34%, EBITDA grew by about 250% and PAT grew by 720% on a year on year basis this quarter. And the global container index which was at the level of 540 at the beginning of quarter reached to the level of 616 at the end of the quarter but again is on the downward trend. And on the other side steel struck by around \$400 per LDT at the beginning of the quarter till around 360 per LDT which lay reasonable costing for the second hand vessels purchased.

- We operated a fleet of 11 vessels with total capacity of 17,227 TEUs and a dead weight 243,551 during the quarter with an increase of 8% in the operating capacity as against the previous quarter. The total volume handled during the quarter was 109,272 TEUs. Total vessel operating days during the quarter was 943 as against 906 during the last quarter. As a result, the company saw a 4% increase in operating days. There was no dry-docking in this quarter which has been reflected in the operational days. The company took the delivery of SSL Sabarimala which is a multipurpose vessel during September end this quarter. This vessel will be mainly deployed for the coastal break-bulk business which is the new business vertical for the company. On the operational front the utilisation level on the services from north to south and west to east remained at the level of around 95% and on the reverse leg was around 75% post deployment of increased capacity acquired during this quarter. The average bunker rate for the quarter was INR 25300 which saw a 12% increase from the previous quarter. GST on the fuel oil which was earlier at the rate at 18% has been reduced to 5% and this will certainly provide some relief on the rising fuel prices.
- Our market share for the quarter in the domestic market stood at 60% and in exempt transshipment segment the market share was 85%. In this quarter, we commenced our service in 2 new ports, one at Hamad in Qatar as well as Paradip on the east coast of India which is being serviced on a regular basis. We also concluded logistic contract of RINL for transportation of 225,000 metric tonnes of finished steel goods from their plant at Visakhapatnam to their warehouse at Kochi, Mumbai and Ahmedabad. As compared to corresponding first half of the last year, we had a capacity growth of around 27% and volume growth of 41%

during the year. While the revenue growth was 36%, the increase in the operating cost has been only 18%. The reduction in cost was mainly achieved by innovative ways of operation as well as by having advantage of economy of scale with the largest capacity vessel handled.

- As communicated during the last month, company added two container vessels and one MPP vessel within a span of 4 days and later also sold one vessel increasing fleet size to 13 vessels having a total capacity of 23,143 TEUs and a dead weight of 315,722 tonnes, increasing capacity by 35%. Average age of the fleet currently has come down to 17 years. The company entered into new business vertical in coastal shipping by acquiring two of the multipurpose vessel and venturing into breakbulk segment. The maiden coastal shipment of RINL was flagged off recently on the maiden call of SSL Sabarimalai at Visakhapatnam by Indian Minister of Steel accompanied by the Indian Minister of Road Transport and Shipping. The company continues to have growth on both business verticals, coastal containers as well as coastal break-bulk segment, including expansion into regional areas.
- Thank you very much for your kind patience and we can now go ahead with the question/answer session.
- **MODERATOR**
- Thank you very much sir. Ladies and gentlemen we will now begin with the question and answer session. Anyone who wishes to ask a question may please press \* and 1 on their touch tone telephone. If you wish to remove yourself from the question queue you may press \* then 2. Participants are requested to use handsets while asking a question. Ladies and gentlemen we will wait for a moment while the question queue assembles. To ask a question please press \* then 1.
- We take the first question from the line of Pritesh Chheda from Lucky Investment Managers. Please go ahead.
- **MR. PRITESH CHHEDA – LUCKY INVESTMENT MANAGERS**

- Yeah thank you for the opportunity. Congratulations for a good set of numbers sir. Few questions. One the 4-5% QoQ rise in costs, is it to do with the 11<sup>th</sup> ship getting added in the quarter? And sir how many months of the quarter that ship was active or utilised?
- **MANAGEMENT – SHREYAS SHIPPING & LOGISTICS LIMITED**
- Well percentage of addition, yes, is mainly due to fuel cost which has been increasing at the rate of almost 10-12% quarter on quarter which has increased in the last couple of months. And it has given rise to increase in the cost for the operation as regards to fuel oil is concerned. However we have maintained the port cost to a bare minimum and it has not increased much with the changes of our vessel operations' routine and the vessels and also the reduction in cost comes by way of increase in capacity because handling cost, operating cost per unit comes down with a larger capacity. So that has also helped in the reduction in cost. Although the capacity has increased which obviously will give an increase in the cost. But on the whole there has been a reduction in the cost of operations as compared to the increase in the revenue.
- **MR. PRITESH CHHEDA – LUCKY INVESTMENT MANAGERS**
- Sir on the capacity side now, now you are at 13 ships or 14 ships after selling one?
- **MANAGEMENT – SHREYAS SHIPPING & LOGISTICS LIMITED**
- Currently we are having a total capacity of 13 ships which has total TEU capacity of 23,143. And overall increase from last quarter is also to a tune of 35%. And we have a current dead weight of 315,722. And even the fleet age has been brought down to 17 years.
- **MR. PRITESH CHHEDA – LUCKY INVESTMENT MANAGERS**
- So this 35% increase in capacity comes in this quarter right? Quarter 3.

- **MANAGEMENT – SHREYAS SHIPPING & LOGISTICS LIMITED**
- Yes. You are right. It comes in quarter 3 because last month itself we have taken 3 vessels consecutively in a week.
- **MR. PRITESH CHHEDA – LUCKY INVESTMENT MANAGERS**
- Okay. My last question is on the pricing trends if you could give the freight prices QoQ on export cargo and on the domestic side and what is the trend there.
- **MANAGEMENT – SHREYAS SHIPPING & LOGISTICS LIMITED**
- Pricing has very marginally increased as such because we can't see much appreciation on the pricing side. But definitely it is because of the increase in the volume that gives us the rise. And reduction per unit cost for operating costs, that gives us an advantage. So the vessel sizes have increased and right now we have taken the largest vessel of our fleet that is 4000 TEUs vessel in this quarter. So that will definitely add up to our reduced cost of operations per unit. And definitely the volume will increase with the addition of capacity.
- **MR. PRITESH CHHEDA – LUCKY INVESTMENT MANAGERS**
- What will be the realisation, export and domestic?
- **MANAGEMENT – SHREYAS SHIPPING & LOGISTICS LIMITED**
- Sorry couldn't get the question.
- **MR. PRITESH CHHEDA – LUCKY INVESTMENT MANAGERS**
- Can you give the realisation figure export and domestic?
- **MANAGEMENT – SHREYAS SHIPPING & LOGISTICS LIMITED**
- Domestic continues to be almost about 47% this quarter. And Exim container was 53%.

- **MR. PRITESH CHHEDA – LUCKY INVESTMENT MANAGERS**
- No, no, I want the realisation per TEU.
- **MANAGEMENT – SHREYAS SHIPPING & LOGISTICS LIMITED**
- Realisation per TEU we have not done that working and we will like to keep it to ourselves.
- **MR. PRITESH CHHEDA – LUCKY INVESTMENT MANAGERS**
- Okay. And lastly this 35% increase in the capacity, do you see a commensurate increase in volumes?
- **MANAGEMENT – SHREYAS SHIPPING & LOGISTICS LIMITED**
- Definitely we will try to maximise the utilisation on the capacity. Although we have taken 13 vessels and as usual we are not operating all the vessels because we were not confident of utilising it at 100% of the capacity, so we have put one vessel on charter outside just after taking the delivery. And that is on the foreign charter market. So whatever we are operating we are going to operate 12 vessels on the service and we are quite confident that utilisation level will continue to be in the similar fashion.
- **MR. PRITESH CHHEDA – LUCKY INVESTMENT MANAGERS**
- Finally your outlook on the realisations, do you see it rising, falling, stagnant?
- **MANAGEMENT – SHREYAS SHIPPING & LOGISTICS LIMITED**
- Because cost of fuel is also on the rising trend so even if the realisation may not remain same, but with the volume increasing the overall numbers will definitely have a growth.

- **MR. PRITESH CHHEDA – LUCKY INVESTMENT MANAGERS**
- Okay thank you. All the best to you sir.
- **MODERATOR**
- Thank you. We will take the next question from the line of Pawan Kumar from Unifi Capital. Please go ahead.
- **MR. PAWAN KUMAR – UNIFI CAPITAL**
- Sir congratulations on a very good set of numbers. I just wanted to understand what is the capex you have done for acquiring the vessels?
- **MODERATOR**
- Excuse me, this is the operator. Mr. Kumar? May we request you to use a handset please?
- **MR. PAWAN KUMAR – UNIFI CAPITAL**
- Is it clear now?
- **MODERATOR**
- Yes it is better thank you.
- **MR. PAWAN KUMAR – UNIFI CAPITAL**
- So sir I just wanted to understand what is the additional capex we have incurred for getting these three vessels. And are we still expecting 15-20% volume growth rate going forward? Is there any change in that particular view?
- **MANAGEMENT – SHREYAS SHIPPING & LOGISTICS LIMITED**
- Yes. We expect the volume growth in line with the capacity what we have deployed and the increase in capacity is there. And in the same ratio we will



expect to have the volume growth. And as regards to the capex, on the last 3 vessels we have spent around 15 million USD, total capex.

- **MR. PAWAN KUMAR – UNIFI CAPITAL**

- And for selling this extra 35% capacity what is the kind of timeline we see sir? Maybe 18 months? Would it be a fair assumption? And are you going to incur any further capex going forward this year or next year? Any plans?

- **MANAGEMENT – SHREYAS SHIPPING & LOGISTICS LIMITED**

- At the moment, we are not having any plans for additional capex except if some need comes in we will go in for some additional capacity. But definitely that is – but on the other side what we feel that increase in volume will be there because the deployment we have done on the basis of wherever we see the growth in the volume. Like east coast has been growing and we have deployed a larger number of capacity on the east coast so that takes care of the growth in the volume there. And also we have got two MPPs vessels which is that new vertical which we have started. So that will give additional capacity utilisation on those vessels with the break-bulk cargo and not the containers. So we are not utilising that full capacity on that same business where the business is slightly different. And we have already got certain business tied up as I said for RINL on one way. And on the return if we can always get a break-bulk business or else we also have the strength to utilise with the container because both cargo can be carried on these vessels.

- **MR. PAWAN KUMAR – UNIFI CAPITAL**

- Okay. And going forward you had just told us that one vessel we had chartered out. So that was a 1500 TEU vessel that we had chartered out presently?

- **MANAGEMENT – SHREYAS SHIPPING & LOGISTICS LIMITED**

- Yes. The 1500 TEU vessel, SSL Ganga has been chartered out after we took the delivery. And the charter income is also quite in line with our expenses on the

vessels. So we should have a normal gain on that. So that's not an issue. And besides that the larger vessel which we have acquired that is SSL Brahmaputra, so that has been put on the west coast of India and on a shorter run so that the cost per unit reduces and we can have an advantage because virtually business on that vessel instead of using more number of vessels on the sector we have increased the capacity of the sector. So definitely that will give us a fair amount of advantage there.

- **MR. PAWAN KUMAR – UNIFI CAPITAL**

- And one last question on the break-bulk side what are the kind of margins we are expecting? Could it be around 10-15% that we have seen with larger competitors? Or are we expecting something more than that?

- **MANAGEMENT – SHREYAS SHIPPING & LOGISTICS LIMITED**

- Yes we will be expecting around 10-15% definitely. It is not break-bulk margin on one particular cargo because it all depends on the break-bulk vessel's utilisation factor and we are quite confident to get these vessels utilised on all the sectors, all the legs because these are multipurpose vessels. So wherever we don't have the break-bulk business it can be utilised by the container business cargo. So definitely with the utilisation going well on these vessels also, the profitability and returns on the vessels should be in line with the other vessels what we are operating of that size.

- **MR. PAWAN KUMAR – UNIFI CAPITAL**

- Right sir, I'll come back in the queue. Thank you.

- **MODERATOR**

- Thank you. We take the next question from the line of Dimple Kotak from SKS Capital and Research. Please go ahead.

- **MS. DIMPLE KOTAK – SKS CAPITAL & RESEARCH**

- Hello sir. Sir actually I just missed on the initial comments. You said that there are currently 13 vessels which we have and the average age is 17 years. But whereas in the presentation it is mentioned 11 vessels and 19 years. So just want to rectify – I mean am I missing on something?
- **MANAGEMENT – SHREYAS SHIPPING & LOGISTICS LIMITED**
- No you are not missing anything. That presentation is given for the quarter. And the current position of the vessel is because we have taken that in the current quarter. We just took the delivery last month. So what I said about the fleet size of 13 vessels and 23,000 TEU is the current fleet size and not the fleet size what we had in the last quarter.
- **MS. DIMPLE KOTAK – SKS CAPITAL & RESEARCH**
- Okay sir. And sir in the Q1 we had a guidance of 20% growth in revenues and 12-15% in value terms. Similarly, do we see that we will be growing in the same pattern for the full year?
- **MANAGEMENT – SHREYAS SHIPPING & LOGISTICS LIMITED**
- We can continue to see the revenues because it all depends on the growth in the tonnage. So definitely even with the tonnage now increased, even with the previous quarter we can see there will be some growth in the volume. And that will give us a better rise in the revenue side with the increase in volume. So definitely we will see on quarter on quarter basis as well. Of course it may not happen overnight but it might take some time. But clearly once we settle down with all these vessels which we have acquired then we can – and if the utilisation level goes up then we can definitely see the growth.
- **MS. DIMPLE KOTAK – SKS CAPITAL & RESEARCH**
- Okay. And sir what about the margin front? What kind of margins do we expect for the full year?

- **MANAGEMENT – SHREYAS SHIPPING & LOGISTICS LIMITED**
- We expect in line with whatever we have done during these first and second quarters. And so the margin will definitely be same but with the increase in volume, I think margin may remain same but then overall there will be an increase in the revenue.
- **MS. DIMPLE KOTAK – SKS CAPITAL & RESEARCH**
- Okay. And sir finally any dry-docking in the second half?
- **MANAGEMENT – SHREYAS SHIPPING & LOGISTICS LIMITED**
- Yes there is dry-docking. There are two vessels dry-docking in the second half. So one is already in Q3 and there will be one vessel in Q4.
- **MS. DIMPLE KOTAK – SKS CAPITAL & RESEARCH**
- Okay. Thank you so much sir.
- **MODERATOR**
- Thank you. We take the next question from the line of Rahul Doriwala, an Individual Investor. Please go ahead.
- **MR. RAJUL DORIWALA – INDIVIDUAL INVESTOR**
- Yeah my name is Rajul. Anyway my first question is in the next 2-4 years, who do we see as our main competitor? Are there any major companies planning to come into coastal shipping or somebody's adding more ships?
- **MANAGEMENT – SHREYAS SHIPPING & LOGISTICS LIMITED**
- I do not see right now because whatever the volume and business available now with the deployment of these vessels that takes care of the additional volume and expected growth. So virtually I don't see as much space left now. But

however I think the competitors will also try to definitely grow. But we have a different segment. And they all have been on the west coast and we have completely covered the east coast market both on the domestic as well as on the Exim side. So we have got a different working and now our growth is also focusing on the second vertical that is break-bulk segment. Because we have covered more or less entire Indian coast as regards to domestic containers, our domestic business is safe. So now we are venturing into break-bulk and that we foresee there will be – there is a larger potential with the Sagarmala project coming up. So we will have a better view and growth in the future that next couple of years if you are talking about I can see there will be definitely more growth to come on the break bulk segment. And of course normal growth on the container segment except that we are also trying to venture into other regional areas like maybe in the Chittagong or on the eastern side, Yangon and other countries which is near about regional areas. So that's where we are foreseeing the growth to come in, in the next couple of years.

- **MR. RAJUL DORIWALA – INDIVIDUAL INVESTOR**

- Okay. So we are trying to be proactive and feel any growth expectations we are trying to fill that capacity by being proactive so that no competition comes in very easily. I understand. And another question is how will – I mean I understand from past calls that our freight rates will go along the trends in the rail or road rates based on those the coastal rates will go up or down. So do you see continuing? Or any other factor that will affect our coastal business rates?

- **MANAGEMENT – SHREYAS SHIPPING & LOGISTICS LIMITED**

- No I see that to continue with that because most of the business which gets converted from road or rail and since it is in line with freight rates also with respect to road and rail it is given, so that will be a controlling factor. And of course with the increase in the fuel prices even the road and rail definitely will get more expensive on that front. So we may have to even increase on the freight rate or the domestic side on the coastal shipping side.

- **MR. RAJUL DORIWALA – INDIVIDUAL INVESTOR**
- Okay. And one last question. There is a lot of talk and plans from the government side on Sagarmala and inland waterways. So even if something materialises when do you think that growth from that area will come to us say like in FY20-21 what is your approximate estimate?
- **MANAGEMENT – SHREYAS SHIPPING & LOGISTICS LIMITED**
- Yes we can see definitely there is a progress on the Sagarmala project work and the project which the government has undertaken. And even there has been a lot of progress in inland waterways. And we expect this all to start working in the next 2 years I suppose. That should give a lot of opportunities of both on the coastal segment as well on the inland waterways side. And that's where we are already positioning ourselves to take advantage of the facilities and infrastructure development which are being put up by these projects. And that's where we have ventured into sea and see that on the basically on the break-bulk side. And going forward we are doing studies on the inland waterways. And when the time is correct and right and when we see that there is actual development has taken place on the ground level and there is a place for us to enter the market we will definitely even go into that business.
- **MR. RAJUL DORIWALA – INDIVIDUAL INVESTOR**
- Okay. So one question, we diluted our stake in SRSL and we kind of indirectly got a major stake in Balaji. So what was the rationale behind reducing multi-modal stake and taking indirect stake in Balaji? What was the rationale? How will it help us?
- **MANAGEMENT – SHREYAS SHIPPING & LOGISTICS LIMITED**
- No that was only that there was an expansion plan for our subsidiary company which was earlier SRSL and for them to expand further their scope was a little limited. And they were also working on the international side. But their exposure on the international level logistic level was very less. So by combining Balaji we

thought that it would be much better and a larger company to operate. And even the asset has been combined. So we have on the working side we have a larger asset to work on. Larger areas of coverage. Not only just the coast. So they can look for much larger growth in all the sectors, not only on the domestic front but also on the international front. And thus they can be a larger logistic player in the region. So that was our whole focus. And of course our working does not change as such because they are part of our group companies. And of course associate company now. But their support from the logistics front on our vessels continues as usual. So definitely that does not change our perspective doing business.

- **MR. RAJUL DORIWALA – INDIVIDUAL INVESTOR**

- Okay sir thank you very much.

- **MODERATOR**

- Thank you sir. We take the next question from the line of Pawan Kumar from Unifi Capital. Please go ahead.

- **MR. PAWAN KUMAR – UNIFI CAPITAL**

- Sir, I was just trying to understand the rationale behind acquiring a bigger size vessel of 4200 TEUs which we have never done from my understanding. So is it like we are more confident going forward that we will be able to fill in the vessels of such large capacity? What is our thought process behind that?

- **MANAGEMENT – SHREYAS SHIPPING & LOGISTICS LIMITED**

- Yes definitely larger vessels will provide a larger economy of scale. That is known fact. And the unit prices, operating price per unit comes down on a larger vessel. That's why internationally if you see companies have gone up to 20,000 TEU capacity vessels. So there has been a growth even on the coast. We also started with 400 TEU vessels and last we were there on 1700 TEU vessels. And if we were

operating if you just see our operations two of our 1700 TEU vessels that are equal to one of the larger vessels which we have provided were operating on a weekly basis. So we had the capacity to develop and had to look at that much of volume to provide on a weekly basis which can be accommodated in one vessel. So yes so far we did not have a larger vessel because it takes a little more confidence level for us to grow in line with our working and our volume growth. So that was one thing. And the second thing which happened for these vessels because we were not able to put these vessels earlier on the west coast, because Tuticorin port was not able to take such larger vessels earlier. Now only after we have taken these vessels that trial run was done by one of the SCI vessels which was also equally large and which was already there on the coast working. And now we have taken a similar size vessel and we have now both the vessels are actually operated only on the west coast of India with Tuticorin Port call inclusive of Tuticorin Port. So otherwise it was not working out in the west coast of India and for the east coast those vessels were getting a little larger in size which was not really capable of being utilised properly to the level we expected. So on the west coast yes there are volumes and we are quite confident that this can be utilised to a best level of utilisation. And if it can be then definitely that gives us a better margin.

- **RAJESH DESAI – CFO, SHREYAS SHIPPING & LOGISTICS LIMITED**

- Yeah good morning Pawan, Rajesh here. Again just to add captain, basically we are strategically growing in size. We have moved from 2000 to 3000 and now 4000. It is not that we are jumping. We are strategically step by step growing the size.

- **MR. PAWAN KUMAR – UNIFI CAPITAL**

- Yeah, right. And can you just give me some numbers on the domestic and EXIM TEUs and what is the growth Y-o-Y?

- **MANAGEMENT – SHREYAS SHIPPING & LOGISTICS LIMITED**



- Yes but both are growing. As I said we have been always keeping a tab and that's where this quarter definitely there was almost the number for the domestic remained slightly less than the previous quarter. And EXIM became little larger. So that virtually it inter-changed the percentage. It was 47% and 53% earlier for EXIM and domestic respectively. And this quarter it has become 53% for Exim and 47% for domestic on our total volume. Because definitely as I said domestic volume got little affected in the month of July because of the GST.
- **MR. PAWAN KUMAR – UNIFI CAPITAL**
- And year on year what has been the growth sir on domestic and EXIM side?
- **MANAGEMENT – SHREYAS SHIPPING & LOGISTICS LIMITED**
- Year on year volume growth has been even if you take the first half of the last year, and first half of this year, the growth has been to the tune of almost 40%.
- **MR. PAWAN KUMAR – UNIFI CAPITAL**
- On the domestic side?
- **MANAGEMENT – SHREYAS SHIPPING & LOGISTICS LIMITED**
- Overall.
- **MR. PAWAN KUMAR – UNIFI CAPITAL**
- Can we indicate what would be grossly on the domestic side? And what could be EXIM side?
- **MANAGEMENT – SHREYAS SHIPPING & LOGISTICS LIMITED**
- We don't work on the domestic because we work both containers together on the same vessel. So there has been a growth on both domestic and EXIM. It is not only on the domestic but EXIM also because mainly the growth has been more on

the Exim front this recent past because of the East Coast operations and that we are operating almost 6 vessels on the East Coast.

- **MR. PAWAN KUMAR – UNIFI CAPITAL**
- On the bulk side are we going to deploy both these new vessels on this RINL contract itself? Or one vessel is sufficient? How does it play out?
- **MANAGEMENT – SHREYAS SHIPPING & LOGISTICS LIMITED**
- One vessel we started with one vessel already and that was inaugurated in the beginning of this month. But that we will see. If their volume goes up then we can deploy both the vessels on this trade. And we have a better working on this trade. Till then we are working even one of the vessels just for the container trade of Calcutta segment where we need more vessels. So we have actually we do not have enough capacity to service our customer on that segment. So we continue to use one of the MPP vessels just on the container segment. And definitely when the need comes in then we can shift both the vessels on the RINL or the break-bulk business.
- **MODERATOR**
- We take the next question from the line of Sunil Jain from Nirmal Bang. Please go ahead.
- **MR. SUNIL JAIN – NIRMAL BANG**
- Yeah congrats for the good numbers and thank you for this opportunity. Sir my question relates one to data that how much was the volume in this quarter?
- **MANAGEMENT – SHREYAS SHIPPING & LOGISTICS LIMITED**
- The total volume was 109,000 as against 107,000 in the previous quarter.

- **MR. SUNIL JAIN – NIRMAL BANG**
- And sir normally this vessels, this Brahmaputra which you are replacing, that is replacing two vessels or one vessel?
- **MANAGEMENT – SHREYAS SHIPPING & LOGISTICS LIMITED**
- No we have replaced one of the vessels there. We have not replaced two vessels. So there is an increased capacity on west coast now which we have added with that vessel. Because Brahmaputra as well as SCI vessel, SCI Mumbai has joined the SMILE service on the west coast of India if you see that. And on the SMILE service whatever the vessel was there that we have put it on the east coast service. So we have removed it from there. That was a smaller vessel. So we have replaced carrying capacity of 23,000 by a carrying capacity of 45,000. So virtually we have added 20,000 TEU capacity on the west coast. But definitely we had that much of capacity for the west coast which we were earlier using east coast vessels to describe on the west coast port. But now that can be utilised for the east coast on those vessels dedicated. So they do not work on the west coast so that port calls can be reduced. And the larger volume can be carried on this one vessel Brahmaputra on SMILE service.
- **MR. SUNIL JAIN – NIRMAL BANG**
- So this capacity no doubt has almost doubled from 23,000 to 45,000. So will it take some time to get utilisation of 95% what you are doing right now?
- **MANAGEMENT – SHREYAS SHIPPING & LOGISTICS LIMITED**
- No, as I said capacity has increased definitely. But overall increase of 20,000 in the complete segment is not that much. There was slightly because as long as you are already utilising a level of 95-98% so you are not supposed to, then you have to look for – because any further growth then it has to find additional capacity. So definitely that was there. And as I said that certain volume which was for the west coast alone was carried by our east coast volume where we needed more capacity. So that is where we have freed with those vessels for not

taking the west coast cargo. And just taking the east coast cargo. And that capacity on the west coast cargo can be used on the larger tonnage. So that way we have seen okay. Initially it could be a little but with the growth in the volume I am sure the utilisation level will go up. And even the first voyage, we have already done a voyage. And it is not that we have gone light. So it is – I think it is going well.

- **MR. SUNIL JAIN – NIRMAL BANG**

- And sir on the reverse leg also the situation is similar or you see some – because that is the main area where the capacity utilisation can decrease?

- **MANAGEMENT – SHREYAS SHIPPING & LOGISTICS LIMITED**

- Reverse leg definitely will not have much because there is mostly the AMTs which is carried on the reverse leg. At least on the west coast of India services. But as I said with the reduction in the per unit cost even if you don't have the reverse leg cargo, that vessel is able to sustain its cost.

- **MR. SUNIL JAIN – NIRMAL BANG**

- Okay. And this 18% bunker GST change, that will get reflected in the current quarter in third quarter from 18% to 5%?

- **MANAGEMENT – SHREYAS SHIPPING & LOGISTICS LIMITED**

- Yes because from July-August basically we had almost 18% but it's only September it got reduced to 5%. So that will come in Q3. But then definitely otherwise the fuel prices have gone up. So it was not really so much of difference because that 18 to 5, but at the same time the cost has also gone up by another 10-15%.

- **MR. SUNIL JAIN – NIRMAL BANG**
- And sir this chartered, the ones which we had given on chartered, what is the time period? For how many years we had given it?
- **MANAGEMENT – SHREYAS SHIPPING & LOGISTICS LIMITED**
- No that we have given only for 6+3 months. 6 months and 3 months option because we may need after that so we will have to take it back. So that's why we can't give it for a very long time. And the rates also keep changing. So we will definitely not like to give it for a very long time. So it has been given for 6 months, for 3 months, and it has been given to one of the main lines.
- **MR. SUNIL JAIN – NIRMAL BANG**
- And how are the shipping prices since you had hurried up this purchase? Do you see that ship prices are moving up?
- **MANAGEMENT – SHREYAS SHIPPING & LOGISTICS LIMITED**
- Ship prices are not really moving up. But definitely certain segments of vessels are getting shortages are coming in those segments. And if the shortages come in then definitely we see that prices may go up because certain segments like 1700 TEUs or like 3000 TEU vessels, they are becoming a little short because virtually after 2008 there has been a restriction on the construction level. So we see that in future the prices will definitely go up although the steel scrap prices have not gone up and it is just hovering around. It went up to 400 and then came down to 360 now. But still I think instead of the steel prices it will, the prices will be governed by the shortage of the vessels.
- **MR. SUNIL JAIN – NIRMAL BANG**

- Great sir. All the best. Thank you very much.
- **MODERATOR**
- Thank you sir. We take the next question from the line of Kashyap Jhaveri an Individual Investor. Please go ahead.
- **MR. KASHYAP JHAVERI – INDIVIDUAL INVESTOR**
- Good afternoon sir and congratulations for a great set of numbers. Sir just one confirmation. To one of the earlier questions you highlighted that even if the new capacity was to go full one way that would cover all your costs? Did I hear it correctly?
- **MANAGEMENT – SHREYAS SHIPPING & LOGISTICS LIMITED**
- No you did not because definitely it is better to have both way cargo. But I said for the unit price, operating cost per unit on a larger capacity vessel will be lesser. So even if you are going slightly vacant on one leg you will get covered with that prospective. So virtually that helps in the sense that you have got a better margin here.
- **MR. KASHYAP JHAVERI – INDIVIDUAL INVESTOR**
- Okay, okay. Thanks for that clarity. Now two questions I have. This new 30% capacity would you like to put a number as to capacity utilisation both to and fro in the next couple of quarters?
- **MANAGEMENT – SHREYAS SHIPPING & LOGISTICS LIMITED**
- Our capacity utilisation yes I think we are now, I can see ticks to vessels and on the east coast vessels their capacity utilisation should be more or less better.
- **MR. KASHYAP JHAVERI – INDIVIDUAL INVESTOR**
- This is for new vessels. New 30% capacity.

- **MANAGEMENT – SHREYAS SHIPPING & LOGISTICS LIMITED**
- What is that?
- **MR. KASHYAP JHAVERI – INDIVIDUAL INVESTOR**
- I am asking for the new additions. Not overall but the new additions what could be capacity utilisation over next 3 quarters.
- **MANAGEMENT – SHREYAS SHIPPING & LOGISTICS LIMITED**
- Definitely overall also we will like the overall capacity on the round trip basis if it is 85% even with the addition of the cargo we will not like to go down below 80%. So that is our working. And we hope that we will achieve that.
- **MR. KASHYAP JHAVERI – INDIVIDUAL INVESTOR**
- Okay. And second question is on your cash flows, despite profitability improving dramatically if I look at overall cash flow, we don't seem to have generated much. I mean the debtors are versus 85 crores about 125 crores inventories were up. So how should one look at cash flow generation with the ebidta growth?
- **MANAGEMENT – SHREYAS SHIPPING & LOGISTICS LIMITED**
- Yeah cash flow generation is steady. Basically if you see current debtors have gone up to quite good extent mainly because of GST and all other factors and even increase in volume and all that. So if you see the cash flow and the additional cash flow we have utilised for the buying of the new assets. So cash flow wise if you see whatever generation and the payment will match. See additional cash flow will take certain time now because we have already surplus cash flow invested in my capital assets.
- **MR. KASHYAP JHAVERI – INDIVIDUAL INVESTOR**
- Sir like in the first half we did PBT of almost about 40 crores. And if I look at increase in the cash balances that was 8-9 crores. If I look at gross block that's up

by about 30-35 crores. So fairly large portion seems to have gone to even funding of working capital. This GST related should it wind down in the next couple of quarters?

- **MANAGEMENT – SHREYAS SHIPPING & LOGISTICS LIMITED**

- Yes it should. Over the period it should come down because there were initial issues or whatever we faced, I think that should sort it out over the period.

- **MANAGEMENT – SHREYAS SHIPPING & LOGISTICS LIMITED**

- That should get over within a couple of months, maybe one or two months because actually that is because invoicing got delayed because of this GST from system related issues. And also not only our system but it is to take care of by customer's system. So virtually that has been taken care now and now it is streamlined. But then that backlog that was there, that should get streamlined within one or two months. And all the collections are in line with our earlier collection level, I am sure we do not foresee any cash flow issues as such because we are whatever the capex investment we have done is only on our excess cash flow. So we do not foresee any issues on the cash flow per se. And our debt equity ratio has also not increased that much. We have kept it to a level of 4.8 or so. 4.78. So that's how it works out.

- **MR. KASHYAP JHAVERI – INDIVIDUAL INVESTOR**

- Okay. Just to reconfirm you mentioned east coast you are looking at capacity utilisation not less than 80%. And on the western side?

- **MANAGEMENT – SHREYAS SHIPPING & LOGISTICS LIMITED**

- I said overall 80%. East coast will be much more. Above 90% east coast utilisation. And even on the west coast we see a more or less similar utilisation. It is not that we are going towards that anyway, because if we had put that tonnage we definitely expect a larger volume to come in.



- **MR. KASHYAP JHAVERI – INDIVIDUAL INVESTOR**
- Okay, okay, sure. Thank you very much sir.
- **MODERATOR**
- Thank you. We take the next question from the line of Rajul Doriwala, an individual investor. Please go ahead.
- **MR. RAJUL DORIWALA – INDIVIDUAL INVESTOR**
- Yeah. So my question is in the first quarters our business might have been impacted because of GST and I am assuming and you can confirm no or yes. And compared to that the second half will have two dry dockings which you have explained. So net-net do you see second half to be better compared to the first half just on focusing on the dry docking?
- **MANAGEMENT – SHREYAS SHIPPING & LOGISTICS LIMITED**
- We definitely expect a better second half than the first half and definitely much better second half than last year's second half. So that's how it goes because we said like there will be dry docking in the first part and two dry docks in the second half, full second half is nothing great cost as such for us. But the only issue which comes in that we have taken this additional tonnage just a month back, last month itself so that it is not full quarter which we have used. And so even if we let go the additional increase in volume because of the additional tonnage which has been deployed or which has been acquired, for the third quarter, but definitely that full gain and advantage should come in the fourth quarter. So definitely between third and fourth quarter we should be much better than the first half.
- **MR. RAJUL DORIWALA – INDIVIDUAL INVESTOR**

- Yes. And dry docking approximately how many days each ship dry docking will mean loss of revenue for each?
- **MANAGEMENT – SHREYAS SHIPPING & LOGISTICS LIMITED**
- Each one will have about 15 days of dry docking.
  
- **MR. RAJUL DORIWALA – INDIVIDUAL INVESTOR**
- Okay thank you sir.
- **MODERATOR**
- Thank you. We take the next question from the line of Arpit Bhatt from HDFC Securities. Please go ahead.
- **MR. ARPIT BHATT – HDFC SECURITIES**
- Yeah good morning sir.
- **MANAGEMENT – SHREYAS SHIPPING & LOGISTICS LIMITED**
- Good morning.
- **MR. ARPIT BHATT – HDFC SECURITIES**
- Sir I just wanted a view on the debt side. So we have added three ships in the third quarter I would say. So has that been funded through internal accruals? Or is it debt funded?
- **MANAGEMENT – SHREYAS SHIPPING & LOGISTICS LIMITED**
- It is basically with debt we have funded with our 80-20% you can say.
- **MR. ARPIT BHATT – HDFC SECURITIES**

- Okay so that debt is already reflected in the September quarter numbers or it will reflect....
- **MANAGEMENT – SHREYAS SHIPPING & LOGISTICS LIMITED**
- No it will reflect in the current quarter.
- **MR. ARPIT BHATT – HDFC SECURITIES**
- Okay so can you give an idea of how much is the debt level at present?
  
- **MANAGEMENT – SHREYAS SHIPPING & LOGISTICS LIMITED**
- At present debt level is around total say around 270 crores.
- **MR. ARPIT BHATT – HDFC SECURITIES**
- 270 crores.
- **MANAGEMENT – SHREYAS SHIPPING & LOGISTICS LIMITED**
- Yeah.
- **MR. ARPIT BHATT – HDFC SECURITIES**
- Okay. And the other question that I had was you said that one of the ship is let out on charter.
- **MANAGEMENT – SHREYAS SHIPPING & LOGISTICS LIMITED**
- Yes.
- **MR. ARPIT BHATT – HDFC SECURITIES**

- For charter income, where is it reflected in the statement? Is it in the operations itself or it gets netted off against the charter rate that we pay?
- **MANAGEMENT – SHREYAS SHIPPING & LOGISTICS LIMITED**
- No it will reflect on the charter revenue. But that will get only reflected in this quarter current quarter because that ship was taken only in this quarter.
- **MR. ARPIT BHATT – HDFC SECURITIES**
- Okay. And the other thing that I wanted to know was this break-bulk business. So on the margin side is it better than the containerised transshipment business? Or is it at par?
- **MANAGEMENT – SHREYAS SHIPPING & LOGISTICS LIMITED**
- We can work at par. I think that's the best because generally the break-bulk business to start with is not in line with the containers. It is slightly lesser than the container business for the same size of vessel. But definitely because we are combining two and we are reducing the utilisation level on all the legs with a combination of various types of cargo maybe break-bulk or container or ODC or shipment or some over-dimension cargo, so all that combined I expect in the long run it will be slightly better than the container. But otherwise we are taking it in line with the container.
- **MR. ARPIT BHATT – HDFC SECURITIES**
- Okay but whenever the ship those are earmarked for the break-bulk business cannot be used; they can always be put on operations for containerised business. Is that right?
- **MANAGEMENT – SHREYAS SHIPPING & LOGISTICS LIMITED**
- Yes. They can be used along with the containers. They can be used purely for container. Or they can be used purely for the break bulk.

- **MR. ARPIT BHATT – HDFC SECURITIES**
- Okay and any other orders or enquiries or biddings made for the break bulk business apart from the RINL order that they have already received?
- **MANAGEMENT – SHREYAS SHIPPING & LOGISTICS LIMITED**
- No there are a lot of enquiries coming in because we have just taken the vessels from seeing the first voyage itself we see that's why I said that the prospect is looking quite bright. And the growth will definitely come in the break bulk segment for the years to come. And that segment there are lot of enquiries but we have not finalised anything. But on the voyage to voyage basis yes we continue to get the cargo.
- **MR. ARPIT BHATT – HDFC SECURITIES**
- Okay sir. And last question being would the crude prices in this current quarter for last one month or so, do we expect the power and fuel expenses to go up and will our margins sustain for the entire year on year to come with the economies of scale coming in? Or will it get affected by the crude prices?
- **MANAGEMENT – SHREYAS SHIPPING & LOGISTICS LIMITED**
- No ultimately the prices will affect the operating cost will go up with the increase in prices which we are also watching. And definitely as compared to last year this year the prices have gone up quite high almost to the tune of 20-25%. But definitely that gets – we will have to work out more innovative ways of doing operations to reduce our overall operational costs and definitely with the increase in the capacity we can take advantage of reduction in the per unit cost. So that will work out. And then if the prices further go up definitely the revenue also has to go up in line with that.

- **MR. ARPIT BHATT – HDFC SECURITIES**
- So we pass it on right?
- **MANAGEMENT – SHREYAS SHIPPING & LOGISTICS LIMITED**
- Yes.
- **MR. ARPIT BHATT – HDFC SECURITIES**
- To some extent at least.
- **MANAGEMENT – SHREYAS SHIPPING & LOGISTICS LIMITED**
- Yes.
- **MR. ARPIT BHATT – HDFC SECURITIES**
- Okay sir. Thank you. That is all from my side.
- **MODERATOR**
- Thank you. Ladies and gentlemen as there are no further questions from the participants, I would now like to hand the conference over to Mr. Sree Sankar from Prabhudas Lilladher Private Limited for closing comments.
- **MR. SREE SANKAR – PRABHUDAS LILLADHER PVT LTD**
- Thank you ladies and gentlemen for very active participation in the call. Thank you Mr. Singh. Thank you Mr. Rajesh Desai for patiently answering all the questions and listening to the investors' side. Stanford we can close the call now.
- **MANAGEMENT – SHREYAS SHIPPING & LOGISTICS LIMITED**
- Thank you very much.
- **MANAGEMENT – SHREYAS SHIPPING & LOGISTICS LIMITED**

- Thank you all participants. Thank you so much.
- **MODERATOR**
- Thank you very much sir. Ladies and gentlemen on behalf of Prabhudas Lilladher Private Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.

\*\*\*\*\*END\*\*\*\*\*