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Dear Sir,

Sub: Transcript of Analyst Call on 11th August, 2016

Please find enclosed herewith the transcript of the Analyst Conference Call conducted on 11th August, 2016. for your records and reference.

Thanking you

Yours faithfully,
For **Shreyas Shipping & Logistics Limited**



Namrata Malushte
Company Secretary



Encl: A/a



“Shreyas Shipping and Logistics Limited Q1 FY'17 Earnings Conference Call”

August 11, 2016



MANAGEMENT: CAPT. V. K. SINGH – CHIEF EXECUTIVE OFFICER,
SHREYAS SHIPPING AND LOGISTICS LIMITED
MR. RAJESH DESAI – CHIEF FINANCIAL OFFICER,
SHREYAS SHIPPING AND LOGISTICS LIMITED

MODERATOR: MR. NITESH DHOOT – EMKAY GLOBAL FINANCIAL
SERVICES

Moderator: Ladies and Gentlemen, Good Day and Welcome to Shreyas Shipping and Logistics Limited Q1 FY'17 Earnings Conference Call hosted by Emkay Global Financial Services. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*" and then "0" on your Touchtone Telephone. Please note that this conference is being recorded. I now hand the conference over to Mr. Nitesh Dhoot of Emkay Global Financial Services. Thank you and over to, sir!

Nitesh Dhoot: Good morning, everyone. I would like to welcome and thank the management for giving us this opportunity. We have with us today Capt. V. K. Singh -- CEO and Mr. Rajesh Desai -- CFO. I will request you to give you a brief about the results and the industry dynamics and then we can follow it up with the Q&A session.

With this, I would like to hand it over to Capt. V. K. Singh. Over to you, sir!

Capt. V. K. Singh: Thank you, sir. Good morning everybody. I just give you brief on the markets go over on market situation of the industry. Well the container index has been flat since beginning of the year and no signs of improvement during this quarter and we do not see in the coming days, it is definitely going to take few months before it really picks up. Freight levels also globally continued to fall and remain depressed. The market conditions on the Indian coast was no different and continued to remain depressed and challenging with further erosion of volume as well the freight rates and in the prevailing market situation, company too faces challenging condition due to reduction in volume and freight for both EXIM and as well as domestic cargo while the cost of operations also continues to go up on the other side. Online vessels continued to be deployed on the existing services during the major period of the quarter however, with formation of consortium between Shreyas and SCI the changes in the services were brought in around mid of June which has just settled by beginning of mid of July with all vessels coming in the cycle.

SSL Trust which was operating earlier on the West Coast was taken on charter by SCI and is being operated on Yangon Services and SMILE service & PIX 2 services are operated in consortium with SCI while three vessels of SSL and one vessel of SCI were deployed on PIX 2 services and three vessels of SCI and one vessel of SSL were deployed on SMILE service. Slots were shared on both services in line with the capacity pooled in by each company. In addition, SSL has purchased plots equivalent to 22,000 metric tons space per month on SMILE service in line with capacity of SSL Trust which was removed from the service and chartered out. This arrangement has provided better frequency and more port coverage to our customers.

With the addition of ninth vessels in the operations for the full quarter our operating capacity increased by almost 13% as against the previous quarter and capacity deployed was 13,567 TEUs and 1,92,771 dead weight tonnes.

We made total of 790 ship days was operated during the quarter as against 746 days during the earlier quarter so, definitely there was more operating ship days during this quarter. The total

volume handle during this quarter was 76,820 TEUs as against 72,432 TEUs in the last quarter with an increase of 6% in volume.

On an average we have seen the volume has been increasing, overall volume has increased by 7% even in the last each quarter on a quarter basis and this quarter also there was an increase of volume overall by 6%.

Of course the domestic volume during this quarter was less, the total domestic volume for the trade was only 34,263 containers units as against 35,016 containers during the last quarter so, there was actually drop whereas the domestic volume has been increasing quarter-on-quarter and during the last year. But this quarter there was slight drop in the domestic volume and hence the freight also came down with the drop in domestic volume. With the total drop in domestic volume even our volume had dropped, of course we maintained our share of 56% and the total volume we carried was 19,260 units which was 56% of the total share.

The total port calls during the quarter was 256 as against 232 in the previous quarter, however the port cost was maintained to a level of the last quarter with whatever we can manage to get the reduction in the port operating cost. Average utilization on the North to South the main leg and the West to East leg was 91%, during the quarter as against 93% in the previous quarter and on the reverse leg it was 46% as against 54% in the last quarter.

The total owned volume of domestic was 55% and the third-party volume that is the feeder and others volume was 45% in quarter one as against previous quarter of 60% of domestic and 40% of third-party.

Overall reduction in freight during the quarter was around 8% as against the earlier quarter, average operating yield per day per vessels during the quarter was USD 6,782 as against USD 8,004 for the previous quarter and as against average charter hire of the vessels which we are operating and the market should have been around 5,800 in the current situation.

Increase in revenue was around 3.6% from last quarter but overall cost increase for the quarter was 24% mainly due to increase in cost of fuel and lube in addition of one vessels operating during the quarter and even there has been increase in fuel oil price during the quarter besides increase in the quantity consumed.

For the future outlook, of course since there is no sign of improvement in the market has expected challenging time ahead we continue our endeavor to reduce the operating cost wherever possible without compromising on the service level and increase our market share, we are quite confident that operation of SCI and consortium will show positive result and we will be able to face the current situation. We are also working tie-ups with other operators to have better frequency and more market coverage in the future times. While we continue to strengthen strategies to face this challenging market situation. We also continue our study and look for new markets and new business potential. Also coordinating with government authorities to have certain policy changes

which can help in increased volumes by opening new trade avenues. We have built a strong base to get much better result once the market picks-up so, we hope the best in the coming days.

That is all. Thank you very much from my side, we can go ahead with the questions answer.

Moderator: Thank you. We will now begin with the Question-and-Answer Session. We take the first question from the line of Pritesh Chheda from Lucky Investment. Please go ahead.

Pritesh Chheda: Sir, the numbers which you were reporting realization drop 8%, you are referring Q-o-Q?

Capt. V. K. Singh: Yes.

Pritesh Chheda: And how to analyze the yield which is USD 6,782 versus USD 8,004 so the drop is slightly higher than the realization dropped so, confused in these two numbers.

Capt. V. K. Singh: No, because yield will definitely drop, yield is final result of revenue as well as the cost. Since the cost has also gone up while the revenue has not come up to that level and our operating voyage days has gone up so, definitely overall when you work on that, that yield has shown a drop because we should had a much larger volume to cover up the additional space which we opened additional tonnage which we deployed, so definitely the yield comparison on the basis average what we get on the basis of all the cost and revenue, leaving besides that it is only the operating yield I am talking about it is not basically the total final net yield. It is the operating yield which we are talking about, it the operating cost as well as the operating revenue.

Pritesh Chheda: It is the net yield you are referring to, that is revenue minus cost?

Capt. V. K. Singh: Yes, correct. Revenue minus the operating cost.

Rajesh Desai: Good morning, Rajesh, here. It is actually instead of charter when you operate that is the operating yield in comparison not net final yield, it is the gross revenue minus voyage operating expenses that we consider that as which we compare to charter, it is in line with the charter hire what you get from the market.

Pritesh Chheda: And the realization drop you said was 8%.

Capt. V. K. Singh: Yes.

Rajesh Desai: That is in gross revenue.

Pritesh Chheda: Okay. My next question is are we done with the ship addition plan as of now or do we have any more vessels addition plan? And this vessel which came during the quarter and obviously there is no corresponding increase in the volume handle what kind of cost this ship would have added in this quarter operating cost?

Capt. V. K. Singh: Well on the fuel side itself it has added additionally because of the higher consumption we can see about Rs. 2 crores has been added for the quarter for this vessels and of course there is about Rs. 3 crores of addition of cost in fuel itself that is because of the increase in cost so, virtually overall there was about Rs. 5.6 crores to Rs. 6 crores on the fuel itself. Definitely the port cost also goes up accordingly and so, there has been an increase in the operating cost and definitely we expect the revenue also to go in line with that, that is where like if you see even after the increase the fill factor on the North lane to South lane has been quite okay, we have come down just by 2% but definitely we have continued to have a better utilization. Of course, the market pressure on the reverse side where the freight rates have fallen drastically because if you recall PIX 2 services goes to Jebel Ali. And Jebel Ali market EXIM market rates have collapsed completely and that is where we are not getting enough volume as well as the revenue so, it is all concerning the reverse cargo which is there of course, the domestic rate has remained more or less similar what we had last quarter and the volume has slightly come down.

Pritesh Chheda: Do you have any vessel addition plan for this year?

Capt. V. K. Singh: We do not have additional plan but we have a replacement plan because one of the vessel is older which we are looking at may be replacing by end of this year.

Pritesh Chheda: Okay. What will be the TEU changes on that?

Capt. V. K. Singh: As we are replacing 1,100 TEU vessel but another 1,600 TEU or 1,700 TEU vessel.

Moderator: Thank you. We take the next question from the line of Sachin D. an Individual Investor. Please go ahead.

Sachin D.: Sir, I just wanted to ask you one thing you have posted the results on the website by 3:16 PM I the afternoon, right?

Capt. V. K. Singh: Sorry.

Sachin D.: The results were on the screen by 3:06 PM in the afternoon yesterday? And on the website it was launched by 3:16.

Capt. V. K. Singh: Yes.

Sachin D.: And your stock on a lower circuit at 2:56 how it happened? might be some insider trader is there by the promoters only. Now is it possible.

Rajesh Desai: The result was sent to the Stock Exchange within half an hour.

Capt. V. K. Singh: No, Stock Exchange of course the result was sent earlier as soon as the board meeting got over and it was posted on the website....

- Rajesh Desai: After it was sent to the Stock Exchange it was posted on the website.
- Sachin D.: It was posted by 3:16 in the afternoon and on the screen on CNBC it was posted 3:06. So your stock lower circuit at 2:56.
- Rajesh Desai: Yes, 2:30 the meeting got over then...
- Capt. V. K. Singh: 2:30 meeting got over and there after immediately it was sent to Stock Exchange and of course it takes time for coming on the website.
- Sachin D.: It is a serious compliance issue means we are an individual investor and we are just waiting for the result and suddenly we see that before the result the stock goes to a lower circuit.
- Moderator: Thank you. Sir, we take the next question from the line of Nitesh Dhoot. Please go ahead.
- Nitesh Dhoot: Sir, could you please let us know as to when would your next dry docking be due?
- Capt. V. K. Singh: The three dry dockings are due in the third quarter and fourth quarter basically that will be divided into third quarter and fourth quarter. Second quarter or first quarter we do not have any dry docking and there will be all together three dry docking in the third quarter and the fourth quarter.
- Nitesh Dhoot: Okay. And sir, also your outlook on the construction material demand that is the moment of construction material so what is your outlook on that?
- Capt. V. K. Singh: Our construction material definitely what we are moving is our construction material and that outlook is definitely better because we see the volume has slightly going up because the fourth quarter had a sudden jump in volume and which is basically covered that is where that first quarter this year there was slight drop in the volume but otherwise I think there will be increase in volume in quarter-to-quarter and mostly fiscal increase is on the construction material which is moving not only to South Kerala but also on the eastern side, so there will be increase on the East Coast also into Calcutta and Chennai volume.
- Nitesh Dhoot: Okay. Sir, also could you please give us a brief on what is the development on the inland water ways that we were hearing from the government, do you have any update on that?
- Capt. V. K. Singh: Yes, we have a little update we are working on inland water way also and if you could have seen actually that the Ministry of Shipping is inaugurating today terminal at Varanasi and also tomorrow there is flagging out by the PM that is for two vessel cargo vessel which will be flagged out from there to Varanasi so, NW 1 they have been working but definitely it is going to take some time but, part of NW 1 is already operating and there is effort to increase the draft and carry out the dredging as well as the navigational equipments are being put up. So we expect in sooner or later NW 1 to come up that is the first one to start operating and thereafter sooner for the coal movement they are working on NW 5 that in land waterways so definitely there is

growth and initiative of government is showing result and we expect in land water ways to go ahead with the operations in a year or so we are also in line with the we are going ahead with the progress of in land water ways with our studies as well as our strategy and planning for going into inland water ways.

Nitesh Dhoot:

And sir, if you could just give an outlook on the utilization levels for the year FY'17?

Capt. V. K. Singh:

For the year definitely this quarter as I said right now we had just taken one vessel in just beginning of this quarter, ending of the last quarter so, definitely we had a challenge to bring up the utilization level on the vessel and now we are more or less settling down with the current volume and also this quarter was completely a changeover scenario with consortium with SCI there has been some issues here and there but that we have more or less streamlined so, I hope the volume because we have a fill factored on more number of vessels but the utilization in the sense the total volume remains the same for us during the quarter and gets divided into more number of vessels so definitely we expect a better utilization on all the vessels and today if I say on the main haul North to South we have done about 91% should go to about 95% overall in the FY'17 and even from the South we are working and there are options we are working with government for certain other notification as issues which can be resolved with the government that is they are working on so we can even call Colombo with as a same model of cargo with the domestic in which case our vessel can call Colombo port also in between when we are calling East, West and we can have model shift of other EXIM cargo out of Colombo. All those prospects are there if that works out then there will be definitely a larger volume follow on our vessels and the utilization even on the reverse leg can go up quite more.

Moderator:

Thank you. We take the next question from the line of Pratik Kumar from Antique Stock Broking. Please go ahead.

Pratik Kumar:

Sir, my first question is on the fuel expense, last quarter you benefited from the fuel expense clearly but the fuel expenses have gone up I mean majorly in current quarter. Sir, so I mean how much is the real fuel expense I mean is there some other elements also in that?

Rajesh Desai:

No, basically if you see last quarter one vessel was added in the month of March so that one vessel operated for the full entire quarter so there is increase in quantity streaming time also increased even when you mentioned this voyage days has increased 792 from 746 definitely, there is more streaming and which has resulted in increase in quantity and also there was an increase in rate also, so that both factor resulted in increase in fuel cost therefore the fuel cost can gone up from Rs. 19 crores it has gone to right 25 crores.

Pratik Kumar:

Okay. And sir, can you just elaborate on your arrangement with SCI I know it is sharing agreement sharing of vessels but does it work in terms of revenue in future?

Capt. V. K. Singh:

Basically as I said like on the PIX 1 service which was operated by us earlier on the East Coast there we continue to have three vessels and SCI has pulled in one vessel and whatever we take space on their one vessel we divide that into our three vessels and give them space that much.

So there on that services our space remains the same but SCI also has got some space there so, it remains same with the three vessels capacity so virtually if you see we have reduced our capacity on that service by way of reducing one vessel and so definitely we expect the utilization level on that service to go up with that because our volume remains with us and we continue to market with our volume we have not gone down on our share. On the other side the PIX II or the SMILE service which was earlier operated by SCI they have three vessels and we have only one vessel there and beside one vessel capacity what we have pooled in, we have also purchased additional capacity of 22,000 which was we were actually operating by way of SSL Trust when we were operating on the West Coast of India. Now since SSL Trust has been chartered on the Yangon Service by SCI so that much space we have taken here so that our total space does not change and does not come down so we continue to have same amount of space what we had earlier with our four vessels there so, we continue to have the four vessels and plus trust space when it is also taken on the SCI vessel so, all five vessels combined whatever space we had we continue to have. And instead of five vessels now we load on eight vessels so, definitely we have increased and we have allocations on then on eight vessels which we had earlier on five vessels in a month, five sailings in a month so, that gives us better opportunity to have utilization. And even we have increased the port calls like earlier we not calling Visakhapatnam or Kakinada which we have including those ports also in the cycle. So that we have already done and going ahead we are looking at even joining with other operated on the West Coast with a similar arrangement of slot swapped so that we can more numbers of sailings. Virtually we are having eight sailings out of Mundra in a month. Plus our own four sailings so 12 sailings we have but at the same time with other partner when we join we will have another four sailings so, we can have 16 sailings in a month out of Mundra so that definitely gives us a better opportunity for 16 sailings with more than alternate days we are going to sail from Mundra actually so that gives us a better opportunity for better marketing and better coverage for the port, the customers will definitely have a better frequency. So, that gives us opportunity and that is where we actually requirement of that are because the market is not doing well and that is how it has been done even globally if you see most of that mainliners are working on a consortium to make use of their space which they have fold in and that is exactly what we are doing on the coastal so we are strengthening our services, strengthening our position for a better utilization. So, we are actually getting prepared and we are building up our base so, that in future we can get the advantage once the market goes up.

Pratik Kumar:

And sir, you have mentioned about drop in freight rates and we see your realization drop is around 8% yield dropping is around 15%. How much is the freight rates that have actually gone down during the quarter?

Capt. V. K. Singh:

Yes, freight rate, if I say it is average revenue if you see volume overall has gone up; in spite of overall volume going up the freight rate has come down and definitely, that gives us a drop of freight rate to almost level of about 6% to 7%.

Pratik Kumar:

Okay. And sir, one bookkeeping question, what is your gross debt at the moment?

- Capt. V. K. Singh: Gross debt is Rs. 157 cr out of that on the vessels is just about Rs. 120 crores.
- Pratik Kumar: Okay. And what is the net debt position.
- Rajesh Desai: Net debt position, if you see my non-current investment and that is Rs. 67 crores and plus current investment we have total again say around Rs. 60 crores - Rs. 65 crores it is cash position you can consider.
- Moderator: Thank you. We take the next question from the line of Pritesh Chheda from Lucky Investment. Please go ahead.
- Pritesh Chheda: Sir, just a follow-up from the previous question on the SCI arrangement is it that the cost would actually not rise, the arrangement is such that there is no major increase or decrease in the tonnages shared it is basically the cost which comes in is that the assessment or something different?
- Capt. V. K. Singh: No, you are exactly right, there is no change in the cost because we continue to operate our four vessels as we were operating earlier and they continue to operate their four vessels and ultimately that instead for us it is rather a little advantage on the cost side because the fifth vessels which we were operating now which has gone charter. So if it was an operating income on that yield on that vessel on operation was lesser then if it was lesser then the yield what I get from the charter then definitely we are better off in that case. And the cost wise it is only if you see like what we are buying slots on their vessels. That is my additional cost, like 22,000 tonnes if I am buying that definitely becomes a cost for me. Port cost reduction has been there because we have actually like changed the rotation and such imports have been cut on each vessel to give because the same service is being done by eight vessels instead four vessels so certain port cost have been reduced so, definitely we may have some advantage of port cost on that, we will have advantage about the charter hire of one vessel whereas we have the cost of additional cost of slot purchase but that is again that is the revenue what we are going to utilize the space then because that is the space which we had earlier and it is like the cost for that space has come down because for operating a smaller vessel which earlier we were departing instead of taking slot on a larger vessel of SCI the cost is definitely the slot cost is lesser than what we had on operation of SSL Trust. So cost wise we should have a better advantage there and revenue wise also it is a better advantage because it gets divide into more number of sailings so, definitely it is better opportunity to fill the vessels and utilize the space.
- Pritesh Chheda: It is basically wider coverage more port covered with less port calls, and less cost because services get shared between you SCI with no increase in tonnages for anyone it is just swapping off services, right, so it is much more robust network creation for longer term in what benefit growing from the SCI tie-ups?
- Capt. V. K. Singh: Yes, absolutely you are right. We are only looking at the long-term benefit and actually it helps in rationalization of the tonnages what we have and that will help us and we have strengthened our position there along with SCI. So, it is for the competition also it is difficult may be but

otherwise we have strengthened our position with eight vessels going so, definitely customer gets whatever the service they require by way of frequency or by way of requirement of space so, there is no shortage of space and in case if SCI is unable to fill their space we are always there to take additional space from them to utilize. So that again it gives us opportunity if we want to grow without increasing the tonnage we can also grow, so that is another advantage which we can take it in the larger prospect in the later period and that is exactly what we are doing, we are trying to do with other operator even on the West Coast with our other service which is not yet aligned with SCI there is another service is PIX 1 service which is purely on the West Coast that we are working with other operator on the West Coast which should finalize and get going by end of this month we expect.

Pritesh Chheda: Can you tell us what was your pick utilization on reverse leg in the past?

Management: Reverse leg it was about 45%.

Pritesh Chheda: No, peak.

Capt. V. K. Singh: Earlier it was 62%.

Rajesh Desai: No not peak utilization has gone up 81% on PIX 1, PIX 2 actually started recently. PIX 2 we have to increase that peak utilization has not come on PIX 2 yet.

Pritesh Chheda: PIX 1 was 85?

Rajesh Desai: 85%-90% also sometimes we have reached earlier.

Pritesh Chheda: Two last follow-up questions, on the reverse leg your thoughts on the utilization levels how will it, when will it work and second the yield what will be your thoughts?

Capt. V. K. Singh: Yes, on the reverse leg definitely we are looking at more options now with more sailing coming out from East Coast to West Coast. Earlier we had a restrictions that we cannot go carry EXIM cargo and go to Colombo now, we have already started going to Colombo and virtually we have almost about half the vessel out of eight sailings in a month, three sailings to four sailings are already going to Colombo because we do not carry domestic cargo on the reversal leg that gives us a better utilization at least on the port to port certain legs that is what we are working on, we are talking and the government is taking initiative to make the changes in the policy in which way we can even call Colombo along with domestic cargo on our vessels and if that happens which is expected shortly, if that happens then we can start going to Colombo even with the domestic cargo on board and then all the calls Eastward, Westward all vessels can call Colombo and the utilization can be utilized for feeder of the EXIM cargo which is happening even today so, that cargo can be marketed and brought in our service which is we are getting prepared for that so, all those things are happening and it is future prospects are bright that we with all these changes our utilization level will go up. As regards to other cargo which we are taking to Jebel Ali definitely the freight rates have come down drastically and it all depends on the market

situation which then as I said is not looking very bright at the moment and the rates are only coming down and it has almost reached the lowest level I suppose and hopefully it should only start going up from here. So definitely we have an opportunity there because the volume we can once the freight rate slightly goes up the volume will also go up because today with the low ocean freight a lot of people are not interested in carrying the cargo so, it is virtually changing from normal NVO to mainline but definitely with slight changes in the freight rate and the overall in the international market the volume will change hands again and our volume can go up in that scenario.

Pritesh Chheda: Your domestic freight never came down?

Capt. V. K. Singh: Our domestic freight has not come down from the last when talked after the end of last quarter but it has remained at the low level itself where it was and it has continued to be more or less same level but definitely it should also go up now, I feel that is there we are trying to rationalize the tonnage and we hope with all these changes and the volume picking up again because there was an additional tonnages which had come now all the tonnages has been in put in place and they are already operating so, slowly I suppose the rates should also go up.

Moderator: Thank you. That was the last question, I now hand the conference over to Mr. Nitesh Dhoot for closing comments.

Nitesh Dhoot: I would like to thank the management and all the participants for joining the call. That is it from our side. have a good day.

Capt. V. K. Singh: Yes, we also like to thank all of you. Thank you so much.

Rajesh Desai: Yes, thank you very much for joining us.

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