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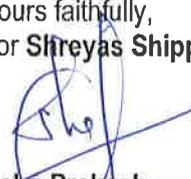
Dear Sir,

**Sub: Transcript of Earnings Call on 12<sup>th</sup> February 2019**

Please find enclosed herewith the transcript of the Earnings Conference Call held on 12<sup>th</sup> February 2019 for your record and reference.

Thanking you

Yours faithfully,

For **Shreyas Shipping & Logistics Limited**  
**Asha Prakash**  
**Company Secretary & Compliance Officer**

Encl: A/a



“Shreyas Shipping & Logistics Limited Q3 FY19 Earnings  
Conference Call”

**February 12, 2019**



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

**MODERATOR: MR. VIKRAM SURYAVANSHI – PHILLIPCAPITAL  
(INDIA) PRIVATE LIMITED**

**Moderator:** Ladies and Gentlemen, good day and welcome to the Shreyas Shipping and Logistics Limited Q3 FY19 Earnings Conference Call hosted by PhillipCapital (India) Private Limited. As a reminder, all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal the operator by pressing “\*” then “0” on your touchtone telephone. I would now hand the conference over to Mr. Vikram Suryavanshi from PhillipCapital (India) Private Limited. Thank you and over to you, sir.

**Vikram Suryavanshi:** Good morning and very warm welcome to everyone. Thank you for being on the call of Shreyas Shipping and Logistics Limited. From management we have with us captain Vivek Kumar Singh Managing Director, Mr. Rajesh Desai – Chief Financial Officer. Now I hand over the call to the management for their opening comments and then we will have question and answer session. Over to you, sir.

**Capt. Vivek K Singh:** Thank you Vikram. Good morning ladies and gentlemen we are here to discuss our results for Q3 FY19 and outlook for the rest of the financial year. The results were announced on Thursday, 7<sup>th</sup> February and now I would like to talk about some of the key financial and operational highlights for the quarter. During Q3 FY19 the revenue stood at Indian rupee 157.5 crores which was Indian rupees 140.7 crores in the corresponding period last year. EBITDA is at Indian Rs. 19.1 crore as against 26.2 crores in the same period last year and PAT is at Rs. 12.8 crores as against 18.9 crore in the period last year. In percentage terms our revenue this quarter grew by 12% however EBITDA and PAT decrease on year-to-year basis.

Now Howe Robinson Container Index at the start of the year 2019 stood at 600 points which is at the same level as January 2018. During the last 6-month container index dropped by 29% from high of 842 points. At the start of 2019 the containership fleet totaled 5264 units of 22 million TEUs representing an expansion of 5.6% in capacity terms compared to the start of 2018.

During the year 2019 ship’s fleet capacity growth is expected to moderate to 3.1%. Charter hire continued to slide down during the quarter. However, second hand asset prices still holding as a scrap price remained firm in the range of \$450 to \$475 but expected to on the downward trend. Now just to brief you SSL Kolkata the present status of SSL Kolkata is that P&I club issued a tender for disposal removal of wreck/cargo. Following the de-bunkering operations and M/S Merc/DALI, an Indo-Chinese enterprise have been issued a letter of intent to obtain necessary permission from the Indian authorities for commencement of wreck removal operations.

Final report from average adjuster M/S Leena Modi & Associates along with the statement of approved sums submitted to Hull & Machinery underwriter M/S United India for a formal claim. Total sum receivable, including of sum receivable of sue and labor expenses and average adjuster fees, is Indian rupees 31.55 crore.

In view of the challenges faced earlier like increase in bunker prices, weakening of rupee and challenging market condition, we have strategically decided to charter in vessel to deploy right tonnage and to charter out excess tonnage to mitigate certain operational risks. Currently, we are operating 10 vessels of which 2 vessels are chartered in and 5 owned vessels are chartered out of which one of the vessels chartered to Hyundai Merchant Marine on own service having slot swap arrangement and two of the vessels chartered out to Vishwa Samudra shipping for CONCOR coastal service. This has helped in mitigating risks and improving cash flow including foreign currency.

During the quarter a fleet of 14 vessels with total capacity of 25,500 TEUs and total deadweight of 3,50,000 metric tons was available for operations. Total voyage days available were 1242 days of which 972 days used on own operations as against 1068 days in the previous quarter. Owned vessel SSL Krishna, SSL Chennai, SSL Balaji were chartered out for 241 days in this quarter as against 128 days in the previous quarter. Indian express was chartered in as replacement for SSL Kolkata for 46 days during the quarter, SSL Brahmaputra was dry docked for 29 days during the quarter. While bunker prices came down at the later part of the quarter, but average fuel cost for the quarter was higher by almost Rs. 3000 per metric ton which increased the operating cost. The fuel oil cost has come down and the cost advantage will be seen in the coming quarter.

Containerized domestic trade during the quarter has increased by 12% as compared to first quarter. Our domestic volume increased by 16% as against corresponding quarter last year with current market share of 52%. Total volume handled during the quarter was 1,28,439 TEUs which had an increase of 6% quarter-on-quarter. On the operational front the average utilization level on all the services from North to South and West to East remained at the level of around 95% and on the reverse leg was around 70%. We continue to collaborate with other coastal operators, but now we have a new entrant which could bring some disruption in the market. However, we have not encountered any major reduction in our business expect for some reduction in empty carriage due to cabotage relaxation. But we have taken advantage by operating foreign vessels on charter as per suitability for the trade. Thank you very much for your kind patience and we can now go ahead with the question and answer session.

**Moderator:** Thank you very much. We will now begin the question and answer session. We take the first question is from the line of Vijay Sarda from Crescita Investment. Please go ahead.

**Vijay Sarda:** My question is pertaining to the bunker cost and the price increase that we are supposed to take in this quarter on account of increase in prices and secondly given the down take in the crude prices how we are following in terms of the cost metrics compared to what we have been doing in last two quarters, so if you can just brief on the same that will be great?

**Capt. Vivek K Singh:** Yes, as I said bunker price during the quarter was higher by almost Rs. 3000 as compared to the previous quarter and the fuel cost was highest during November month and that is how the average price was more, although the price has started falling from November end and December

beginning. The actual effect has not been seen in this quarter. Going forward, we will see the effect of bunker prices reduction and we will get the advantage of the bunker prices.

**Vijay Sarda:** Compared to 38,500 how much is now currently.

**Capt. Vivek K Singh:** Now currently is about 33.

**Vijay Sarda:** Okay that is quite significant.

**Capt. Vivek K Singh:** Yes.

**Vijay Sarda:** And sir in terms of price increase that we were supposed to take for few of the clients since last three, six months have we taken something or is that still having the discussion?

**Capt. Vivek K Singh:** Now we have certain increase in the domestic market which came in effect only from beginning of December, that is why we have not seen much of effect during this quarter but going forward we will see impact of price increase. So virtually there will be both effect, one on the reduction in bunker prices and on the other side on the revenue side increase, because of the price increase.

**Vijay Sarda:** Sir how frequently, now with this price reduction, do we need to pass on also will that again will be the lag or that will get adjusted within a month or what is when the prices is falling from 38,500 so are we reducing the price on a kind of one month basis or is it instantly for the customers?

**Capt. Vivek K Singh:** No. In most of the cases, we have fixed rates on quarterly basis or 6 monthly basis in accordance with tender. It continues to be the same slot cost revenue except for one of the main line where the revenue is linked to the fuel cost index.

**Vijay Sarda:** Just last question in terms of how are the volumes tracking up so you said domestic demand is quite robust so in between last time you said that because of some new vessel coming into the market you have also reduced the rate and there was slight bit of competitive intensity, so has that decreased or the prices have been normalize after the kind of growth that we are seeing in the market?

**Capt. Vivek K Singh:** Now the volume has come up, we have the seasonal cotton moving in the large volume started in the month of December which will continue till Feb end or March. I had told earlier that the second half of the year, we generally have a good increase in volume, which continues. So definitely going forward we will see the increase in volume even in the current quarter and the following quarter, but overall the volume has definitely increased.

**Moderator:** We take the next question from the line of Anand Bhavnani from Unifi Capital. Please go ahead.

**Anand Bhavnani:** Sir you mentioned in the opening remarks about your disruption there was some comment in that can you elaborate on that?

- Capt. Vivek K Singh:** What I said disruption in a way that new operator CONCOR has come in although our vessels are chartered to Vishwa Samudra who has taken the tender of CONCOR, hence with regards to volume or maybe freight there could be some disruption as we see the capacity has increased with two additional vessels on the services. I feel they may transport certain volume from up North hinterland by their railway services but I feel there could be some disruption because of the additional tonnage.
- Anand Bhavnani:** Sir our TEU is 25,600 including Indian express correct?
- Capt. Vivek K Singh:** Yes correct.
- Anand Bhavnani:** And what will be the TEU that CONCOR is starting with?
- Capt. Vivek K Singh:** Out of our Tonnage we have chartered out two vessels that is being operated on their service and that is about 3,500 TEUs capacities. Out of these two vessels, one of the vessel was operated by us on the West coast, which we have replaced by another vessel and the other was operated on the East Coast by us, which we have replaced on the East Coast. But overall on the West coast the tonnage has increased on the domestic trade.
- Anand Bhavnani:** Just wanted to recheck 3000 is what TEU is a capacity for CONCOR and what is our capacity later what we have charter out to CONCOR as of today?
- Rajesh:** You are asking on Westcoast or total? because total capacity we are operating is at 25,600 which is on all services put together.
- Anand Bhavnani:** CONCOR would be 3000 plus so if I were to say CONCOR and Shreyas combined would be 28,600 TEUs would that be the right way to think?
- Capt. Vivek K Singh:** No that is not correct because our operating capacity includes all our vessels including which are chartered out and what I told that our fleet during the quarter was 14 including one chartered in vessel. Out of the total available days 1242 days, we operated only 972 days. So the balance days the vessels were on charter and continues to be on charter. So not necessarily that entire capacity is being operated by us other than what we have given to Vishwa Samudra who is operating for CONCOR. Our total tonnage includes the tonnages which are on charter, the tonnages which are chartered in by us and the tonnage which we are operating.
- Anand Bhavnani:** Sir if I were to recollect in the opening remarks you mentioned quarter-on-quarter volume growth has been 6%.
- Capt. Vivek K Singh:** The total volume yes.
- Anand Bhavnani:** And last quarter we did 1,21,373 TEUs so this quarter it should be 1,28, 655 am I getting you correct?

- Capt. Vivek K Singh:** Yes that is what I said 1,28,439 to be precise.
- Anand Bhavnani:** Sir just wanting to understand we have like 6% rise in TEU, but I was to see revenue wise quarter-on-quarter growth is just 1% so can you reconcile the difference like top line growth is just 1% whereas TEUs have gone 6% the fuel price was higher so where are we getting this wrong?
- Capt. Vivek K Singh:** The topline also includes the slots sharing arrangement. Slot charter income also included as part of the total revenue and you may also find corresponding slot charter expenses included in expenses. So therefore you may not find that exact percentage wise growth in the revenue.
- Anand Bhavnani:** And can you share sir net of the chartering what was the revenue in Q2 and Q3 for us to kind of understand how the volume growth translates into top line growth?
- Capt. Vivek K Singh:** For bulk cargo movement, we had operational income last quarter of about 6.4, which is 3.59 for this quarter. This is not included in the container volume. Even the slot charter income has come down from 16.64 to 15.33. Also, on the container volume side, there is growth on certain sectors, like Krishnapatnam to Colombo, where the per TEU revenue is lower, but of course the cost is also lower on that sector and that is where the revenue wise it may not have gone up.
- Overall on the operational front itself we have operated 96 days less than the last quarter, while we have achieved a 6% growth on the volume, but revenue has not increased to the level of growth of volume due to reduced bulk cargo movement, reduction in the slot charter income and operation of new sectors where the freight rates are low.
- Rajesh :** Basically, if we have operated that same number of days in the current quarter, our cost could have gone much higher as compared to current level. We were able to maintain revenue and to some extent we could reduce the cost. So there is the favorable impact on the overall figures.
- Anand Bhavnani:** Sir with respect to bunker fuel it is 33,0000 now and our average was 38,500, so if I were to do a simple analysis the fall is 15% from 38,500 to 33 and in that 15% in a rough estimate if I like assume fuel cost go down from 57.85 crore down by 15% in Q4 then we should gain by at least 8 crores on the fuel expenses itself roughly not exactly would that be the right way to think?
- Capt. Vivek K Singh:** Yes definitely.
- Anand Bhavnani:** And sir just wanting to understand that in competitive environment are we facing pressures to pass on these fuel price decrease to customers or you are retaining it?
- Capt. Vivek K Singh:** As I said earlier, we are retaining most of it except in case of one of the customers where the revenue is linked to the fuel cost. But in case of most of the customers, we are holding to the freight as earlier.

- Anand Bhavnani:** Couple of queries on depreciation I see quarter-on-quarter it is lower by small amount, but just wanted to understand it is 5.89 versus 6.24 can you explain the reason for it?
- Management:** It is mainly due to impairment of the vessel SSL Kolkata in last quarter. Up to last quarter, we have calculated depreciation on Kolkata, which is not there in the current quarter.
- Anand Bhavnani:** Sir any estimate of that timelines for the new director they joined recently how long are they kind of expected to continue I understand they are from the banks, so if you can help us understand as to that tenure on the board?
- Management:** EXIM Bank has added nominee directors in various companies, and it should continue for the tenure of the loan. However, we are considering this as a positive factor because at least they will understand our operations, our transparency, etc. So that we will be able to build in comfort level, which would be a positive factor for future funding requirements.
- Anand Bhavnani:** Sir on the debt level consolidated for us at the end of this quarter?
- Rajesh:** We are expecting debt level to the tune of about Rs. 230-240 crore on term loan side and working capital of around Rs. 50-60 crore. So roughly it should be around 300 crore all put together.
- Anand Bhavnani:** And in terms of our capacity the chartering would be the primary way to manage capacity, are we planning any fresh purchases?
- Capt. Vivek K Singh:** Well we could plan for fresh purchases as some of our tonnages have been chartered out. So, we will have to have replacement for such vessels in our operation. We will look at purchases. As regards to the chartering and revenue with the chartering, I would like to highlight that we had chartered out about 15% of our total tonnage during the quarter from which we have a yield share of 24%. While 85% of tonnage were operated on our services and we had a yield of 76% for those vessels. So virtually the chartering out has also helped us as they have been chartered out at higher charter market and additionally with the increasing cost of operation, this option worked out much better for the company.
- Anand Bhavnani:** So from the numbers it seems it is more profitable to charter out then operating current environment and if that is true then you are planning to continue chartering out more vessels going forth and if you can help us understand strategy on that particular aspect?
- Capt. Vivek K Singh:** No it is not like that we will first fill up our requirement for our own operations. We must take care of our operations and not sacrifice our operations. Only the excess tonnage will be chartered out depending on the market condition. Every time the market may not be appropriate for chartering out so we will take a view on the market condition and take a call whether to charter out the vessel or to be used for own operation.
- Anand Bhavnani:** Sure, but as of today charting continues to be more profitable than our core operations?

- Capt. Vivek K Singh:** Correct because of the high bunker prices operating cost has gone up and even the dollar exchanges rate has gone up against the Indian rupees. These two factors left us with chartering option which turned out to be better than even operating for this period but may not be always the same.
- Rajesh:** Whenever, we need a vessel for operation or there is increase in need of vessels for the operation vessel, we cannot buy the same immediately from the market. Therefore, we will buy the vessels and put them on charter so that whenever there is a need, we can shuffle them between the operation and charter as per the requirement.
- Anand Bhavnani:** And sir Q4 wise any dry-docking or any kind of one off that you are expecting in Q4 with respect to operations?
- Capt. Vivek K Singh:** No, we are not expecting any dry-docking rather we do not have any dry-docking till 2020 end. However, before that we will be laying up two of our vessels maybe in this quarter or the coming quarter partly for fixing up new generator which we have acquired for these two vessels.
- Anand Bhavnani:** And so we should lose how many voyage days due to fixing of generator?
- Capt. Vivek K Singh:** It may be around 15days for each vessel.
- Anand Bhavnani:** And lastly coming in from January 2020 low Sulphur fuel if you can help us understand how the environment is evolving and if the prices are some surcharge being incorporated in Indian domestic and EXIM market as has been the case in Europe. We are reading some articles that if some liners in Europe North Indian and Scandinavian they are starting to levy surcharges on bunker fuel, so has that been the case here in our geography where we operate?
- Capt. Vivek K Singh:** Yes, the surcharges will be put for the increase in cost on the fuel which will be also applicable on the Indian coast, but we all must see how it evolves around and what is the differential cost. The main liners have started early because they must start replacing the fuel little early because of the longer voyages. In our case, it maybe a little delayed action, but definitely the surcharges will be applicable on all the ocean-going vessels.
- Anand Bhavnani:** Would it be fair to expect that let us say in Q2 or Q1 of FY20 we might get a chance to levy the surcharges what is the timeline that you think you would be able to apply surcharges from?
- Capt. Vivek K Singh:** It will be only in the third quarter of 2019-20 as will have to replace fuel by end of December. Our voyage time is small and the replacement of fuel will not take very long. So it could be in the November or December where we could start levying the surcharge.
- Moderator:** The next question is from the line of Priyankar Vishwas from Nomura. Please go ahead.

**Priyankar Vishwas:** My question sir I wanted some color on what is happening in the transshipment industry in India, so first of all can you help me with what are the transshipment volumes like as in overall India level for say calendar year 18 and what are the port wise volume so if you can give me that first?

**Capt. Vivek K Singh:** We do not have the detail of the volume, but overall the transshipment volume has not really increased to an extent which the government was hoping by relaxation of cabotage because whatever transshipment handled mainly between the two Indian ports are mainly carried by us and we know that our volume has not increased drastically except for some more vessels have been deployed on the Kolkata because that is the only one port where a little more transshipment is being handled. Otherwise whatever has happened by relaxation it is between the two larger terminals which is only to the advantage of the mainliner. That is not really the transshipment volume rather direct volume which has been changed into transshipment mode. So virtually the growth in the transshipment volume has not taken place to an extent which we anticipated by the relaxation.

**Priyankar Vishwas:** But nevertheless what will be our outlook for that let us say for the next year on both transshipment and coastal?

**Capt. Vivek K Singh:** As regards coastal outlook, we see around 20% to 25% growth year-on-year and even on the transshipment volume, around 10% growth because new ports new sectors which may be evolving. We are also working on the Colombo sector. But that is not the Indian coast transshipment. Our volume has increased because we are doing quite a bit of volume to Colombo, but when I am talking about the transshipment only on the Indian coast it has not really gone up. Our volume including the foreign transshipment will go up by 10% - 15% and expected volume growth on the domestic front will be about 25% year-on-year.

**Priyankar Vishwas:** Sir one more thing is like what I have been hearing sometimes is like let us say on Suzuki like they may potentially be considering let us say coastal movement for the cars manufactured in Gujarat so have you heard anything on that and if they do started like what is the level of volumes that can come from there if you can give some idea on the RORO front?

**Capt. Vivek K Singh:** Well car movement started out of Chennai. If it also starts from western coast to the South and East, then it could be a workable proposition. Then it will be both way cargo movement of car. We are also looking at the similar possibility of going into a RORO operation for cars. So if the business is available and it is profitable then definitely we will also look into that aspect.

**Priyankar Vishwas:** And sir on port tariff have you seen increase in the port tariff like you operate in Mundra then Pipavav we operate in the other ports as well. So any hikes in port tariff or it is still broadly unchanged?

**Capt. Vivek K Singh:** There has been small hike of about 5% or so overall, in major port as well as minor ports. But our port cost has gone up for the quarter mainly because of vessels going on a foreign service and more ports calls on the foreign voyage. In case of vessels on foreign run, coastal discounts were not available for such vessels call.

- Moderator:** The next question is from the line of Ram Prakash, Individual Investor. Please go ahead.
- Ram Prakash:** Sir as per my information the new IMO regulation or the fuel Sulphur content emission is 0.50% so is this going to affect the CAPEX plan of the company and any ship which might become redundant and extra expenditure for the ships will that be an effect on the company earnings as well because of this?
- Capt. Vivek K Singh:** Not on the CAPEX front. The cost will be on the operating front that is because of the low Sulphur fuel which will be higher priced. All our existing vessel can use low Sulphur oil without any change in the Engine, so there will not be any additional cost on capex, and we have decided not to go for the fitting of scrubbers. About 10% of the total shipping fleet have opted for scrubber fitting, mainly for the newer vessels and the vessels which are on the long haul trade, but for us it is better to continue the way we are operating without any changes as these vessels can operate on lower Sulphur without any additional cost.
- Ram Prakash:** In that case what would be the percentage increase in fuel cost?
- Capt. Vivek K Singh:** We expect around 25% to 30% increase in fuel cost.
- Ram Prakash:** Why am I asking is the fuel cost have come down but because of this new Sulphur addition it may again go up by 25% to 30%. So the advantage gone for bunker rate, is there any advantage at all or we are just balancing out?
- Capt. Vivek K Singh:** The advantage will come because surcharges will be applicable once the increase is applicable. In this case, we can plan and start applying surcharge and it will be designed to cover up the additional cost.
- Ram Prakash:** So with this kind of increase in the operational cost because we have this logistics competition from the road sector as well, so is this kind of a permanent increase going to affect our completion in any way with other players?
- Capt. Vivek K Singh:** The bunker prices earlier had also gone to about \$600 and we were operating and competing with the road. So even if the increase is about \$150 it will be still lesser than that amount, considering the current level of fuel cost. So definitely we can always compete even with increase in cost. It is not going to affect our business in a real sense because the increase in the cost has been there earlier also and we have been competing with the road and rail.
- Ram Prakash:** And also the Sagar Mala initiatives the progress in the Sagar Mala initiatives where do you see that from the government perspective and you see any plans which are materializing which will be fruitful in the longer run for the company because of the Sagar Mala initiatives?
- Capt. Vivek K Singh:** Well we are monitoring the geopolitical situation and the Sagar Mala growth, and we will take advantage as and when the Sagar Mala project develops. We are even looking at venturing into inland water ways if it really starts operating. Even when the coastal industrial zone develops,

will help in increasing coastal transportation. We are working out our business to suit the development with Sagar Mala.

**Ram Prakash:** So as of now we do not see much progress and because the government is promising lot of things so I want to know your perspective on the Sagar Mala from that perspective also since we have the time and you can provide some comment it will help us.

**Capt. Vivek K Singh:** The work is progressing, but it is going to take some time as this is a larger project and cannot happen overnight. I do see that there is a progress going on, but the final result will only come after some time. We will come into action only when it becomes a reality. We cannot venture in now, when the progress is still underway.

**Moderator:** We take the next question is from the line of Aditya Damani from Prati Bhuti. Please go ahead.

**Aditya Damani:** What I wanted to ask you sir I missed a few of the points because it was in a bad line so it may be repetitive, but I want to ask you how much do you expect bunker rates to fall in this quarter or how much have they rather fallen in January that is the first question and the second one is if we had not charter our shipped out three, four ships what sort of topline you would have seen 160 crore could be a 180 crore topline?

**Capt. Vivek K Singh:** Well as regards to bunker prices yes it has come down at the end of this quarter. We have seen an increase in price of around Rs. 3000 as regards to previous quarter but going forward we can see a further reduction of about 4,000 to 5,000 and thus expect average of Rupees 33,000 to 34,000 per metric ton. So, we will have an advantage on the bunker prices going forward. On chartering front, 15% of the tonnage has been chartered out but the net yield has been to the extent of 24%. While 85% of tonnage which has been operated has given us the yield of 76%.

**Aditya Damani:** And your other comprehensive income of 5.1 crores so are these number the charter higher numbers?

**Capt. Vivek K Singh:** No, charter for the last quarter was Rupees 6.88 crore as against the charter hire income for current quarter of Rupees 12.58 crore. Vessels were on charter for 128 days during last quarter and 241 days during this quarter.

**Management:** Just to add, our last quarter utilization even mainly was around 90% which has gone up to 95% so we have not lost revenue because of lower capacity rather than we have optimized our capacity utilization and which is benefitted to us.

**Aditya Damani:** I totally get that I really the way 24% very good obviously, I was just trying to get a sense of what the topline would have been if we have not charter this is to get an understanding of the growth on the topline, but also can we explain what are these two figures about these income of 3.5 crores and 5.1 crore is your other comprehensive income?

- Capt. Vivek K Singh:** In previous quarter there was exchange loss and in current quarter there is exchange gain, due to appreciation of rupee, amounting to around rupees 1.7 crore, which is included in other income. The other comprehensive income is the amount of gain on account exchange variation for the foreign currency vessel loans, which is accounted through cashflow hedging.
- Moderator:** The next question is from Anand Bhavnani from Unifi Capital. Please go ahead.
- Anand Bhavnani:** Sir earlier in the call you mentioned about two vessels going out for about 15 days each for generators, can you give us the capacity of these vessels?
- Capt. Vivek K Singh:** Yes, SSL Kochi and SSL Kutch where we have planned to replace one of the generator on each of the vessel and that is where these vessels will be taken at Colombo dry-dock for replacement of generator.
- Anand Bhavnani:** Sir in terms of overall capacity in the industry any vessels that were added in Q3 other than CONCOR and any other vessels likely to be added in Q4 other than the CONCOR vessel?
- Capt. Vivek K Singh:** No, I do not think any other vessel have been added so far beside that, but there could be a probability of adding some tonnages. Even we could increase capacity not by adding vessel but shortening our voyage. We are changing rotation of one of the vessels to shuttle between Kandla and Cochin instead of voyage up to Tuticorin to get additional voyage in a month thus increasing capacity. So, even without replacement or without adding additional tonnage, we can achieve capacity and growth in volume.
- Anand Bhavnani:** And sir on the volumes front in terms of the overall business environment are you seeing Q4 volumes as you had anticipated let us say at the end of Q2 call H2 volumes are they coming along as expected if the demand for services is strong as compared to last time we spoke or is it the same or has it weakened?
- Capt. Vivek K Singh:** The demand is certainly going up and in order to pick up the additional volume we have increased capacity by way of reducing our voyage days to perform three voyages for the vessel in a month instead of two earlier and handle 25,000 tons additional volume per month. So, we see a growth going forward.
- Anand Bhavnani:** So, this volume growth is on top of the seasonal growth that we generally get. So this is kind of the volume growth coming from this economy doing well not just the seasonal volume growth is that the right way to think?
- Capt. Vivek K Singh:** Yes, it is both combined, along with the seasonal growth of cotton volume even growth in other volume is there, that is how the additional tonnage being utilized. Utilization on all the vessels have gone up and we can see that there is a growth on both front seasonal as well as the normal growth on other volume.
- Moderator:** The next question is from the line of Sunil Jain from Nirmal Bang. Please go ahead.

- Sunil Jain:** Sir my question related to I missed your utilization figure what was it in main leg and reverse leg?
- Capt. Vivek K Singh:** Utilization on the main leg was almost 94% and on the reverse leg 73%.
- Sunil Jain:** So this higher utilization is mainly because we charter out the vessels or how it can is there an increase in volume?
- Capt. Vivek K Singh:** Yes, we did reduce the tonnage slightly and even the volume has gone up slightly, with the reduction in tonnage and increase in volume resulted in better utilization level. The strategy to increase the utilization level on the existing services by reducing tonnage on the operating sector as well as to earn revenue as charter hire for the excess tonnage.
- Sunil Jain:** The charter hire revenue what you had done in around 12.58 crores in this current quarter after this you had charter out additional ship or this is what the peak what you got from all the five charter which you made?
- Capt. Vivek K Singh:** All 5 vessels were not on charter during the third quarter. Third quarter only 3 vessels were on charter and two vessels were chartered out during current quarter currently we have five vessels on charter. So, the charter hire income for the additional two vessels will only come during fourth quarter. The charter hire income of 12.58 Cr is basically for 3 vessels which we had chartered out and the number of days from last quarter of 128 has increased to 241 days hence increase in charter revenue.
- Sunil Jain:** So with the 5 vessel chartering out how much this charter revenue could be approximately?
- Capt. Vivek K Singh:** With the additional two vessels on charter the charter hire can go up by another about 8 Crore and have total charter hire income of about 20 Crore.
- Sunil Jain:** Sir this will have impact on our capacity for normal our own working, so will that reduce our overall volume or you can maintain the volume what was there in the third quarter?
- Capt. Vivek K Singh:** No, we are not going to reduce the volume, the whole idea of chartering out is only for the excess tonnage and for better utilization. We are not sacrificing on our volumes, if required with the volume growth, we can always bring those vessels on our service. we are not going to sacrifice our operation instead as strategy we charter out excess tonnage. While we have chartered out few of the vessels, we have also chartered in two of the vessels now because that gives us a better viability with required size of vessel on a sector. We are at the same time increasing tonnage on our operation. Surely, we are not going to sacrifice our operations on account of chartering out.
- Sunil Jain:** So this chartering in that has happened in Q3 or this is going to come in Q4?

- Capt. Vivek K Singh:** No, one vessel was chartered in Q3 partly, just for 46 days which continues in Q4 also. Beside that we have also chartered in one vessel in the beginning of Q4, so there will be actually two vessels on charter throughout in Q4.
- Sunil Jain:** So these are smaller vessels as compared to what we had given out?
- Capt. Vivek K Singh:** Yes, that is correct, they are smaller vessels and they are more suitable for Kolkata trade as we do not have such smaller vessels. So, we have chartered in smaller vessel and we have charter out larger capacity vessels.
- Sunil Jain:** Sir this CONCOR has started with two ships what they had given or they had even taken more ships?
- Capt. Vivek K Singh:** They have started with one ship only in the beginning and added second ship on their service. They are operating with only these two ships and no more.
- Sunil Jain:** They are starting with Pipavav I think if I am not wrong?
- Capt. Vivek K Singh:** No, they are only operating on the other West coast ports of India not Pipavav.
- Sunil Jain:** West coast in the sense how it conflicts with our route?
- Capt. Vivek K Singh:** They are operating out of Kandla to other West coast ports like Mangalore, Cochin, and Tuticorin.
- Sunil Jain:** So Westcoast they can have direct completion to us?
- Capt. Vivek K Singh:** Yes, for the West coast operations whether it is us or other operators.
- Sunil Jain:** And initially right now they are focusing on rail this thing and they may even go for landed even also?
- Capt. Vivek K Singh:** Yes, that depends on their scope of operation.
- Sunil Jain:** So is that creating any pricing pressure for us or no right now?
- Capt. Vivek K Singh:** So far no, we continue to operate without any pricing pressure.
- Moderator:** We take the next question from the line of Ankit Panchmatia from B&K Securities. Please go ahead.
- Ankit Panchmatia:** Sir this is regarding your terminology calls as “disruption” so just want to understand that why we say it as a disruption because there is no tonnage which has been added right it is this ship going or to the competitors are they quoting very low rates why we see it as a disruption?

- Capt. Vivek K Singh:** No, they are additional tonnages, these tonnages were not operated in the same sector. The sectors where these tonnages were operated have been substituted by other vessels. Although there is additional tonnage on the west coast but there is no pressure on the rate but going forward additional volume will be required to fill all the tonnage on the sector. We have also increased certain capacity by shortening our voyage time. Any additional competition will bring some disruption initially, but we have not experienced any major disruption as of now.
- Management:** Just to add, it is expected they will bring the cargo from the Northern Hinterland side, but suppose that cargo is not enough, they will try to take share from the market. So that is the reason why we are saying there maybe disruption.
- Ankit Panchmatia:** As far as I understand it is more to do repositioning of their MTs, is that understanding wrong they are approaching the existing market, or this is just repositioning thing which they have got into?
- Capt. Vivek K Singh:** No, it is not repositioning of empties. They are also in coastal domestic business which is in line with our business or other operators on the West coast of India. The only thing in addition is that even the Northern Hinterland cargo is getting connected to the port from where they can move by their rail network. They have an added advantage there for serving to the Northern Hinterland areas.
- Ankit Panchmatia:** And how has been the competitive scenario in the Eastern side of it because there is one more player who has added a bigger ship over there, so how are the rates weaving over there are we seeing the pressure to get the cargo or on the freight rates?
- Capt. Vivek K Singh:** No, on the Eastern coast nobody has added, we continue to operate with 4 vessels out of which 1 vessel is of SCI and other three are ours. So there is no additional tonnage which has gone on the East side. There is no excess tonnage on the East coast, and it is same as earlier. We have also not increased or reduced any tonnage.
- Ankit Panchmatia:** And how are we approaching inland waterways because a lot movement has started been happening on river Ganga so are we seeking that market or are we getting higher inquiries about the same?
- Capt. Vivek K Singh:** Currently it is only the trial runs which are going on and it is not viable for commercial business so far. Once the viability becomes better for the commercial business, then only we can enter the market. We are still evaluating prospects and readiness of all other infrastructure for a viable business before we can venture into inland waterways.
- Ankit Panchmatia:** I wanted volume growth YoY because you have given the QoQ?
- Capt. Vivek K Singh:** Volume growth 6% QoQ and YoY is about 5.2%.

**Moderator:** Thank you very much. Ladies and gentlemen that was the last question. I would now like to hand the conference over to Mr. Vikram Suryavanshi for his closing comments.

**Vikram Suryavanshi:** We thank you the management of Shreyas Shipping for giving us opportunity to host the call and taking time out for interacting with the stakeholders. Thank you all for being on the call.

**Moderator:** Thank you. Ladies and gentlemen on behalf of PhillipCapital (India) Private Limited we conclude today's conference. Thank you all for joining us you may disconnect your lines.