

Allcargo Logistics Limited
4QCY11: Post-Quarterly Results Conference call
(February 15, 2012)

Moderator: Good afternoon ladies and gentleman. Thank you for standing by. This is Yashashree, your conference moderator for today. We welcome you to the post results conference call of All Cargo Logistics limited. We have with us today Mr. S. Suryanarayanan, Director – Finance, from Allcargo Logistics Limited. At this moment all participants are in the listen only mode. Later we will have the floor open for the question and answer session guided by me. I would now like to turn the conference to Mr. S. Suryanarayanan, please go ahead Sir.

S. Suryanarayanan: Good afternoon. Welcome all of you to our concall to discuss our results. To briefly take you through, we have declared a 19% year on year growth in consolidated annual revenue to about Rs.3400 crore and a 34% year on year growth in consolidated annual net profit after minority interest to Rs.223 crores for the calendar year ended 31st December, 2011. On our 4th quarter numbers, our revenue and net profit after minority interest grew by 7% and 36% to Rs.998 crore and Rs.51 crore respectively. The company has also announced the merger of the project division of its fully owned subsidiary into itself and has also constituted a Committee of Directors to look into the demerger of its global LCL business. I think all of you have the results with you. So if need be we can directly go in to the question and answer session.

Moderator: Certainly Sir.

Presentation mode is now disabled. The conference is now in question and answer mode.

Ladies and gentleman we will now have the question and answer session. Participants who wish to ask a question are requested to press * and 1. We have our first question from Mr. Abhishek Ghosh from B&K Securities. Mr. Ghosh, please go ahead with your question.

Abhishek Ghosh: Hello Sir. Just I had couple of questions regarding the CFS division. I see almost an 8% sequential volume decline for a JNPT CFS. While the port volume has de-grown by just about 1%, in fact if you look at sequential basis, volumes are flat while our realization sequentially has gone up. So just wanted to get a sense as to what is happening at the JNPT port in terms of the CFC business.

S. Suryanarayanan: See in terms of JNPT, yes there has been little bit of a volume de-growth to us. But from a market share perspective we have not lost market share. It is just a combination of little bit of dwell time increase. The actual dwell time if you compare it with previous quarter has gone up by about a day. And to some extent the drop in port volumes have dropped, as a consequence of that is also little bit of a drop. But if we look at the overall CFS's level like JNPT, they themselves have gone down in comparison. So my view would be that, yes this type of volume that we have done in this quarter would still continue in to the next quarter. But I think from the second quarter or from April onwards we believe the situation should move forward.

Abhishek Ghosh: And Sir have we seen any kind of currency, the rupee depreciation impact in terms of the overall container volume movement in terms of import getting slowdown in terms of the imports. Any that kind of phenomena getting experienced by us in terms of the movement?

S. Suryanarayanan: You are talking currency impact, is it?

Abhishek Ghosh: Yes Sir, the rupee depreciation impact, have we seen that translating into actually lower import or there is a slowdown, are we experiencing anything on that sort in our entire value chain of system?

S. Suryanarayanan: Well so far we are not seeing it like that. Yes, to some extent when rupee ran up to 53 or so, there was a pressure on the guys who are importing vis-à-vis the guys who were exporting. But if you really look at it at one side India does import a lot for its own consumption for the growth. I don't see too much of that type of an impact that at a macroeconomic level. Yes, certain infrastructure projects are getting stuck because of various other issues but not because of currency impact. At least at least we have not felt that type of slowdown that is causing some sort of slowdown in volumes.

Abhishek Ghosh: Okay and Sir just one more thing, if you could just give us some status as to where we are in terms of new CFS at JNPT port as to where it is and by when do we expect it to be on stream, can you give some update on that.

S. Suryanarayanan: We have started the construction. The leveling has already happened. Construction has already started. I think by end of May we should be operational at the second phase of our JNPT.

Abhishek Ghosh: Okay. And Sir just one more thing, is it realization improvement that we have seen, is that entirely because of higher dwell time or is there any reason also associated with that in the?

S. Suryanarayanan: But if you really look at the realization, they have been quite consistent over last 2 – 3 quarters. From second quarter onwards itself the realizations at JNPT have been almost at these levels. It may move 100 bucks here and there. That would of course depend on upon which way the dwell times are moving but if you really look at it from a quarter on quarter perspective, I think these realizations would be around these ranges.

Abhishek Ghosh: Okay so we expect them to hold in the near term in the similar range?

S. Suryanarayanan: Yes.

Abhishek Ghosh: Okay and Sir just if you could throw some light as to what is happening at the Chennai port because we have some infrastructure issues in terms of the port per se and since we are located very close to the port we had higher volumes any update in terms of the Chennai port as to what's happening over there?

S. Suryanarayanan: In terms of this if you look at this quarter also we have done quite well, in fact we have done quite a lot. We have moved from 22,000 TEU's to almost about 24,500 TEU's. So in that sense we have been able to grow even in spite of all this infrastructure bottlenecks at the port side. But I think and furthermore, we are number 1 if you look at it on the basis of number of TEU's we have handled in our CFS in Chennai, so I think always we will have to live with it for some time till they have opened another exit road or approach road in to the port. Everything is moving one way in to that port, to that extent, there is an element of congestion on the road. Otherwise it will stay where it is.

Abhishek Ghosh: Okay. And Sir just coming to the ECU Line segment of the business, we have seen good revenue growth but there is a dip in the EBIT margin on a sequential basis. So do you just want to throw some light as to what's happening?

S. Suryanarayanan: Because of higher depreciation charge, if you really look at it at an operating level, which are really, if you look at it in terms of the gross margin growth. A gross margin growth of about 13% on a year on year basis is giving you almost a growth of 30% at an EBITDA level and that's the translation that has happened, if you look at it from a quarter on quarter basis, there is hardly much of a movement out

there. Yes to some extent total income has moved to about 12 – 13%. The EBITDA is almost how should I use the word, it's almost flat quarter on quarter at that level but on a year on year level, it has grown substantially in the ECU Line business.

Abhishek Ghosh: And Sir lastly just one thing, just wanted to know the CapEx number for the current year and what's our CapEx guidance for the next year?

S. Suryanarayanan: for current year means you are talking about.

Abhishek Ghosh: CY11 what you have incurred.

S. Suryanarayanan: CY11, I think we have incurred about 334 crores worth of additions that have happened to the gross block. The planned CapEx for the next year including our subsidiaries we would do in terms of JNPT through and others, if you were to add may be it would add another 250 crores or so.

Abhishek Ghosh: And Sir the broad break up in terms of this in terms of each segment of 250 crores, if we could have that?

S. Suryanarayanan: In terms of 250 crores, I think about 50 crores would be towards JNPT 2. About 95 crores would be towards our equipment and project division. That's about 145. And then there could be few investment share and that would take us to 30 crores. And the balance would be in terms of our warehousing business.

Abhishek Ghosh: Okay Sir just one last question, hello?

S. Suryanarayanan: Yeah.

Abhishek Ghosh: The JNPT 2 that we are referring towards the capacity.

S. Suryanarayanan: Hello? I am not able to hear you. You are fading.

Abhishek Ghosh: Can you hear me now Sir?

S. Suryanarayanan: No I can't hear you. Your voice is coming as though you are just going off the thing. Don't disconnect. I think we will speak to the call coordinator.

Moderator: Mr. Ghosh are you on the speaker phone Sir?

Abhishek Ghosh: No I am not on speaker phone. I am on the handset. Sir just one last question in terms of JNPT.

S. Suryanarayanan: Hello, you are once again going off.

Abhishek Ghosh: Sir I think I'll come back later. Yes sure. Thank you so much.

Moderator: We have a question from Mr. Jignesh Kamani from Nirmal Bang Securities. Mr. Kamani, please go ahead with your question.

Jignesh Kamani: Sir just want to know if you take JNPT, our dwell time has increased by close to 1 day but if you take our EBITDA per ton actually it has gone down. Sir I just want to know how we are facing the pressure on the margins in JNPT?

S. Suryanarayanan: See I think this is a matter of little more of our operating costs have gone up over the previous quarter. I don't think we should take it on a quarter on quarter basis and then take a view but at an overall level I think we have done quite well. Yes in a competitive scenario there will always be a margin pressure because at the end of the day that's the way this business is. It's quite competitive there. But I don't see it happening in such a manner that it will really disrupt the position yes. They are a little bit cyclical because they do come in to that particular quarter. So I think we should not read too much in to the quarter on quarter side of it.

Jignesh Kamani: And second thing, if you take our growth in JNPT you can see subdued volume growth and then we are planning to double our capacities, so what is the broad plan, are we planning to aggressively compromise our margin for doubling our volume at JNPT, how confident we are to maintain our market share in the double capacity scenario without compromising on margins.

S. Suryanarayanan: The idea here is to grow the business without compromising on margins and that's the way we would be doing. Today to a large extent we would not be able to handle a lot of our customers because of course in this quarter we have had some amount of capacities but you must also look at the end of the day certain volume drop that has happened in this quarter vis-à-vis the previous quarter. But when we are in this business for a longer term horizon then all these things will fall in to place and of course to answer your question, we do have a plan. We do have a plan to go various shipping lines to let the business in for the JNPT 2 which will go on stream say from end of May.

Jignesh Kamani: So have we received any you can say soft commitments from any of the shipping line regarding off take of new capacity?

S. Suryanarayanan: It's too early to start talking on the concall. But I think those things are underway, it's a constant process.

Jignesh Kamani: Okay Sir. Thanks a lot.

Moderator: Thank you Mr. Kamani. We have our next question from Mr. Chetan Kapoor from IDBI capital, Mr. Kapoor, please go ahead with your question.

Chetan Kapoor: Good afternoon Sir.

S. Suryanarayanan: Good afternoon.

Chetan Kapoor: My question is regarding your ECU Line business. We have seen on a quarter on quarter basis, there has been a decline in the ECU Line volumes, the NVOCC volumes. Whereas if you look at the revenues, revenues have increased by 24% yoy. So how would you describe this particular phenomenon?

S. Suryanarayanan: Sorry?

Chetan Kapoor: Sir what would you describe this particular phenomena to?

S. Suryanarayanan: Sorry your voice is moving up and down, I am not able to get you.

Moderator: I am sorry to interrupt. Hello? Mr. Suryanarayanan, please disconnect the line, I will call you back. Mr. Kapoor please be on the line. Yeah. Please welcome Mr. Suryanarayanan back. Mr. Kapoor, you can go ahead?

Chetan Kapoor: Yes Sir my question was regarding ECU Line business wherein for this quarter we have seen an increase in the ECU Line revenues on a quarter on quarter basis by around 24%, but if you look at the volume figures they have shown a decline.

S. Suryanarayanan: See you should not, of course it's a volume driven business but you must also understand that sometimes when you take certain leadership positions on some of the trade lanes where you have to take volumes, you might have to run it at not a very profitable way because that's the way you would take on your competition, but on certain trade lanes where you might close down on some of your not making profit trade lanes and then switch on to higher trade lanes, so you might sacrifice volumes to get a higher yield. So it's all a combination of the way the business is being conducted itself at a global level. Because at every trade lane in every country, there is an element of competitive pressure that keeps moving in. So to that extent it will happen. But if you really look at it on a quarter on quarter basis, I am too equally some 3% down. its not some other number there and these volumes without an element of what you call further push, they would easily move in either direction and in fact it is, you look at it in the other way itself even on a quarter on quarter basis, at a profit before tax level, we are almost there even if the volumes have dropped. So it is all a function of how it is. But on a year on year basis, if you look at it at the same level, we have grown our volumes between 8 – 9% at an overall level. And our PBT has to move at almost 33%. I am talking in terms of million Euro. I am taking away the impact of the foreign currency translation. So if you look at it on euro to euro level, I think a volume growth of about 10% and PBT growth of about 33%. It is quite commendable even in spite of whatever is happening in Europe or elsewhere.

Chetan Kapoor: Okay. Also Sir, we are seeing slightly de-growth in the ECU Line volume growth numbers on a quarter on quarter basis and in fact on a YoY basis also the volume growth has slowed down to around 2% levels. Going forward what would be our guidance on it, the ECU Line growth volumes?

S. Suryanarayanan: I think if you look at it I think we should be in a position to sustain between 7 – 10% growth in the volume base.

Chetan Kapoor: And that would be mainly inorganic means or?

S. Suryanarayanan: Yeah all organic means. I don't see any other inorganic activities happening, may be in few of the countries it would happen but at least I am not, nothing gives immediately on the radar where we are looking at for an inorganic opportunity.

Chetan Kapoor: Also going to our equipment hiring business Sir, we have seen quite a bit of equipment addition in CY11, what would be the kind of equipment addition, what we foresee in CY12?

S. Suryanarayanan: See in CY12 we will only do it, there will be some equipment addition but it won't be at the level at which it happened in last year in 2011, we would do it at a much, it would be far more discretionary. It would evaluate each one of the opportunities and then only if it makes sense we would expand on them.

Chetan Kapoor: And Sir the kind of order book that we have currently for the current equipments what we have?

S. Suryanarayanan: I think we on the project side alone I am carrying an order book as on December about Rs.230 crore. Out of which Rs.130 crore or Rs.140 crore would get executed in the coming financial year. In the coming calendar year and the balance will get carried forward even in to 2013. And then if I were to add my equipment business order book, then that would easily move up by another Rs.80 – 90 crore.

Chetan Kapoor: Also as far as the recent announcement regarding the demerger of our MHTC business, Sir could you throw some light on the what kind of asset base MHTC is having, what kind of financials.

S. Suryanarayanan: What we did was when we acquired this company. This was a company that was specializing in heavy lift capability. So we have merged this division only from a perspective of a complete integration where the erstwhile all Cargo project team came and the acquired project, all are put together, the assets are put together and then we then we would take it forward on that. So that was the purpose of doing it. So that rather than have it in 2 different companies. That was idea of announcing the de-merger and merger into Allcargo.

Chetan Kapoor: Okay. What would be the size of this in terms of the asset base of this company?

S. Suryanarayanan: Of course in this business, in terms of the assets you already have, the asset base would be roughly about Rs.14 crore in form of axles and pullers. Though not very big on net asset basis but the capability which we acquired is important as this is service-oriented and not a capital intensive industry. So to that extent what you get is the people and the customers that come along with it.

Chetan Kapoor: Okay. Also as far as your other demerger plans which you are considering, could you throw any light on that front?

S. Suryanarayanan: See the purpose of doing it, and of course the board of directors has appointed a committee to look in to it. The broad perspective was to have a global LCL business as a separate entity where we could monitor it on a much more sharper base vis-à-vis the Allcargo India which is currently operating in the Indian scenario where you have the CFS, ICD and the Project and Engineering Solutions divisions whereby an investor get a clear opportunity of whether he wants to get into a company of this type or he wants to get into a company of other side and then it will allow a much more sharper way from an investing perspective and also for us. The overall perspective you have is that of a very clear distinction between a global NVOCC business and the pure domestic business which are lying on the Exim opportunities of India's growth and also the other growth that happens in India.

Chetan Kapoor: So basically what did involve here MTO business being merge with NOVCC.

S. Suryanarayanan: That is MTO segment only. Currently whatever it is my India LCL business which operates as a part of the network of the global NVOCC business is what gets in to that business.

Chetan Kapoor: Any further issue you can share with us regarding what you look forward to the listing of that NVOCC business or?

S. Suryanarayanan: That's the way it would happen Chetan.

Chetan Kapoor: Okay so further unlocking of the value.

S. Suryanarayanan: So it would be that but then of course the board has constituted the committee to that and I think very soon that committee will come up with the recommendation.

Chetan Kapoor: Right Sir. That's it from my side. Thank you.

S. Suryanarayanan: Thank you.

Moderator: Thank you Mr. Kapoor. We move on to our next question from Mr. Rajesh Kumar Ravi from Karvy Stock broking. Mr. Ravi please go ahead with your question.

Rajesh Kumar Ravi: Good afternoon Sir.

S. Suryanarayanan: Good afternoon.

Rajesh Kumar Ravi: Sir would you comment on the dwell time of volatility that we are seeing in the Mundra port because as new lot of volumes are getting diverted to Mundra port so the dwell time has been volatile. If you see the dwell time from almost 9.5 to 12 and at times it has gone to 15.

S. Suryanarayanan: See that volatility will depend upon the evacuation that happened at the CFS. Those are the functions and dynamics of the CFS business but if you look at our own performance in the Mundra, they have really shot up quite a lot and some of it has also happened because of the import growth which was also happening there. So I think from a going forward perspective, that type of volumes that we are doing at about 4000 TEU should be sustainable.

Rajesh Kumar Ravi: Okay. So do you see any further ramp up in their volumes because I see the volumes have considerably grown even during the 4 quarters?

S. Suryanarayanan: The idea is to ramp up the volumes and I think we should ramp up the volume because we have enough capacity within the this year to grow but I think if you really look at the way Mundra has done I think we are quite happy with the way it has developed.

Rajesh Kumar Ravi: And Sir would you be able to share given your own market share at all the 3 places where you operate. Which are the other major market share players in all the 3 where you operate JNPT Chennai and Mundra.

S. Suryanarayanan: It would not be fair for me to give what we estimate what the market is and based on that for that is giving what our share is. Now how the others and all that is we are not qualified marketing guys to give it you in that sense. But I think we can only say we are about 12% of the market in JNPT and more or less the same. Because you must realize there are about 20 competitors in the market. The bigger ones are their own players. Like worst case, CFS and then in terminal also operates its own CFS, thereafter if you take a JNPT GDL and as we are close to each other in if you don't Punjab Conware in to that account, rest of us are in the chain level that we will be moving. Of course in Chennai it's the reverse where we are number 1 based on the numbers that we are doing. And then there are other people who follow who are behind the us.

Rajesh Kumar Ravi: How is the scenario at Mundra port Sir?

S. Suryanarayanan: At Mundra port I think this month we have done quite well. And I think we have moved to the number 1 position there. Once again you need to look at the Hind Terminal operates a big terminal out there so to that extent there will be ahead of us in Mundra.

Rajesh Kumar Ravi: Okay and you have around 40% utilization happening at the Mundra CFS. Are there enough sea drivers in place in terms of volume getting diverted because JNPT is already in a congestion mode. So you see like for players like you are already number 1 player so you see it is easier for the next 2 years that capacity utilization should improve to around 70 – 80% odd levels. We are doing at Chennai or may be higher than that in Mumbai port?

S. Suryanarayanan: It will take some time but yes from a growth perspective from where we are to where we have come, I think we have done quite well in the last 18 months or so and I think the idea here is to grow Mundra to quite a substantial level where today if you look at Chennai, Chennai is doing almost

equivalent to close to what we are doing in JNPT. So to that extent that's the way people look at developing the market.

Rajesh Kumar Ravi: Okay and Sir coming back to currently you said in NVOCC business India will be demerged, but what would be the method of demerging? Would it be a 100% owned subsidiary or it would be, how are you planning to do that?

S. Suryanarayanan: That is something that the committee to decide. I think it will be done in a very fair manner where the shareholders will benefit. That's the way I would look at it.

Rajesh Kumar Ravi: So basically from an analyst perspective this would again be not part of the standalone business reporting that you do. It would come in the consolidated, am I correct on that?

S. Suryanarayanan: If we get listed as a separate entity then one part of the consolidation will happen in that listed entity. And then what you see resulting All Cargo will be only the CFS and the project business and then the other company would be the global, complete NVOCC business. That's the way one would see it. If the committee were to say, make it a part of the subsidiary of Allcargo then to that extent it would be consolidated in the main Allcargo.

Rajesh Kumar Ravi: Okay. And Sir coming to the third part, the debt you have on books, what are the debt repayments that you need to make in CY12 in FY13 and FY14, if you could share those numbers.

S. Suryanarayanan: For CY12, we would be roughly about Rs.90 crore. I think for CY13, is also roughly about another Rs.80 odd crore. So CY14 immediately I am not able to recollect for me to give that number.

Rajesh Kumar Ravi: This is on a consolidated basis?

S. Suryanarayanan: This is at a standalone basis. At a consolidated level basis, may be another Rs.18 crore. You add another Rs.18 crore to each of these years.

Rajesh Kumar Ravi: Plus 18 crores. This is 18 right?

S. Suryanarayanan: Yeah roughly about Rs.118 – 120 crores.

Rajesh Kumar Ravi: Okay Sir. That's all from side for now. I'll come in queue. Thank you so much for taking my questions.

S. Suryanarayanan: Thank you.

Moderator: Thank you Mr. Ravi. We have our first question from Ms. Bhoomika Nair from IDFC, Ms. Nair please go ahead.

Bhoomika Nair: Yeah Good afternoon Sir. Sir you know if I could first just get a break up of what was the project Cargo amount of revenue and EBIT in the current quarter in the stand alone entity because it has equipment leasing. Or you could give me the equipment leasing business and I could derive the balance.

S. Suryanarayanan: Just one second. The project business was roughly about, for the quarter?

Bhoomika Nair: Yes Sir.

S. Suryanarayanan: Rs.24 crore was the turnover and the EBITDA was roughly about Rs.3 crores.

Bhoomika Nair: Okay and this would have been what in the 3rd quarter?

S. Suryanarayanan: This should be in Q3 would be roughly about Rs.15 crores of turnover and about Rs.1.6 would have been the EBITDA.

Bhoomika Nair: Okay. So basically that means equipment leasing, and Sir could I get a similar figure for equipments?

S. Suryanarayanan: For equipments, just one second. For equipment for quarter 4 would be roughly about Rs.69 crore with an EBITDA of about Rs.35 crore.

Bhoomika Nair: In the 4th quarter?

S. Suryanarayanan: Yes and in quarter 3 it was about Rs.64 crore and Rs.33 crore.

Bhoomika Nair: Okay and Sir the other thing is how is HCL and warehousing business done in this year or in the quarter or if you could give some numbers on that?

S. Suryanarayanan: Of course. Those numbers little bit small but at a warehousing level, I think from a year perspective we have done quite well. We did about Rs.6 crores of turnover. With about Rs.2 crores of EBITDA and if you look at it from an HCL perspective there has been a little bit of stagnancy and we have expanded our network in HCL so to that extent some costs have been built in to it. Because we have opened more branches and other things which have set apart of it to expanding footprint in India so to that extent we have done that so in terms of our quarter 4 we did about Rs.82 crore with almost a breakeven type of situation.

Bhoomika Nair: Sorry break-even EBITDA?

S. Suryanarayanan: Yeah break-even EBITDA.

Bhoomika Nair: Okay, so how I mean obviously we are investing quite a bit in the warehousing business you know so how do you see this?

S. Suryanarayanan: Already been invested to a large extent because the land and the other things are already gone in to it. So in that sense do not have to spend too much for us to kick start a business because the land is already then the balance sheet there some of the land has been acquired and you have been hearing about it for quite some time, so to that extent we are not yet built those warehouses, we are doing it albeit slowly. We are looking at a profitable customer and then anchor it around that and then move forward.

Bhoomika Nair: Yeah Sir basically Sir I mean right now as you said it is just a Rs.2 Crore EBITDA for the full year so far for the 12 months period, now how large can this really scale up to over the longer term given our investment, what would be the total investment year-to-date on across the last couple of years in this business?

S. Suryanarayanan: You should look it like that because at the end of the day when you buy land you take a much-much a longer horizon on that because that land can be put to use in multiple ways would also have an ICD, could also have a warehouse component in to it, so in effect you have an ability to play it around like a logistics part also where you could do as an ICD and as a 3 PL warehousing, so that is the way we would look at it and to answer your question how large it can be, it can become quite large. What it requires

is but when you start doing it at a large scale the key element that you should remember is that to become profitable and for us why we are going a bit slow when I use the word slow means it is not that it is not on the plan, it is aggressively being pursued but when I use the word slow which is in the context of not only growing but growing profitably, so that is the real issue here and that is it is in that context of growing profitably is I used the word a pace of growth is slow there because we want to be very sure that every location will become a profitable player rather than growth in that sense, so that is why there is an element of slowness in this.

Bhoomika Nair: Sir how much investments have we made in this business so far?

S. Suryanarayanan: If you look from the big picture perspective, you can really grow quite a lot in that because the room is quite big, the players are there, yes it is a competitive field but in spite of all that I think there is a room for us to grow and build a sizeable business.

Bhoomika Nair: Sure, Sir what would have been the investments till now in this segment?

S. Suryanarayanan: It all depends on how you look at it Bhoomika because if you only look at land and then you would come at a wrong conclusion of say okay you bought this much land what is happening but if I were to put it in EBITDA bigger perspective of look at it like a logistics part because we could built it for an ICD or something like that then it can be the game changer around either side, so one has to look at it from that perspective and further if you realize over the last 3 years we have add 2 cycles of downturn which are where in 2008 and 2009.

Bhoomika Nair: Sure Sir now completely understands that you know this is more like a 5-year horizon of investment and you know there will be....

S. Suryanarayanan: It is five year. Even if you look at over the last 4 years that if we are tracking you will get a sense that in 2008-2009 was a big economic slowdown and of course the current macroeconomic cycle that is running. But to answer your question, yes we have invested we would have put about almost about Rs.100 crores by way of land at various locations, that would be the way to look at it and then of course over this Rs.100 crores if I have to build a warehouse it will depend on how big and how small I want that warehouse to be so that all depend on the location the type of business costumer that we are looking at that's the way we would see it.

Bhoomika Nair: Okay and Sir how is the Dadri ICD now it is operational so what kind of volumes, etc., is doing?

S. Suryanarayanan: It started operating from about 45 days or so, from I think mid-November or end, November is started so this is still early dates but I think if I look at the last 40 days' worth of I think we have done roughly about 700 TEUs.

Bhoomika Nair: Okay and this is getting reflected in our in NVOCC segment or in the warehousing segment where do the revenues are.....

S. Suryanarayanan: See it is a joint venture for the moment now all alone the standalone will not come.

Bhoomika Nair: So overall it comes directly in consol?

S. Suryanarayanan: Overall level it comes at a consolidated level when you are seeing my consolidated results you will see that number, so that is how it is.

Bhoomika Nair: Okay and Sir also the other income is actually jumped up on a sequential basis as also on YOY basis quite sharply, so has there been any thing that is reason for this jump in the other income, some sale of asset or something that is taking place?

S. Suryanarayanan: No it's nothing like. These are all part of our treasury processes and other fees that we get from the..... but these are all not what I would suggest is not some sudden one time sale of fixed assets that have been put in to it.

Bhoomika Nair: Okay.

S. Suryanarayanan: Not like that.

Bhoomika Nair: Okay Sir it is like non-recurring kind of a thing?

S. Suryanarayanan: That is what I would just because sometimes what happened is in all the investments you do not make that type of money so to that extent you can moderate it in terms of your own flow and otherwise I would not clarify one-time type of an income that is screwing the process.

Bhoomika Nair: Sure and Sir lastly what is discussed on call earlier also and probably we still just more clarification now from May-June onwards we will have our second facility at JNPT also being operational and given that JNPT port sales is not really seeing much growth in terms of volumes, what is our outlook and what kind of volumes we see in the first year of operations or in the near term till at least the new terminal at JNPT gets commissioned?

S. Suryanarayanan: To some extent at least first say about a quarter or so once the facility gets open it will take some time for it to ramp up the volumes. We are at it and I think coming May you will see some of these things happening, the planning and the other things that are going behind it and I think it will all get reflected in but it is difficult for me to talk about what we will do, how we will do, yes we have a plan we know what we will do but it will be too premature for me to discuss this at this stage.

Bhoomika Nair: Yes Sir I understand you can not disclose you know what you will do to attract volumes but I am just trying to understand what can be the possible kind of volume that one can do you know in the first year of operations?

S. Suryanarayanan: Yeah we can do because we are bearing the capacity of almost about 100,000 TEU's I would be the most happiest person and you will also be very happy if we can go to 100,000 TEU's immediately thereafter but you know it will take some time to ramp up to those levels. First full year of operations of that facility I think we should see some decent numbers coming through that facility.

Bhoomika Nair: Okay, great Sir these are answers to my questions, thank you very much.

S. Suryanarayanan: Thank you.

Moderator: Thank you Miss Nair. We have our next question from Mr. Himanshu Nair from Quantum Capital. Mr. Nair please go ahead.

Himanshu Nair: Yeah good afternoon Sir and thanks for taking my questions. Firstly on the ECU Line front you did mention that you expect about a 7-10 % volume growth going forward, now seeing that realization they are also jumped up by about 30% or so this quarter, just wanted to see what should be a sustainable level of realization according to you?

S. Suryanarayanan: It is quite difficult to answer your question in that sense Himanshu because you must understand little bit the dynamics of this business because it depends on which trade lane you are in, how dominant you are in that particular trade lane, and the type of volumes that you handle through the trade lane so these are all the situations that helps you to make it either a profitable or sort of type of boxes that you fill profitably the consolidation that you do in this. So it is very difficult for me to say that turn over will grow at this level and the realization will grow at that level because it is also a function of the freight trades they either move or they stay where they are, at our level or at a consolidator level not much really happens because the absolute margin for you in absolute dollar terms continues to stay with you so the way we look at this business is we see how much of volumes we can pump through the network and how effectively and efficiently we are able to move this volume through the network and that is what really contributes to the both the gross margins and a consequent impact on the EBITDA.

Himanshu Nair: I understand it so let me put it differently so I just a wanted to know for this quarter specifically did any of these factors that you mentioned changer significantly because the realization that I see at least for this quarter are very different from what we have seen for the last 7 or 8 quarters?

S. Suryanarayanan: See fundamentally whatever we are doing in the business will continue to happen and I think to that extent nothing has changed but some element of operational efficiencies are slowly getting built across the system. This is a constant challenge in a network type of a situation yes, we need to look at it and as I told earlier in the call it is very very difficult to only judge the business on the quarter-on-quarter basis because sometimes you might get lucky in a quarter on certain things but sometimes you are doing certain development work in a quarter that starts bearing out on to another quarter. So I would say a quarter in a type of network business that we do would never be a yardstick case but at the same time these are all realities of what we are disclosing and what we are discussing. I really do not know how to explain it to you on a con-call but I think you have to look at it from a different perspective will have to look at every trade lane that each country participates in and how they push those volumes, what really happens at that level but I do not think anything very fundamentally different from the way we carried the business even in this quarter versus any of the quarters that we have carried out earlier.

Himanshu Nair: Okay Sir and secondly just from an understanding point of view are the margins in your NVOCC business drastically different for export and import volumes?

S. Suryanarayanan: To some extent yes because on an export volume you do not make as much as on an import box, so to that extent there could be a margin difference.

Himanshu Nair: Okay because I was just seeing that your import volumes for this quarter specifically have like fallen significantly while exports volumes were more or less flat?

S. Suryanarayanan: But you must realize that any exports from one side will always be an import on the other side so to that extent that you see the best thing of this business is what you export here also help you across the network on the other side because that becomes an import to that guy.

Himanshu Nair: Okay and Sir lastly I was just trying to reconcile the CapEx number that you gave, so if I see the consol number and if I see the change in your net fixed assets I mean just for depreciation I get a CapEx amount of anywhere around 700 Crores but you mention that CapEx for this year CY11 has what have been 334 Crores, so if you could just help me..?

S. Suryanarayanan: I think we will have to look at how you are arrived at that number because I am not getting a number of 700 Crores.

Himanshu Nair: May be we can discuss that post call.

S. Suryanarayanan: The net of depreciation or what I do not know how the arithmetic has been done but we can discuss if you can just check with Sunil or somebody we will give you the actual numbers because we have not added up 700 Crores across that much I know.

Himanshu Nair: Sure I will call him after the call Sir, thanks.

S. Suryanarayanan: Okay.

Himanshu Nair: Thanks a lot Sir and all the best for the future.

S. Suryanarayanan: Thank you.

Moderator: Thank you Mr. Nair. We have question from Mr. Saurabh Arya from Bajaj Allianz. Mr. Arya please go ahead with your question.

Saurabh Arya: Yes Sir just one question any particular guidance you would like to give for margins or for the PAT for the next year?

S. Suryanarayanan: We have set ourselves a target to grow at about 15% at the PAT level that is the current calendar year CY12 so I think beyond that it would be a bit difficult for me to say how the, where the composition will happen but I think we should be in the region, we should grow in the region of between 15 to 20%.

Saurabh Arya: And margins we will be able to maintain what we have done in this year?

S. Suryanarayanan: More or less we should be in a position to that yet. There could be bit of pressure but I do not see why we should not achieve that type margins that we have achieved this year.

Saurabh Arya: Okay Sir thanks a lot, thank you.

Moderator: Thank you Mr. Arya. We will move to our next question from Mr. Jignesh Kamani from Nirmal Bang. Please call with your question Sir.

Jignesh Kamani: Want to know about our demerger planning post the demerger which are the divisions which will be in the which company. Also right now we are getting benefit out of our NVOCC business to our CFS business. So if demerger takes place how would the cross-company benefits will take place?

S. Suryanarayanan: In terms of the actual plan of the demerger I do not want to jump the gun because the board of directors have appointed a committee of directors to look in to it that is regarding our Indian NVOCC business and the global investments in the global NVOCC business so to that extent it is that business that would get demerged but that is something that the committee of directors are looking in to it. Regarding your other question of business will move because of the demerge I do not see any impact at all because at the end of the day it will still continue as another group company so I do not see too much of an issue that because of this demerger the business should just move somewhere else.

Jignesh Kamani: Okay Sir but we may see that one company may get you can say disadvantage because right now we are leveraging our CFS mainly on account.

S. Suryanarayanan: Those things will fundamentally not change though. Those things to the large extent not fundamentally change yes to that extent we are leveraging of our global businesses but I do not think that they will suddenly change just because I am bringing in to an existence in to another company.

Jignesh Kamani: Okay Sir thanks a lot.

Moderator: Thank you Mr. Kamani. As there are no more questions I would now like hand over the conference to Mr. S. Suryanarayanan. Over to you Sir.

S. Suryanarayanan: Thank you all for participating in the con call just to reiterates we have grown on a year on year basis at about 19% to about Rs.3400 crore and at a PAT level we have grown at about 38% to about Rs.223 crore after minority interest. All in all has been a good year for us. We have grown across all our verticals, this is what I would like reiterate all our investments that we are putting in to place yes with an objective to get us better returns so at an operational level and at various other levels is where we are all trying to improve but I think it all bears results for the year and the years to come. Thank you very much.

Moderator: Ladies and gentlemen this thus concludes your conference for today. We thank you for your participation and for using I Junction conference service. You may please disconnect your lines now. Thank you and have a great day.