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Dear Sir,

Sub: Transcript of Analyst Call on 15th February, 2016

Please find enclosed herewith the transcript of the Analyst Conference Call conducted on 15th February, 2016 for your records and reference.

Kindly acknowledge receipt of the same.

Thanking you

Yours faithfully,
For Shreyas Shipping & Logistics Limited



Namrata Malushte
Company Secretary



Encl: A/a



“Shreyas Shipping and Logistics Limited Q3 FY2016 Earnings Conference Call”

February 15, 2016



ANALYST: **MR. KSHITIZ PRASAD - EMKAY GLOBAL FINANCIAL SERVICES LIMITED**

MANAGEMENT: **MR. S. RAMAKRISHNAN – CHAIRMAN AND MANAGING DIRECTOR–SHREYAS SHIPPING AND LOGISTICS LIMITED**
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 Shreyas Shipping and Logistics Limited Q3 FY 2016 earnings conference call hosted by Emkay Global Financial Services 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 touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Kshitiz Prasad from Emkay Global Financial Services. Thank you and over to you Sir!

Kshitiz Prasad: Good morning and good day to all of you. We thank the management of Shreyas Shipping and Logistics Limited for giving us the opportunity to host the conference call post third quarter FY2016 results. We have with us Mr. Ramakrishnan, CMD who is joining us from Dubai, Captain V.K. Singh, CEO who is based in Mumbai and Mr. Rajesh Desai, CFO who is also based in Mumbai. Over to you Sir!

V.K. Singh: Good morning everybody. I just give a brief on our operation during the quarter three; we will take it forward; first I will give a brief on the global market situation and our performance. If you see the Baltic Dry Index has come down from a high of almost 11000 in 2008 to under 300 currently, which is an indicative for a dry cargo shipping, even the Howe Robinson Container Index has come down to a level of 425 from 725 which was there in March 2015. Global containership ship capacity grew by almost 8% during the year 2015 while the trade growth was just about 0% to 1% during the year 2015.

The global meltdown and reduced market demand coupled with excess capacity has led to the drop in freight level overall globally, Indian export volume also if you see has declined considerably which has brought down the export revenue by almost 12% to 15% for the nation. Going ahead with the company’s performance, analysis for the quarter as you recall during this quarter we continue to have eight vessels, out of the eight vessels, the deployment was five vessels on the East Coast services and three vessels continue to be on the west Coast services. The west Coast was mainly on the three vessels for the West Coast purely for domestic trade on the west Coast and out of the five vessels on the East Coast three vessels were operated on our main haul service from Jebel Ali Mundra and East Coast and two smaller vessels were used for trade feeding on the North East region of our Coast line.

The increase in operated tonnage from quarter two to quarter three if you say was almost 15% and from quarter one to quarter two three was almost 38% in view of additional two vessels during quarter two and if you compare from the last year same quarter, the increase is 72% increase from the tonnage operated during same quarter last year. Due to the increase in the tonnage, the total number of port calls during the quarter was 240 as against 174 in quarter two mainly as voyage operating days during this quarter was 745 days for all combined eight vessels. 745 days as against 651 days in the last quarter and 547 days in the first quarter.

Fuel oil consumed during the quarter is around 25% more than quarter two due to increase in operating tonnage and longer steaming distance as new tonnage deployed on East Coast Jebel Ali

trade. Our performance did get affected by drop in EXIM volume and also dropped in freight view global market condition and also the cheaper import cost came for the tiles from China affecting freight level of Morbi Tiles on the domestic trade. Due to drop in oil prices, freight for road logistic came down resulting in drop in overall domestic freight.

EXIM volume has reduced to 42% as against 53% in first quarter while the domestic volume has increased to 58% as against 47% in the first quarter, reduction in domestic freight was to the tune of almost 30% to 40%, while the reduction in operating cost was in the tune of around 10% mainly due to reduction in fuel cost by almost 30%, which is only around 40% of the total operating cost.

EXIM freight ratio has come down to 37% as against 45% in the first quarter and domestic freight ratio has gone up to 63% from 55% in the first quarter. There has been increase in overall domestic volume due to reduction in ocean freight as more model shift from road to sea. Of course beside our tonnage there has been growth in competitors tonnage also on the West Coast of India which has brought a little pressure on the domestic freight, even the holiday season during this quarter has affected the utilization level, although the utilization level during the quarter average from North to South main leg was almost to the tune of 85% to 90% and from the South to North leg was almost 42%, 45%. Going ahead for the future outlook if you see this is the first quarter, full quarter when we have operated the three vessels on Mundra East Coast Jebel Ali trade and have been able to develop the domestic trade on the East Coast. In addition we have deployed two smaller vessels as we have said on the ECC service for feeder support on the other ports in the North Eastern region.

In view of the growth in volume and utilization level on the east Coast sector we have decided to make the service weekly by adding the fourth vessel on the main loop of East Coast service as planned. Further asset prices are also come down, we have planned for acquisition of 1700 TEU capacity vessel, which is similar to other two vessels of our fleet namely SSL Mumbai and Gujarat deployed on the same sector.

We will have six vessels operation on the East Coast and three vessels operation on the West Coast to cover all India domestic market connecting all India ports on a weekly basis. This will also take care of the Bangladesh trade, which has been recently a treaty has been signed between India and Bangladesh.

Our market share of the domestic trade has progressively increased in the last three quarters to around 60% to 65% with the growth in overall market and we are confident of better utilization on both legs because now we have seen increase in utilization not only on the North to South leg but also from South to North that is from Northeast to Southwest leg.

We continue to be the leader on the Coastal container business around Indian Coast which will be further strengthened with the latest acquisition of the vessel and improved service. We are also working towards expansion in the new areas as our expansion plan for the future. Definitely we

look forward for a better growth in the coming quarters with our strategy and the plans put in action. Thank you from my side. Kshitiz now we can go for a questions and answers.

Moderator: Thank you. We will now begin the question and answer session. We will wait for a moment while the question queue assembles. The first question is from the line of Akash Sethia from Cavendish Square Securities. Please go ahead.

Akash Sethia: Sir I just wanted to get a sense of the current debt position and the proposed debt after the acquisition of the 1700 TEU vessels?

V.K. Singh: Currently we are having debt of roughly around Rs.140 Crores, which is even if you consider our debt equity ratio it is less than 0.7 or something odd.

Akash Sethia: Fair enough and is this expected to go up post how is 1700 TEU vessel expected to be financed?

V.K. Singh: That will be financed with the 75% bank funding and still debt equity will ensure that our debt equity ratio does not cross 0.9 or 0.1 that is our upper life on that normally you try to maintain at any point of level.

Akash Sethia: Thank you.

Moderator: Thank you. The next question is from the line of Vikram Suryavanshi from Phillip Capital. Please go ahead.

Vikram Suryavanshi: Good morning Sir. This new vessel 1700, has it been acquired or when does it expected to join the fleet?

V.K. Singh: We have already got the approval from the board. We have already short-listed the vessel and we expect to sign the MOA within few days. So it has been already not acquired as such, but we have already short-listed and we expect this vessel to join the fleet by end of this quarter definitely. So and in the coming quarter we will have four-vessel operation on big two services to give it weekly service.

Vikram Suryavanshi: How old is this vessel and approximate cost?

V.K. Singh: This vessel is 96 built vessel in line with our earlier vessel which we already operating and those vessels have proved very economical as per the fuel consumption is concerned and the cost of the vessel, which we are looking at around 2.7 million US and around that that is where we are going at the acquisition and the vessel as I said there are 96 built is just what is 20 years old, in the end of this year, it will be 20 years old.

Vikram Suryavanshi: Any dry docking coming up in this quarter?

V.K. Singh: There is no dry-docking. Actually this current quarter we have already done a dry docking for SSL Sagar Mala which has been already completed and there is no further dry docking during this quarter of course in the next quarter, we have to dry docking coming up, but I think that is a normal which we will have now.

Vikram Suryavanshi: Sagar Mala completed in this fourth quarter?

V.K. Singh: Yes that is correct.

Vikram Suryavanshi: For basically how we are saying that overall slowdown impact happening, because all the container volumes even major ports are also not growing up in all that, so how is this quarter looking up compared to in terms of volume growth in container?

S. Ramakrishnan: This is Ramakrishnan here. Thank you all for participating today in this third quarter analyst conference. Basically as we have all seen the last six months starting up from July of 2015 has been filled with turbulence not only in the maritime sector and possibly whatever sectors one can imagine and look at. At this point of time, we have a scenario where the oil prices are hovering around 30 and perhaps talk of it going further down and there are certain opinion it can go up. On the other hand we have uncertainties that is timing again cropping up from China. We have scenario where Europe is having its own set of challenges and the US is just moving ahead with 2.5%, 3% growth so to speak. India has its own set of challenges as well, hopefully, we will have to wait for the new budget which is likely to come up very soon in terms of what are the SOPS that the government is likely to look at in terms of the shipping and the domestic logistical industry. We are sitting in a time where we find that the world trade growth has been shrinking and shrinking very fast. We are sitting in a situation where we are beginning to see that the utilization levels of assets on the trunk routes beginning to get affected. The bulk carrier industry are the various loops in the shipping industry itself is getting it extremely badly as Captain mentioned at the start of the conference that Baltic Freight Index and the Howe Robinson Container Index, all of this has taken a fair level of tumble in the last few months particularly, given this is the scenario and with the EXIM decline in India, we do see that it is going to take sometime before the market really stabilizes, but having said that it is also important for us to note that Shreyas is going forward very clearly though there are dark clouds all around. We are very focused in what we set out to achieve, albeit the problem around we are confident of moving forward and ensuring in this time the period of consolidation where we will certainly look at strengthening our own position in the new markets that we essentially opened out in the last two quarters of last year and that is all in fact paying us definitively good yields, the vessels and the services are settling down and that is one of the major reasons we believe that time has come for us to add on bring in the fourth vessel to put it on to the PIX II service and we have build up the volumes in the last three to four months' time. Again the last quarter performance was also largely hinging at a time when we are also trying to build up the business which has been adequately done and therefore we do see that the time has come for us to put an additional tonnage is to take on the prospective growth that we have, so just to give you in a nutshell challenging times for us it is a period of consolidation, strengthening, looking inwards, working

very hard at the various costs and ensuring that we try and think out of the box, keep our costs as low as possible that is one of the major reasons we felt there is also the right time for us to take advantage, because the asset prices are also exciting that also brings down the overall operating cost as much as possible below where we are at this point of time. I hope I have answered your question adequately.

Vikram Suryavanshi: That was very helpful and just two questions, basically in this season we expect a lot of cotton movement also from coastal that is we are model ships, so how is that experience is it really picking up and second question was that there was top on this tax benefit on bunker and there was some procedural delay, so has it been happened now?

S. Ramakrishnan: Captain Singh, can you?

V.K. Singh: I will answer to that. Yes as you said the cotton movement did start during beginning of this quarter and we are participating in the cotton movement from Mundra as well as Pipavav to Tuticorin, but the volume what was expected as in the beginning as per the SIMA that is South India Mills Association has not come up to the level of expectation, but still whatever the volumes, we are moving is we are moving to the close of almost 60% to 70% total share of the cotton volume, so how it is there and it will continue to move further two, three months cotton volumes, but it is not really moved to that level what we had expected but there has been growth in the other volume as I said in spite not the growth only in the cotton volume, but there has been a growth in the other volume also, because of the reduction in the fleet level more and more volume has shifted to the key mode. On the bunker front, yes we are actually getting the benefit. We have already getting benefit, because the benefit was in twofold, whether it was on the excise front or on the custom front. We are already taking benefit on the custom side, because we are using imported bunker and then paying custom duty, which is exempted. For us, excise there has been yes, there has been some problem on the procedure resource with the excise department as well as the public sector oil companies which they are trying to streamline and hopefully that will also get streamlined within the month or so as expected because we have already taken up that issue and it is expected to be streamlined within the month.

Vikram Suryavanshi: Thank you Sir. Thank you very much.

Moderator: Thank you. The next question is from the line of Pritesh Chheda from Lucky Investment Managers. Please go ahead.

Pritesh Chheda: Thank you for the opportunity. Just I wanted some more understanding on the PIX2 side since it is couple of quarters, now that we have started what kind of utilization levels of those ships working and since it is a new market, what is your best guess in terms of it picking up in these two areas that is yields and utilization?

S. Ramakrishnan: On the PIX2 services, it is actually been a service that has been inevitably created by us with a mix of EXIM and the domestic volumes. The logic behind this thinking is obviously the amount of business that can get transacted from the Western Coast of India to south as well as into the

eastern ports like the Vizag and the Calcutta's so basically it is something which has been done with a lot of focus and thinking but as always we have been quite cautious in trying to reach our goals. Today we find the last three to six month has given us adequate time to get those services and networks fairly settle down and we are beginning to see that there is a great level of enthusiasm amongst the trade itself and consequently we have now adding the fourth vessel by the end of March to make that into a weekly service. I must say that the moment, till the time the vessel arrives into either Cochin or Tuticorin she comes up with virtually being 100% full initially but then when it was leaving Cochin or Tuticorin towards the south and the east, the levels of utilization has not been that great, we have been hovering around may be 40% or 50% when we first started off but I think today we have reached a situation where we are beginning to see the service touching almost close to 80% to 90% continuously and consequently in the last may be a month and month-and-a-half, two months and I think this level of volume is definitely likely to be there and we are also beginning to see substantial amount of volumes also coming out of the east coast of India back into south as well as into the western coast and also to Arabian Gulf port, so this is again adding the level of utilization to a much greater level then where it was in the past three or probably six months so I think we are getting into a state where I can safely say going forward all the four vessels we should comfortably get an utilization of anywhere between 80% to 90% at any given time all through the loops.

- Pritesh Chheda:** So what is 40% to 50% until quarter three because being on new route has always started moving 80% at least on one leg?
- S. Ramakrishnan:** That is right.
- Pritesh Chheda:** Or is it both legs, so is it?
- S. Ramakrishnan:** I think I would say that overall on both the legs now.
- Pritesh Chheda:** So overall on both the legs and you are able to get mostly domestic cargo here and it is a mix of domestic and EXIM?
- S. Ramakrishnan:** It has to be the success factor is depending entirely on the basis of domestic and EXIM. Today at this point in time the EXIM is definitely not doing that very well and given that as an actual scenario on a global basis we are still getting our EXIM part of it but are certainly not what we like. We would certainly like it to be higher and also to pay higher. Both are not happening but having said that the domestic volume is sustaining it reasonably well but you can always get better once you begin to see stability coming up in the market.
- Pritesh Chheda:** My second question is historically Shreyas was more dependent on the West Coast that is where lot of the business is auction was. What is your best now each about five ships now in East Coast. So it is a completely different company versus what it was in the past the pan India network. What is your best call because still West Coast might generate you the cash flows. So what is your best call on the West Coast and the demand supply situation?

S. Ramakrishnan: Actually if we look at though we call the PIX2 service largely operating on the East Coast but if you look at the schedule and the way it is operated it is also predominantly calling on the way out of the Middle East. It first calls into Gujarat. So what is happening is that we are not ignoring that growing market and we continue to offer space and with that incremental space also we are failing virtually full from the port of Gujarat like Mundra and Pipavav. So essentially we are not ignoring the West Coast. We have got added capacity in the West Coast as well but at the same time we are opening our newer market in the East Coast. In fact that is how the whole scheduling has been done.

Pritesh Chheda: What is your best call now on the demand supply of the West Coast plus freight rates there?

S. Ramakrishnan: On the West Coast yes there is a decline on the freight rates because there has been a few new competitors or operators who have come in and consequently the market has suddenly softened given the fact that capacity and two also on backup for the festive season that we had in the past in the last quarter with Diwali and lot of other holidays that we had plus the decline of the tiles had moved from Gujarat in the Cochin as against what was coming in from China did affect the usage and the rates but I think as we speak I think that is also settling down and I hope to see that the levels remain at least decently healthy.

Pritesh Chheda: Sir my last question is considering the performance which are slow during quarter three where new services were added, costs were added and there was some difficult times considering freight and the volumes both. Do you believe that what has happened in quarter three was more like the most worst which has played through in the operations or and it is kind of bottomed out or you have a different thought or opinion there?

S. Ramakrishnan: I think it is a combination of everything as you are rightly said quarter three has been a combination of a number of factors external as well as internal. External factors of course we are not in control. There are a lot of things have been happening which has been quite turbulent but having said that we believe that all that is a matter of past and we have settled down and I am glad that our services also was setup at the time when we have the kind of turbulence that was happening externally. So it did help us to really go back and get all our arithmetic in place and to get all our acts right to deal with the situation. So I think it is a matter of the past and as we go along we certainly see that things can only get better cannot get any worst.

Pritesh Chheda: Thank you Sir. All the best.

Moderator: Thank you. The next question is from the line of Akash Sethia from Cavendish Square Securities. Please go ahead.

Akash Sethia: Sir just wanted a sense on the overall capacity utilization of the fleet for the just gone pass.

Rajesh Desai: Overall capacity utilization for the fleet during this quarter on the main haul from north to south as well from northwest to northeast has been to the tune of 80% to 85% and from on the reverse legs it has been to the tune of 40% to 45%.

- Akash Sethia:** Thank you. Just one more question; Sir you mentioned that freight rates have softened considerably. Could you just give me some numbers I recall last quarter you mentioned that it has declined from 45000 to about 28000 a day could you just give me some numbers for the quarter gone past?
- V.K. Singh:** Yes during the last time when I said 28 it is more or less to that only on an average the decline has been and that has held up there and then now again it is slightly improved. So that is where it stays even on the and overall decline has been for the quarter to the tune of almost 30% to 35% on the domestic as well as EXIM revenue freight.
- Akash Sethia:** Thank you. That is it from my side.
- Moderator:** Thank you. The next question is from the line of Chintan Seth from SKS Capital. Please go ahead.
- Chintan Seth:** Sir again coming back to the EXIM volume the domestic volume we have seen improvement this quarter. So how confident are you in terms of utilization to reach as you mentioned 80% to 85% both leg for your operations. So just want a more color on it because we are seeing even though our market share increased in domestic if the EXIM volume does not pick up and while your assets are adding up currently; so further underutilization will increase our cost and want to get the operational benefit; operational leverage to our performance. So how are you looking at it?
- S. Ramakrishnan:** Thank you for that Chintan. Essentially we have explained to you we have adjusted ourselves, we are sort of positioned ourselves to deal with this situation wherein we have dealt and brought in the number of other commodities also on the domestic shipping front and that is what our captain said on this loop we have been touching close to 90%. All the times on all the services including the PIX1 and PIX2 but the problem has been when we were formulating the service the level of utilization on the PIX2 service on the way back has been hovering around 40 to 45. I am pleased to say that that level of utilization has also now let us say we are now in February say from early December mid December onwards we have seen fair increase in those used utilization as well. So that is the reason why we are encouraged to have the next vessel also added because we have worked hard and now build and created a market which will sustain the utilization also on the way downwards. I would say to safely give you a number I would say we would be looking at nothing less than 70% to 80% of the utilization on the way down as well. Let us take is scope for us in enhance the things and volumes depending on the growth and depending on the penetration that we are able to succeed.
- Chintan Seth:** On the freight side we witnessed sharp decline sequentially as well 30% to 35% you mentioned. So how are we positioned ourselves in reducing the cost in terms of both operationally as well as to just cover up the sharp decline and what is the trajectory in terms of freight rates going forward which will help us to rebound our margins as well as our profitability?
- S. Ramakrishnan:** Two ways one has to deal with by obviously bringing down the cost of the opex and that is essentially what we are aiming to take advantage at this point of time because of better asset

pricing we were looking at buying the vessel which is very good for us at the current prices that it by itself gives us lower operating cost. Two, as far as the freight levels in the markets are concerned this is an act of supply and demand and on top of all that I think what one is able to offer more than the others will keep you ahead of the rest. So therefore on the basis of the current service and the kind of networks that we are put together we are very confident that we will be able to maintain our market leadership position and consequently there will be a time when we will begin to see enhancement of the revenues as well enhancement of the freights as well but this is very hard to gaze today and say when and how we can see that is happening. We are very confident that it should happen sometimes on the second or the third quarter, which will begin to settle down probably from April onwards. I think we should begin to see better exports, better volumes better buying etc thing should all fall in place. The worst is certainly as I said behind us.

Chintan Seth: Thanks. All the best Sir.

Moderator: Thank you. The next question is from the line of Shreyas Bhukhanwala from Sushil Financial. Please go ahead.

Shreyas Bhukhanwala: Good morning Sir. One thing on the volume front I just missed. Can you just help with volume growth on domestic and EXIM year-on-year and sequential basis?

Rajesh Desai: I will tell you that basically as I said that for the last three quarters if you see the domestic has grown virtually from 47% as against 47% to 58% in this quarter from first quarter. So there has been a growth from 47% to 58% of total while the EXIM has dropped to 42% from 53% in first quarter but virtually we expect the EXIM volume also to go because if you recall like first and second quarter for the EXIM has been also has certain seasonal volume which comes in and that is where we are again expecting that to start from April onwards that is the cashew season when it start. So first and second quarter always has been addition of EXIM volume that is for the seasonal cargo that is where again we expect that volume also to get up but in any case we have where we have gone up is the domestic volume and that we continue to have that growth on that. So definitely our utilization level also has grown to that effect which has currently taken but once the EXIM volume also comes in then we expect to have almost close to about 100% utilization that is where we were actually even looking even after putting the fourth vessel we should continue to have the similar utilization on all the vessels.

Shreyas Bhukhanwala: Sir secondly on the marine port dues the cost of which has increased drastically over sequentially or if you see year-on-year. So is it majorly because of higher port costs?

Rajesh Desai: Yes definitely that is because of the higher port calls because more number of vessels have been deployed. So more number of vessels and that to on the PIX2 service as I said the PIX2 service only we started and we this quarter full fledged with all the three vessels operating all the time throughout the quarter. So that is where the number of ports has gone up from 174 in the last quarter to 240 in this quarter. So that increases the cost of port costs overall for the quarter and that basically if you add more tonnages number of ports will definitely go up.

I would like also if you see last year average we were operating around five vessels with JRT of around 80000, which has increased to around 136000 in the current year. So automatic JRT all port dues are related to JRT of the vessels and a number of post costs. So when there is an increase in both automatically the cost will go up.

Shreyas Bhukhanwala: Sir now this would be more or less type of sustainable cost which we would be incurring quarterly?

Rajesh Desai: Yes. Definitely to slightly go up with the fourth vessel added up.

Shreyas Bhukhanwala: That is one vessel what we are adding in due course. Sir you said on the reverse leg we are targeting utilization levels of say around 70% plus. So this would be by next year?

V.K. Singh: The growth has already started. So which was where 40% to 45% average on during this quarter during the last quarter but now the current quarter, which we are undergoing we have already seen some growth. So definitely by the start of the next year we expect the volume to go up and definitely in the first and second quarter of the next financial year we should see it touching almost about 70% that is what 70% to 75%.

Shreyas Bhukhanwala: Thanks a lot.

Moderator: Thank you. Next is a followup question from Pritesh Chheda from Lucky Investment Management. Please go ahead.

Pritesh Chheda: Sir some thoughts on the Shreyas Relay part considering that two quarters back-to-back there is some reduction in the operating performance, which is the understanding that we have which is standalone minus consolidation?

V.K. Singh: No, I think it cannot be because see when we do consolidated our intercompany transactions are knocked off so basically if all the domestic moment when you say that is maximum is coming through the Shreyas Relay. So the performance like volume wise definitely it has improved but considering the rate and all that there may be some reduction in the revenue because of the drastic reduction in rate.

Pritesh Chheda: Drastic reduction in rates of?

V.K. Singh: Domestic cargo what you are saying but the cost remains the same because if you recall, operating cost on the landside is not changed even on the ocean it drops but considerably on the landside in any case of those costs cannot be changed that cannot be reduced because those are almost fixed cost.

Pritesh Chheda: I did not understand I would take it offline Sir.

Moderator: Thank you. We have one more question from Pavan Ahluwalia from Laburnum Capital. Please go ahead.

Pavan Ahluwalia: Thank you. My question is just you mentioned a little bit on the competitive dynamics. Now should we be assuming that your growth rate will be in line with transshipment or EXIM shipment rules in India which is whatever the 5%, 10% it is given that you have a large share of the market anyway or is there a room for you to grow at rates above that in some way and how would you manage to grow above that given a larger share of market you have and secondly if you could tell us a little bit about the extent to which competitor, vendors what kinds of competitors these are. Do you expect to see competitive intensity increasing going forward?

S. Ramakrishnan: Basically if you look at the transshipment business can perhaps happen in ports like Mundra or may be in Vallarpadam or may be a couple of ports in the East Coast of India but what happens is that the transshipment business by itself will only happen if the revenues for the mainlines are attractive enough to pay for the feeder as well as to pay for the terminal handling cost at both end but today given the fact that the global freight rates have seen such a decline the extent which the mainlines may look at using transshipment as an option in any of the Indian ports is going to be far and in between because it is now going to be something which is going to be attractive a lot to a lot of people. So I am not saying that it will go down to 0 but the extent which that is going to be there under the given freight scenario may not be that great be attractive having said that.

Pavan Ahluwalia: Sir the line, which you share directly to the end port themselves?

S. Ramakrishnan: What happens when you cannot obviously have a scenario where the line can take all the cargo from one port to the end port because in this case if you look a country like India the vastness and the number of ports that we have does not allow one or any line to take a call every port put it on their own shipment and take it away. So the element of the transshipment business will remain but that extent of the transshipment business which happens in either by Mundra or Nhava Sheva or Vallarpadam or Chennai is not happening to the extent to which where it should be simply because there is a decline of the export and two there is also a decline in the revenue which the line themselves are generating. So their focus today would be to see whatever little is available through the main port they try and grab it and not leave anything for transshipping from one port to the other but this can very quickly change depending on the supply and demand situation and tomorrow when we begin to see that volumes are growing because as you have been seeing in the last 14 and 15 months there has been a consistent month-on-month decline of the EXIM from all ports in India. This is not a great scenario for the lines to then consider transshipping of cargo will depend but the volumes have come down.

Pavan Ahluwalia: Just to take a concrete example to make it easier for those of us who do not know the shipping industry well. Hypothetically speaking if Maersk were to bring a cargo from say Europe to Gujarat and the end designation was say Tuticorin then what you are saying is in the old days most could unload the container at Mundra and you might take it from Mundra to Tuticorin

whilst today what you are saying is given the Maersk does not really have a lot to do given global like India flags and shipping Maersk will just say I will take all of my ships and take it to Tuticorin?

S. Ramakrishnan: They may not do that as well but what they may do is focus more on cargos meant for Mundra or cargos meant for Delhi and they may not focus that much of their attention into a cargo to Tuticorin via Mundra. You understand what I am saying where there is going to be a cost on carriage from one port to the other today stands that the freight as what it is does not even interest the mainline. Today I mean if you have seen I do not know whether you read the Maersk line's quarterly results last quarter has been extremely dismal. I mean it is something, which has perhaps short the entire maritime industry also. So it is a situation when that sort of scenario is there the extent, which they will use will be relatively lesser. I am not saying it will be 0.

Pavan Ahluwalia: But given that certain amount of cargo has to get to Tuticorin anyways. There is certain amount of cargo whatever it is that needs to get from Europe to Tuticorin. Now in the old days hypothetically speaking let us say it used to come to Mundra via Maersk and you used to take it Tuticorin? How is that getting to Tuticorin today?

S. Ramakrishnan: There is shrinkage. There are many ways. It is not that all has to come by Mundra. It could come via Colombo. It could come via Vallarpadam. If it goes via Vallarpadam to Tuticorin we carry. There are some one or two service not many there are may be are service which goes to Tuticorin directly but there is not much. So whatever comes in gets fractured to one more may be two or three different routes.

Pavan Ahluwalia: On the competitive dynamics?

S. Ramakrishnan: The focus obviously is for Government of India's interest also to see the national flag grows over a period of time and we have seen yes there are interests but I think Shreyas' objective is to keep the market leadership intact and have a significant roll as far as how penetration and involvement is concerned. So given the fact that we have a leadership position of almost close to 65% I think we intend maintaining that kind of percentage and keep moving ahead by creating new products and services through Shreyas and through our subsidiaries.

Pavan Ahluwalia: Thank you.

Moderator: Thank you. The next is a followup question from Shreyas Bhukhanwala from Sushil Financial. Please go ahead.

Shreyas Bhukhanwala: Sir can you just help me with the number of TEUs in this quarter?

Rajesh Desai: In this quarter the total number of TEUs was 64,700 TEUs.

Shreyas Bhukhanwala: This was domestic right.

Rajesh Desai: No this is all together.

Shreyas Bhukhanwala: Can you just help me domestic and EXIM if possible?

Rajesh Desai: EXIM we carried 27000 and domestic about 38000.

Shreyas Bhukhanwala: Sir how was this sequentially?

Rajesh Desai: Domestic actually domestic as I said it has increased from 26000 in first quarter to 38000 in third quarter and EXIM from 30000 it came down to 27000.

Shreyas Bhukhanwala: Thanks a lot Sir.

Moderator: Thank you. As there are no further questions I now hand the conference over to Mr. Kshitiz Prasad for closing comments.

Kshitiz Prasad: On behalf of Emkay Global Financial Services this concludes our conference. Thank you for joining us. You may disconnect your line. Thank you very much for joining us.

Moderator: Thank you. On behalf of Emkay Global Financial Services that concludes this conference. Thank you for joining us. You may now disconnect your line.
