

Allcargo Logistics Limited

Investors / Earnings Conference Call for 3QE-Sep-11
(November 08, 2011)

Moderator: Good afternoon ladies and gentleman. Thank you for standing by. This is Yashashri, your conference moderator for today. We welcome you to the third quarter post results conference call of All Cargo Logistics Limited. We have with us today Mr. S.Suryanarayanan, Group CFO from All Cargo Logistics Limited. At this moment all participants are in a listen only mode. Later we will have the floor open for the question and answer session guided by me. I would now like to hand over the conference to Mr. S. Suryanarayanan. Please go ahead Sir.

S.Suryanarayanan: Hello. Good afternoon everybody. Welcome to the All Cargo analyst conference call. To reiterate, our revenues have grown for the quarter 15% over the previous year quarter. On an YTD basis our revenues have grown from Rs.1,949 crores to about Rs.2,421 crores up by about 24%. Our EBITDA has grown from Rs.88 crores year-ago quarter to about Rs.112 crores, a growth of about 28%. On a year-to-date compared with previous year we have grown from Rs.221 crores to about Rs.322 crores giving a growth of about 45%. Overall our results have been very encouraging. And the company continues to successfully build financially healthy business with attractive growth curves while consistently enhancing its values to shareholders and other stake holders. We are confident of our ability to increase our market share and I think we are on plan as we have been discussing throughout the year. So with this what I would do is, I will leave the questions open to you and then take on the questions as it comes.

Moderator: Should we start with the session Sir, Q&A session?

S.Suryanarayanan: Yes.

Moderator: Okay. Presentation mode is now disabled. Conference is now in question and answer mode. Ladies and gentleman, we will now have the question and answer session. Participants who wish to have ask a question are requested to press * and 1. We have our first question from Rajni Ghildiyal from Asit C. Mehta, please go ahead with your question.

Rajni Ghildiyal: Hello? Good afternoon Sir. Congratulations for a decent set of numbers. And we have seen that the volume growth has been quite decent during the quarter but on the realization front, there have been quite ups and downs in the various divisions. So just wanted to know the reasons for 30% year on year growth in the CFS realizations, what was the dwell time mix and may be the import - export of volume mix or so.

S.Suryanarayanan: If you look at our volumes, on an overall level we have grown from about 55,000 TEUs last year to about 63,000 TEUs in the current year. And all our CFS's put together and if you look at it from a quarter-on-quarter basis, last quarter we did roughly about 63,550 TEUs and against 62,705 this quarter. There has been a slight dip in volume even as dwell time has decreased at JNPT, Chennai & Mundra. So at an overall level, I think we have been able to maintain the same level that has been happening at our CFS's last quarter.

Rajni Ghildiyal: So what would be the major reason for this 30% year on year growth Sir?

S.Suryanarayanan: It's a combination of various factors because Chennai has grown substantially. If you look at what we did previous year, the previous year in the same quarter we did about 19,000 whereas this year we are at about 22,000 TEUs and Mudra where we were about 4,100, we are today at almost 9,800. We have almost doubled our volume throughput in these 2 places. Of course JNPT, the margin for growth is little bit limited, so there it's more or less

we are at the same level. And even if you look at our EBITDA levels, they were at on a consolidated basis, we were roughly at about 4,200 last year. We are currently at about 5,800.

Rajni Ghildiyal: Right Sir. So what would be the import-export volume mix during the quarter at the CFS?

S.Suryanarayanan: At an overall level, exports would be roughly about 10,131 for the quarter and imports would be roughly about at 52,570.

Rajni Ghildiyal: Okay and the domestic MTO side as well we have seen fall in realization and overall revenue growth also has been subdued in the past 2 quarters. So what would be the major reasons leading to that?

S.Suryanarayanan: What did you say was for in our NVOCC business?

Rajni Ghildiyal: Domestic MTO.

S.Suryanarayanan: Domestic MTO, at a volume level we are more or less at.....

Rajni Ghildiyal: Right. Volumes have grown at around 13% but realizations we see around 12% fall year on year. And even the revenue was flat at around 624 million. So what would be the reasons that this segment is not growing.

S.Suryanarayanan: It's a combination because sometimes you have various tradelanes. They keep moving between tradelanes which way the businesses grow and plus you must realize this is an overall network business that has been integrated in to our Ecu Line network. So I would not look at it too much of this in isolation and worry about whether there is growth or not. Because at the end of the day, as long as there is volume growth for us and as long as you pump that volume through the network then it will all get realized. It might get realized partly in India. It may also get realized partly in to the network in whichever place it's going to.

Rajni Ghildiyal: Sir and also the Ecu Line division that the past 3 quarters, the realization per TEU was at a higher level and the reasons given in the previous con calls, one was Rupee depreciation and some pricing movement. But in this quarter when we see on the sequential basis, there wasn't much of a difference in the currency of Rupee versus Euro but even then on sequential basis you have seen realization drop of around 9% in Ecu Line.

S. Suryanarayanan: In Ecu Line, our income in Euro terms is down by 3% but our EBITDA has grown by over 2%.

Rajni Ghildiyal: Yes Sir but why is that fall in the realization coming in this quarter?

S.Suryanarayanan: I think for that you must understand that freight is a pass through. If freight comes down, then to that extent your turnover will also come down. So that's why you don't read too much into the revenue side because you look more at how the gross margins have moved and how the EBITDA has moved.

Rajni Ghildiyal: Okay and Sir what is the update on the project engineering solution side. What is our order book in the current state?

S.Suryanarayanan: As I speak to you it is roughly about 450 crores worth of order book.

Rajni Ghildiyal: Okay Sir. Thank you. If I have further questions I will come again.

Moderator: Thank you Ms. Ghildiyal. We have our next question from Mr. Abhishek Ghosh from B&K Securities. Mr. Ghosh, please go ahead with your question.

Abhishek Ghosh: Hello Sir. Congratulations for a good set of numbers. Sir I had my questions pertaining to CFS segment and this question is when I am comparing it on a sequential basis, if I look at my JNPT volumes, with your CFS volumes, down by about 11% on a sequential basis. While JNPT port volumes per say has just degrown by 3.5% sequentially. Just wanted to know what the reason is for this. Are we losing market share or what is the thing that has led to such a significant decline?

S.Suryanarayanan: It is not a question of market share. It is a question of, if you look at the dwell time also, dwell time has gone up in JNPT by almost about 1 or 2 days. So when you have dwell time rising then to that extent your volume also will not come through. So to that extent, if this attributable partly to that reason and partly of course there is little bit of drop in the port volumes itself. So it's a combination of both put together but at a market share level, we are all consistent with wherever we are. Where the market share at JNPT is about 8% and that continues to be at that level.

Abhishek Ghosh: Okay. Sir is dwell time the reason for better realizations and EBITDA per TEU sequentially?

S.Suryanarayanan: Yes. That's one of the reason because one-one and a half days worth of dwell time on an average basis gives you better realization and the increase EBITDA per TEUs.

Abhishek Ghosh: Sir what will be the dwell time for the current quarter at JNPT?

S.Suryanarayanan: The current quarter is about 12.01.

Abhishek Ghosh: Okay and Sir then just coming to the Chennai CFS again, I see a volume increase sequentially of about 3% while our Chennai port has seen a volume decline of 7% and our EBITDA per TEU has gone down by almost 25% in sequentially. So just wanted to know what's happening at the Chennai trajectory?

S.Suryanarayanan: You must understand that this volume has grown in spite of we lost about 4-5 days of strike by the trailer operators. If you look at Chennai port, it's a very peculiar situation where you have a 14 kilometer logjam of trailer waiting. That means you have one road to get in and the same road to get out. So in terms of cycle time, trailer guy takes a much longer time to move up and down. Because our CFS is closest to the port, we are able to get the benefit of people coming in and then moving it better than somebody else who is way behind. But having said that the port is some of these extended trailer operators, they struck work because waiting on 14 kilometers and then moving inch by inch, is quite a lot of long gap. So therefore what happened is to hire those trailers, to get them managed, to some extent some of our operating costs went up.

Abhishek Ghosh: And Sir we see this as a one-time phenomena or is this going to persist?

S.Suryanarayanan: one time phenomena. This is because at that point in time with this much amount of port congestion, because of that strike, some of these guys, if they take advantage of the situation.

Abhishek Ghosh: True. And then coming to our Indian MTO operations, what I see is sequentially our exports have grown while our imports have declined, is that true?

S.Suryanarayanan: I think in a network business, we should not look at it on a quarter-on-quarter basis. Of course it is important. I am not trying to say this but on an overall level, either exporting it into the network or getting it in from the network. So as long as you are able to maintain the levels and maintain your fixed costs in this business, you will continue to do quite reasonably well in this.

Abhishek Ghosh: And just a last question as to what will be the utilization for the project hiring division in this current quarter in terms of cranes and other assets?

S.Suryanarayanan: They always continue to be up in the high 95% and above levels.

Abhishek Ghosh: Okay. Thank you so much Sir. I think all my questions are answered. Thanks.

S.Suryanarayanan: Thank you.

Moderator: Thank you Mr. Ghosh. We have our next question comes from Mr. Chetan Kapoor from IDBI Capital. Mr. Kapoor, please go ahead.

Chetan Kapoor: Good afternoon Sir. My question is regarding the ForEx losses what we have booked in this quarter. If I am not wrong this is for the first time we are booking these ForEx losses?

S.Suryanarayanan: There is no ForEx loss here. This is a notional ForEx losses. See we had an option to adopt AS11 or AS30. Right way to have gone about is to have adopted AS30. This is what we are exploring and this is what we would finally come up with. But unfortunately under AS11 what happens is your mark-to-market all our entire borrowings are fully hedged. In fact the board doesn't allow me to take a speculative position. In that sense all these rates are locked. We are getting it an attractive rate of interest. So in that sense there is no issue irrespective of that. It is just some accounting entries that are going through our books. So I don't see too much of an issue here and that's why we had to disclose it by saying it's a notional hit to the P&L rather than anything else.

Chetan Kapoor: Okay so this time we had the project cargo division fall in revenues. So is there any particular reason behind that?

S.Suryanarayanan: It is also see just to give you a little bit of the position. If you look at our order book, we are at a very healthy order book of about Rs.450 crores partly to be completed for the rest of the 3 months of the current calendar year and then of course some part of the balance amount to be executed over the next 1-1.5 years. So in that sense we continue to enjoy a good order book. It is just that sometimes, in terms of their cycling especially cycling of the invoicing that happens on the big project movements that there could be an element of timing mismatches.

Chetan Kapoor: Right. But what we are seeing is that our margins have also fallen. Is there another also related to that timing mismatch what we are getting?

S.Suryanarayanan: Exactly because as we would be always telling you if there are lot of ocean freight movement at that particular quarter, then your margins will jump up. If there is only some other type of movement in the material handling to that extent there could be a drop in the margins. But having said that, if you look at it from an overall period, then I think there has been quite substantial growth both at the absolute level of the EBITDA itself of the division.

Chetan Kapoor: But do we expect further recovery to the margins what we are seeing in say up till the first half of the year?

S.Suryanarayanan: Yes we are quite confident. If you look at the margins on the order book that I am stating it is looking quite good.

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

Moderator: Thank you Mr. Kapoor. We have our next question from Mr. Siddharth Khemka from Centrum Broking. Please go ahead with your question Sir.

Siddharth Khemka: Hello. Good afternoon Sir. Can you give me the Ecu Line numbers in Euro terms?

S.Suryanarayanan: Just one second. Which number do you want?

Siddharth Khemka: Revenue, EBITDA and PAT.

S.Suryanarayanan: For the quarter only?

Siddharth Khemka: For the quarter yes or you can give year on year number Sir?

S.Suryanarayanan: Q3 quarter our revenue would be €87 million and our EBITDA will be about €5.5 and our PBT would be about €4.7.

Siddharth Khemka: And the same thing for last year?

S.Suryanarayanan: Revenue would be about €80, our EBITDA would be about €5.1 and our PBT would be about €4.29.

Siddharth Khemka: Okay. And Sir similar numbers for Hindustan Cargo?

S.Suryanarayanan: Hindustan cargo is very small. Last quarter we did about Rs.55 crore, we had a negative EBITDA, and PBT a negative of about Rs.1.5 crore.

Siddharth Khemka: Okay this is in millions?

S.Suryanarayanan: This is in crores. EBITDA negative 63 is lakhs.

Siddharth Khemka: Okay and then PBT a negative of 1.5 crores. This is for this Q3?

S.Suryanarayanan: Yeah.

Siddharth Khemka: Okay second thing Sir, what would be the debt level currently in books?

S.Suryanarayanan: Currently in books would be roughly about at a consolidated level, about Rs.650 crore.

Siddharth Khemka: 650. Sir there seems to be a sudden jump in interest cost this quarter.

S.Suryanarayanan: And the notional hit of 4.5 crores and above.

Siddharth Khemka: See even if I remove that, it.....

S.Suryanarayanan: As I keep adding equipments, some of those debts also start coming in to play.

Siddharth Khemka: But has cost of interest has also gone up for you this quarter suddenly?

S.Suryanarayanan: Which one?

Siddharth Khemka: The cost of the debt funds?

S.Suryanarayanan: No cost of funds continued to be in the region of 7.5-8.5, the Indian side of the borrowing. Abroad continues to be at 3-3.5%.

Siddharth Khemka: Okay so what would be the mix of this Rs.650 crore in terms of Indian debt and foreign debt?

S.Suryanarayanan: About Rs.456 crore would be Indian debt and about Rs.200 crore would be outside.

Siddharth Khemka: Okay and Sir what will be the total CapEx amount for this quarter?

S.Suryanarayanan: CapEx amount for this quarter, I'll get back to you on this number Siddharth.

Siddharth Khemka: Right. Sir even if you can give me till date for this current year.

S.Suryanarayanan: Just one second. So roughly around Rs.200 crores YTD.

Siddharth Khemka: Okay. And what is the plan for the entire year?

S.Suryanarayanan: Plan for the entire year is of course, we would continue to spend money on the expansion in JNPT-2. So to that extent they would go there. And then the rest of it is only discretionary capital.

Siddharth Khemka: Right Sir. Any additional CapEx in the project and.....

S.Suryanarayanan: There we are only doing back to back orders otherwise we are not buying. Only we have an order and that too we have a long term order then only we are buying the equipments.

Siddharth Khemka: Right but there seems to be continuous rise in the capital employed in that segment.

S.Suryanarayanan: Yeah that would happen because that's where all the orders keep coming in. that's why I am reiterating we are investing in the equipments only when we are backed by long term contracts.

Siddharth Khemka: 2-3 year contracts?

S.Suryanarayanan: What? It will be roughly about 1-2 years of contracts.

Siddharth Khemka: Okay. Sir last question. For the overall consolidated level for this quarter we have seen the operating margins improved pretty drastically. So this is mainly led by the improvement in the Ecu Line business.

S.Suryanarayanan: It's a combination of across all our businesses.

Siddharth Khemka: Right Sir. But see the CFS business we have already seen a margin improvement the previous quarter as well. But do we expect these margins to sustain in this Ecu Line at current levels?

S.Suryanarayanan: At this point of time, as I am speaking to you we are holding. But it could move up and down but at a overall level if you look at it, I think that at a consolidated level this 2% of increase of margins from 11% to about 13%, we are consistently working on our operating expense and other areas to see how much more we can squeeze out of the system and how much more we can become operationally effective. So that's a continuous process that we are doing.

Siddharth Khemka: Right but where I was coming from is.

S. Suryanarayanan: Whether it will be on a sustainable basis. I think what we have achieved this year, I think this would be there to stay.

Siddharth Khemka: Right what I want to understand is how much movement in freight rates helped in this increase in margins in Ecu Line business?

S.Suryanarayanan: Difficult to say that Siddharth because these freight rates are not even at a country specific level. It's a trade lane specific level. So it's a combination of many things that happen. But what we are doing consistently is as I said especially in the global LCL business, we are looking at every component of our operating cost, and one of those elements is in fact on the freight side and on the freight buying. So that is a constant process. So even marginal improvement there will start throwing out a number. But it will be very very difficult for me to put a number there and then say because of this, this has happened.

Siddharth Khemka: But has it positively affected? How has been the trend in freight rates, they are going up or going down?

S.Suryanarayanan: In some trade lanes it is going down, in some trade lanes it is going up. It's a combination of, that's why I am saying. We analyze trade lane by trade lane. But at overall level, freight rates are coming down.

Siddharth Khemka: Okay. That's from my side. All the best. Thank you very much.

Moderator: Thank you Mr. Khemka. We move on to our next question from Ms. Bhoomika Nair from IDFC Securities. Ms. Nair please go ahead.

Bhoomika Nair: Good afternoon Sir. Sir I have some questions. One is on the CFS business. We have seen over the last 2-3 quarters, margins improved quite substantially across most of the locations, JNPT, Chennai, and Mundra. If you could just throw some light on the competitive scenario in each of these CFS locations and how sustainable are these margins because obviously some of it also led by the congestion and the ports as well. So if you could just throw some light first on that?

S.Suryanarayanan: See at an overall level the business is competitive because in each of these locations, we are competing with sizeable number of players but having said so we still continue to increase market share especially in Chennai and Mundra. In JNPT at this point of time, we are where we are. So that's why we continue to be at 7-8% of market share. So from a competitive scenario it is competitive but we are holding ground and gaining market share especially wherever there is ability to grow especially in Chennai and Mundra. Now regarding the operating margin being at an overall level of about 63% in current say roughly about 60-67%. There would be at an overall level if you were to take it, if you are looking ahead and not in the immediate quarter, I think in the immediate quarter I think we should still be holding at the same level. Going forward it might slowly decline but otherwise I am not seeing anything very radical to actually come down.

Bhoomika Nair: Sir basically what I understand is as you said last couple of quarters there has been some congestion and the JNPT port which has enabled these kind of margins. And most of the congestion is now kind of getting addressed. So with that extent we will see some tapering of the margins.

S.Suryanarayanan: If you look at JNPT even if they were to remove the amount of congestion, the port volumes are also growing at an absolute level. If you look at it one way or the other, at an overall level it is still growing. So somebody has to handle the growth. Somebody has to get it in to the various CFSes. So I don't see completely dynamics changing too much.

Bhoomika Nair: Okay and Sir we are still on track to have our new facility at JNPT to be operational which is basically equal to the capacity that we are having right now on the second quarter of next year.

S.Suryanarayanan: Yes we are still on track.

Bhoomika Nair: Okay and Sir basically first year what kind of volumes can we expect and will that also generate given that it is joint venture or structure. Will that have similar margins to what we are having right now in the current JNPT facility?

S.Suryanarayanan: I think the margin should be in the same level but whether your question is ramp up will take place slowly. It will go little bit linear. It won't immediately start off at the full capacity level but it will take some time to fill up that capacity but otherwise I see at a margin level it should not much change the nature of the business.

Bhoomika Nair: Okay. And Sir other thing was in terms of the Dadri ICD we have recently commissioned it. Where will those revenues and profitability get reflected? It's going to get reflected in terms of profit in consolidated from a joint venture perspective.

S.Suryanarayanan: it will come in the consolidated side because at the end of the day it's a 50-50 JV as per the management agreement it looks I think my auditors will allow me to. I think have to really check with them because we to really engage them because whether it will come as a JV accounting or it will come as a part of the consolidated numbers.

Bhoomika Nair: Okay and what kind of volumes we can look at from this facility?

S.Suryanarayanan: At Dadri?

Bhoomika Nair: Yes.

S.Suryanarayanan: It has just started. So for me to immediately give you a number, lets wait for about a month, month and a half to go and then I will be able to give you a sense.

Bhoomika Nair: If you could give me capacity numbers what we have.

S.Suryanarayanan: I think the capacity was built for about 52,000 TEUs. So I think the first year or so may be it will be operating at about 35-40% capacity.

Bhoomika Nair: Okay. Sir the other thing is in terms of we are obviously having a lot of initiatives, in to various warehouses at different places, Sir if you could throw some light on how those warehousing activities are going in what kind of revenue profitability we have generated?

S.Suryanarayanan: In the 3PL side, so far we have been quite successful and most of the locations we are currently started the business and having customers we are profitable.

Bhoomika Nair: Sir if we could get some financial data as in how it was probably one or two quarters back, how it is spanning out now. How is it scaling up?

S.Suryanarayanan: Yeah but the numbers are all very small. That's the only reason why I am skipping it. But I can give you the sense of the numbers. For the quarter we did roughly about Rs.1.64 crores of revenue, EBITDA of about Rs.74 lakhs, PBT of about Rs.58 lakhs. So as some of our other warehouses and other parts keep coming in to play, then this number will start growing,

Bhoomika Nair: Okay and in this Ecu Line we have seen margins improving over the last 3 - 4 years. This quarter again we have seen good amount of margins actually. This has been partly

led by the fall in the shipping rates, is that going to, do we see that sustaining shipping rates have actually fallen across most of the trade lanes.

S.Suryanarayanan: Your question is whether this margin will stay or what is it?

Bhoomika Nair: Yes Sir. These margins obviously there has been a lagged impact of as passing on the fall in the shipping rates. So do you see that sustaining?

S.Suryanarayanan: See I must tell you one thing. This business is very competitive like some of our other verticals. So the real questions would be what and how some of our competitors would also react. Because at the end of the day the entire game is about getting hold on market share and holding on to volume.

Bhoomika Nair: Because volumes are also shrinking in terms of the trade as such, the recession, global slowdown, etc.

S.Suryanarayanan: So far we see on the global recession especially in Europe and all, we are actually seeing growth in some of the major countries especially in Germany, in Spain, in France, and in Italy. We continue to grow both in terms of volumes and at the individual EBITDA levels of these countries. So to that extent it is very difficult for me to say has the real recession hit us or not. So that is one side. But having said that, and having personally seen through 2008-2009, to some extent this business is little bit insulated from some of the wiggeries of daily the economic ups and downs. So to that extent, I don't see too much of a rub-off of that happening. The real issue for us would be how competition is looking at it. What they are doing, because we saw the response of how do we protect our market share and get protected very profitably. So those are all some of those responses that we are closely watching and that is what we really drive the final margins of this business.

Bhoomika Nair: Right Sir. This answers all my questions. Thank you very much.

Moderator: Thank you Ms. Nair. We move on to our next question from Mr. Himanshu Nayyar from Quantum Broking. Mr. Nayyar please go ahead with your question.

Himanshu Nayyar: Thanks Sir. Most of my questions have already been answered. Just a small query I had. Could you just explain the depreciation adjustment you have done this time and I also wanted to know that from last year have you changed your rate of depreciation as well because I see a huge difference even if I adjust the numbers for that adjustment you mentioned.

S.Suryanarayanan: No we have not changed any rate of depreciation this year. The rate of depreciation change happened last year. So the impact of the full rate change took place in the third quarter of last year. That's why the depreciation fell for that particular quarter. So what we have just done is otherwise you are not comparing like-to-like therefore we had shared in the previous year, that was the impact that was given because of the rate change. So that impact if you really add that 10 crores worth of depreciation in to the third quarter of last year, our results would be much better.

Himanshu Nayyar: So that's what I have done, I have added the 10 crores. So the last quarter, last year number becomes 13 crores and this year it is 22 crores. So that's why I wanted to know why this.

S.Suryanarayanan: this year we have not changed any rates or anything like that. This year's 22 crores represents the change rate we applied for the last year. This year the absolute value is increased because we have added more equipment in the current year.

Himanshu Nayyar: Okay and this number itself is slightly lesser than what we had last quarter which was 24 crores. So why is this decreasing quarter-on-quarter?

S.Suryanarayanan: In some of our trailers, we increased the rate of depreciation last quarter.

Himanshu Nayyar: Okay alright Sir. That's the only query I had. Thanks and all the best.

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

Chetan Kapoor: Just a follow up question Sir. What would be the capital employed in the project cargo division right now Sir?

S.Suryanarayanan: Its there. We have given it in the segment reporting. In our published results, we have given the capital employed in that segment at a combined level.

Chetan Kapoor: Okay that's a combined level. But I believe we have a separate as far as equipment what we give out on lease and the equipment what we use for internal usage.

S.Suryanarayanan: All put together, that's the same thing, it's the same capital employed. It's a figure of about for the year ended it's about 596 crores.

Chetan Kapoor: Okay and what would be the gross block.

S. Suryanarayanan: Gross block if my memory is right, would be roughly about Rs.650 crores for this segment.

Chetan Kapoor: Overall?

S.Suryanarayanan: What overall. Overall gross block across all segments?

Chetan Kapoor: Yes.

S.Suryanarayanan: Across all segments would be about Rs.1,468 crores. Sorry domestic would be Rs.1,022 crores.

Chetan Kapoor: Okay. Also I just wanted to have a kind of volume guidance in the case of Ecu Line business which has been showing a growth of around 12% YoY for the quarter. So what is the volume growth expected in the coming year.

S.Suryanarayanan: I think you should take about 5-6%.

Chetan Kapoor: Okay so you definitely expect that it will be getting depressed post whatever current scenario.

S.Suryanarayanan: We are going on a bigger base. We are just taking it based on though our internal growth rates are much higher, the modeling you do it at about 6-7%.

Chetan Kapoor: Okay. Right Sir. That's it thank you.

Moderator: Thank you Mr. Kapoor. We have our next question from Mr. Saurabh Arya from Bajaj Alliance. Mr. Arya, please go ahead with your question.

Saurabh Arya: Yeah Sir. Congratulations on a good set of numbers.

S.Suryanarayanan: Thank you.

Saurabh Arya: Sir most of the questions have been answered. Just one question, how many cranes we have added in the quarter and how much more we are planning to add?

S.Suryanarayanan: We have added about 5 cranes in the current quarter and as I explained to you our idea here is to buy only against long term contracts. We are not buying otherwise. So if I don't have one I don't need to buy. So we will also do may be another 2-3 also here. We will not do much at this quarter.

Saurabh Arya: Okay fine. And just one more thing on the Ecu Line we have already achieved the number you gave on the margin front of 6.5%. So going ahead can we expect more improvement or the idea would be to sustain these numbers?

S.Suryanarayanan: Our idea here is to sustain and improve upon it. We would like to take you to about 7-7.5%. So that is our goal and that's what we are all working towards too.

Saurabh Arya: Okay thanks a lot.

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

S.Suryanarayanan: Thank you all of you for participating in the conference call. If you require any more information or any other detail, you could contact me or my colleagues. We would be pleased to give you those. At an overall level we are quite confident of achieving our numbers that we had spoken about over the last 9 months or so. We are all track to maintain our numbers both in terms of the PAT and other things so where we would grow at about 25-30%. The coming year also looks quite good at this point of time. So on an overall level, the results and other things are as per our expectations. We are continuing to focus on our operating expenses and the revenue side also so that we maintain the margins and achieve our targets. So thank you very much.

Moderator: Ladies and gentlemen this does concludes your conference for today. We thank you for your participation and for using iJunction Conferencing Service. You may please disconnect your lines now. Thank you and have a great day.