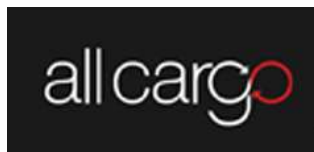




“Allcargo Logistics Q2 FY2018
Results Conference Call”

November 10, 2017



ANALYSTS: MR. ABHISHEK GHOSH - MOTILAL OSWAL SECURITIES LIMITED

**MANAGEMENT: MR. PRAKASH TULSIANI - EXECUTIVE DIRECTOR & CHIEF OPERATING OFFICER- ALLCARGO LOGISTICS LIMITED
MR. S. SURYANARAYANAN - EXECUTIVE DIRECTOR, EQ WORLDWIDE – ALLCARGO LIMITED
MR. JATIN CHOKSHI - CHIEF FINANCIAL OFFICER - ALLCARGO LIMITED**



*Allcargo Logistics Limited
November 10, 2017*

Moderator: Ladies and gentlemen, good day and welcome to the Allcargo Logistics Q2 FY2018 Results Conference Call, hosted by Motilal Oswal Securities. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing “*” then “0” on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Abhishek Ghosh from Motilal Oswal Securities. Thank you and over to you Sir!

Abhishek Ghosh: Thanks Raymond. Good afternoon everyone. On behalf of Motilal Oswal Securities I welcome the senior management of Allcargo represented by Mr. Prakash Tulsiani, Chief Operating Officer and Executive Director, Mr. S. Suryanarayanan, Executive Director EQ Worldwide and Mr. Jatin Chokshi, Chief Financial Officer and also all the participants who are joining in the call. I now hand it over to the management for their initial remarks post which we have the Q&A session. Over to you Sir!

Prakash Tulsiani: Abhishek, thank you very much and good afternoon everyone this is Prakash Tulsiani, I am joined by Mr. Suryanarayanan, ED EQ Worldwide and Mr. Jatin Chokshi, our CFO on the call. I hope all of you have received our results and gone through the consolidated quarterly and half yearly financials by now. You can also view them along with presentation on the website. Then I start with the world container shipping market, the rates have remained firm for the last few months; however, with the low season and Chinese New Year approaching we would like to see if it maintains. The consolidation in the shipping industry has happened; however, capacity reduction is yet to be seen, in fact new buildings have been ordered by some large shipping lines.

On the other hand, the Indian logistics market has evolved from merely being a transportation services to fully integrated service providers where organized players has a distinct advantage. On ground the high consumption drive is what we are witnessing with the end customers outsourcing logistics activity there is significant shift into contract logistics space and logistics partners rather who have a strong regulatory compliance history are being preferred. However I do think post GST we will need at least one year to see all the obvious positive changes and the good impact creating significant opportunities for organized contract logistics players like us. We have also seen an uptick in the capex inquiries from new projects mainly from the public sector. The private sector has yet to start. Going now straight to our quarterly updates, Jatin, our CFO will take us through the consolidated financial numbers.

Jatin Chokshi: Thanks Prakash and good afternoon to everyone. Welcome to this conference call. Coming to the consolidated quarterly financials of our company, our total revenue grew by 10% to 1547 Crores for the quarter ended September 30, 2017 this growth in our revenues has been driven by our global MTO business. The EBITDA for the quarter ended September 30, 2017 decreased by 17% to Rs.105 Crores. This decline was mainly on account of increase in expenses relating to lease rentals of managing the CWC, CFS in Mundra and reduced contribution from P&E segment.

This reduced contribution was on account of sale of unproductive and low yielding assets, decrease in asset utilization and increase in provision for doubtful debts as we are conservative in our accounting policies. The consolidated PAT for the quarter was maintained at Rs.65 Crores for the quarter ended September 30, 2017. Coming to the balance sheet, as on September 30, 2017 the total equities stood at Rs.1930 Crores. Our net debt declined to Rs.233 Crores. Our current net debt to equity has come down to 0.12 reflecting a healthy and conservative balance sheet. The consolidated return on capital employed is 13%. Thank you all and over to you Suri! Suri will now take you through our global MTO business.

S. Suryanarayanan: Good afternoon. I am happy to share that our global volume grew by 12% to 142000 TEUs for the quarter ended September 30, 2017. This growth has come despite some volume loss in US on account of the hurricane in Florida, which is one of our key ports. The total revenue for the quarter ended September was Rs.1388 Crores as against Rs.1209 Crores for the corresponding previous period an increase of about 15%. The EBIT was Rs.57 Crores for the quarter ended September as against Rs.50 Crores for the corresponding previous period an increase of 14%. The return on capital employed for this business stands at about 28%. We have as always outperformed the global LCL trade and we planned to continue to outgrow the global LCL trade and remain market leaders. Coming to our India business of CFS and project and engineering Prakash will now take you through them.

Prakash Tulsiani: Suri thank you very much. Starting with our CFS and ICD operations, our CFS volumes have seen a decline at JNPT and Chennai specifically on the export side. The CFS and Mundra has demonstrated growth in volumes. The total volumes declined by 6% to 65362 TEUs for the quarter ended September 30, 2017. The total revenue for the quarter declined to Rs.100 Crores due to volume decrease and lower dwell time. The EBIT was 30 Crores for the quarter as against Rs.39 Crores. The decrease was mainly on account of increase in expenses due to lease rentals paid to CWC, CFS and Mundra, which we are managing and in line with our revenue decline or volume decline.

The return on capital employed for this business stands at 27%. I am happy to share that we have received all necessary approvals for our new CFS in Kolkata and we expect to commence operations over the next three to four weeks. Also we have received an in-principle approval from the railway authorities for our rail connectivity for proposed project at Jhajjar Logistics Park. We are now working with the rail authorities and the cost details and estimates for that. We are also coming to an end of a lease period for managing the CWC, CFS in Mundra, which will end in December. We have decided not to renew this, which will take the costs down and improve our profitability in our CFS business. Also by then our Kolkata project would have commenced operations, this should help in improving our CFS results starting next quarter.

Coming to our project and engineering business being ROCE-focused we continue to take hard calls on moving away from the lower margin businesses and selling unproductive or low yielding assets and continue to restructure and improve the ROCE in this business. This has of course



*Allcargo Logistics Limited
November 10, 2017*

impacted our financials for this quarter. Our crane leasing business has been affected mainly due to the wind sector. Last year India had installation of 5400 mega watts and this year the number has significantly dropped to 1200 mega watts. This has impacted our asset utilization in this business. We are presently looking at other sectors such as cement, fertilizer, engineering and power. However for these prospective materials we expect a lag of one to two quarters.

In our project logistics business we have garnered a good order book of over 160 Crores to be executed over the next two years and are getting good inquiries from both public and now with private sector also. In our shipping business we have seen decline in revenue, which was largely on account of the sale of two vessels this year. We have been very stringent on taking cost out, which has resulted in improved profitability and a turnaround in this business.

The total revenue for P&D for this quarter declined by 29% to 70 Crores and this was mainly on account of sale of unproductive and low yielding assets. The EBIT was a loss of 4 Crores for this quarter mainly on account of provision for doubtful debts. Jatin did mention about the conservative accounting policy that we have and the lesser number of assets and operations and lower asset utilization.

Going forward we expect a slow pickup and recovery post the second half of this financial year. Indirectly I would say that in the next financial year we should see some improvement. Lastly an update on our contract logistics business, through a joint venture Avashya CCI we have emerged as one of the leading players in the sectors of chemical, pharma, food, retail and e-commerce and we manage over three million square feet of warehousing space. We have an asset like model in the business and planned to grow organically and inorganically across a wide spectrum of business sector all over India over the next three to five years. That is it from our side. Thank you very much and we are ready to take any questions.

Moderator: Sure. Thank you very much. We will now begin with the question and answer session. We have the first question from the line of Giriraj Daga from KM Visaria Family Trust. Please go ahead.

Giriraj Daga: Couple of questions from my side if I go with the segment wise first MTO for last almost four quarters we are seeing double digit growth 14%, 13%, 14%, 12% growth, but somehow the sale has not been reflected in EBIT per TEU so there we continue to see a drag so what is your thought on this side like when we can see material pickup in the EBIT for the MTO and my second question is related to our CFS business where on a sequential basis I am particularly talking about, we have seen a volume decline of almost 17%, 18%, 79 TEU to 65 TEU, but our EBITDA has remained the same from 30 Crores to 30 Crores can you throw some light there?

S. Suryanarayanan: Yes, you are right that we have been growing in volumes we are growing in the market, as I told you in the previous quarter also the yields are under pressure, but I think what we are seeing overall is that the yields are slowly stabilizing so as I see going forward I do not think we will see



*Allcargo Logistics Limited
November 10, 2017*

too much of yield erosion, but we will see yields at more or less at the same level, but it will start picking up once the freight rate starts coming up.

Giriraj Daga: Okay.

S. Suryanarayanan: Sorry you referred to the question on CFS right. May I request to repeat that?

Giriraj Daga: CFS question if I look at sequential volumes we have seen a large decline from 79000 TEU to 65000 TEU, but when I look at EBIT on a sequential basis we are broadly same so any particular reason you can throw for that?

Prakash Tulsiani: Yes, in the last quarter what numbers we have seen is including our CWC, CFS in Mundra, which have been excluded in the current numbers, which we have here, so if you add that then that decline would not be more than or not exceeding 5%.

Giriraj Daga: So is Mundra loss making kind of?

Prakash Tulsiani: Well it is not turned around as we had expected it that is why it was taken on a lease and on an experimental basis we realized that given the market situations after demonetisation and also GST we believe that it will take longer for this market to revive and we would rather terminate lease agreement that we have with CWC.

Giriraj Daga: Just two more, when you look at the JV Company last quarter gave revenue so can you help me with that revenue and EBITDA this quarter and my last thing is that just can you repeat what you said in Jhajjar?

Prakash Tulsiani: On Jhajjar let me update you while our CFO Jatin would tell you about the numbers on JV company let me just update you on Jhajjar. On Jhajjar as we had mentioned earlier that the land has been identified, due diligence has been completed what we were waiting for, for the Indian railways to give an approval for the last-mile connectivity of approximately 4 kilometers. We made our application draft project report to Indian Railways they have in-principle approved it, official approval should be expected within a month or so and what it entails is that they have set the way we have planned it is acceptable to them and it can be worked out. What needs to be known is what are the cost estimates that we have because the cost should not be prohibitive for this particular project and that is what we are assessing with them and estimates to also see whether there can be any possibility of PPP over here along with the Indian Railways, so all options are open and I would say in-principle approval is there, but nothing concluded from our side as yet.

Jatin Chokshi: As far as the ACCI is concerned I mean we give the annual number but yes for your ready reference the last full year financials we have the topline of around 300 Crores and this year for the first six months we have the topline of around 198 Crores.



*Allcargo Logistics Limited
November 10, 2017*

- Giriraj Daga:** EBITDA number would be?
- Jatin Chokshi:** EBITDA is marginal I mean in terms of percentage it will be the same slight improvement could be there because of the GST and other process improvement, but I will share the number on annual basis.
- Giriraj Daga:** Perfect. Thanks a lot.
- Moderator:** Thank you. The next question is from the line of Anoop Agarwal from Cogencis. Please go ahead.
- Anoop Agarwal:** Sir thank you for taking my question. Just wanted to know what is the size of this entire Jhajjar project and once the approval is in place how much time will you take to complete this last-mile connectivity?
- Prakash Tulsiani:** The Jhajjar total project in the complete or in as I would say final stages would be approximately 180 acres of land and the plans are to have domestic EXIM as well as containers bulk and warehousing facilities in this particular location and once we have decided on along with the Indian Railways we should start commencing, but there is also a possibility to commence it in stages and that is exactly what we have in mind, so as soon as we have clearances from the railways we should commence and let us say between 18 to 24 months we should be ready to go operational.
- Anoop Agarwal:** This would be one of your biggest units once it is operational and what will it share going to be to the total revenue?
- Prakash Tulsiani:** Sorry if you could repeat this, I did not get it....
- Anoop Agarwal:** This is going to be significant contributor to your topline once operation is it correct?
- Prakash Tulsiani:** Surely because it will be one of the large facilities that we have, but as I said we are still at the planning stages in terms of activities that we will have at the logistics park, so I would not be able to give you any numbers right now, but yes it will be a important facility in our entire logistics chain.
- Jatin Chokshi:** And in line with our ROE and ROC expectation that is what we are keeping an eye.
- Anoop Agarwal:** What is the investment going into this entire project?
- Jatin Chokshi:** It will be between 400 to 500 Crores over a phase manner in the next two to three years.
- Anoop Agarwal:** Alright. Thank you.



*Allcargo Logistics Limited
November 10, 2017*

- Moderator:** Thank you. The next question is from the line of Abhijit Mitra from ICICI Securities. Please go ahead.
- Abhijit Mitra:** Yes, thanks for taking my question. Two questions, first on the CFS reported segment can you tell me the volumes including ICD Kheda as well as Mundra CWC for the quarter and also the second question is as you are going for the data is the provision of bad debt that you have taken in Q2 for the P&E segment?
- Prakash Tulsiani:** Let me clarify this there are no bad debts as we mentioned. We have a very conservative policy in terms of making provisions in the books for all outstanding more than 180 days then our experience is that okay as you know there is a challenge in the economy because of the various external and government factors and new initiatives for which the recovery has been slow down, but our past experience in the client profile looking at a client profile we have not provided for any bad debt and these are all mere provision as and when we recover the money may be next month or may be a couple of months wherever we reverse the provision.
- Abhijit Mitra:** That is very helpful. I was coming from last quarter rather we took a 4.5 for provision and the understanding was that the cycle was largely stabilizing then, but here in this quarter also..
- Prakash Tulsiani:** In that last quarter when we discussed about it none of us had seen the effect specifically on the export business from the point of view of duty drawbacks or other matters right, now that has hit the cash flow of our clients. I expect that as Jatin might said within a period of next one month or one-and-a-half months we should be able to see improvements coming in and over a period of next quarter I think we should see this settling down very well.
- Abhijit Mitra:** Yes, so that is why I was tried to understand the normalized earnings for the first half so in case you have some provision figures with you, you can share?
- Prakash Tulsiani:** We have also read and heard about this that there is some resource crunch of working capital crunch as we have seen in many of the businesses and since we do operate with them obviously we have been heard of it.
- Abhijit Mitra:** The CFS volumes including Kheda and Mundra CWC?
- Prakash Tulsiani:** Definitely we actually do not come out and give the number, but I would tell you on a yearly basis we do well in these two ICDs. We have been able to do over a period of a year anywhere between 18000 to 22000 TEUs in Dadri and in Kheda we do approximately 4000 TEUs a year.
- Abhijit Mitra:** Thanks. That is helpful.
- Moderator:** Thank you. We have the next question from the line of Vikram Suryavanshi from PhilipCapital. Please go ahead.



*Allcargo Logistics Limited
November 10, 2017*

Vikram Suryavanshi: Most of the questions answered, but just I wanted to know we still have good amount of land at different locations so apart from Jhajjar are we seeing any expansion in other locations post GST?

Prakash Tulsiani We have land bank as you know and post GST and now there is in warehousing spaces there is a good momentum and a demand is there in the market so definitely we have plans to develop this land bank and I can say that, yes, very soon we will be starting the work at our Hyderabad land bank followed by of course the Jhajjar and both land good potential is there, so yes Hyderabad we should commence shortly and all the land banks I mean we expect will start accruing the revenues or making the business trends due to the volumes and requirements over a period of next one year.

Vikram Suryavanshi: Sir basically in case of shipping business are we still seeing some challenges and all that because we have reduced our slate, but how do you see that business shaping up over next one or two years?

Prakash Tulsiani Which one are you referring to?

Vikram Suryavanshi: Shipping business.

Prakash Tulsiani In the shipping business we had five vessels out of that two we have sold in the previous quarter and after selling those two we are remaining with total three out of that two are on a long term charter and the charter was renewed very recently, it has been renewed for a period of one year at least and we are doing very well in that contract. The other vessel is on the coast of India and has gainfully employed so I must say that the shipping has completely turned around from what earlier it was and we are happy with the result and as we go along I think it will sustain and it will deliver the needed profitability and contribute positively towards the EBITDA of this group.

Vikram Suryavanshi: Thank you Sir!

Moderator: Thank you. We have the next question from the line of Sahil Doshi from Birla Sun Life Insurance. Please go ahead.

Sahil Doshi: The question relates to the P&E division Sir, just to like as in the beginning we highlighted we have taken certain calls in terms of disposing the non-remunerative or loss making assets so could you throw more light on what kind of assets, what kind of projects were these and also how do you plan on improving the ROCE of this business and how do we see recovery come through?

Prakash Tulsiani: In this business we are looking to go as much as possible asset-light in the future. Currently we own assets in this business the assets, which we sold off or we have got rid of were two ships and they were not delivering the right return, there were certain other smaller as I say cranes, which were in the market, which was commoditized so we also sold that. There are certain other assets,



Allcargo Logistics Limited
November 10, 2017

which were not delivering the right ROCE again equipment and cranes and we got rid of that also.

Jatin Chokshi: So one is the low yielding assets and second is those equipment, which has completed its useful life and I mean you know with any machinery kind of things once they are useful there is a lot of repairing and maintenance happens so which is bringing down the yield and as a policy we always replace such machinery based on the business needs and to make it up-to-date or keep in a good status whether it is a trailer, whether it is a crane or whether it is a ship, so either it has completed the commercial life or yielding low assets as mentioned by Prakash so those assets we have disposed off.

Sahil Doshi: How do we here on improve the productivity and also improve the ROCE as we target to improve the ROCE?

Jatin Chokshi: The issue has been there were headwinds here and the market overall was weak and that is why the asset utilization went low and because of lower asset utilization we have our results as you have seen not to the mark as we had expected. Assuming if the market would have remained the way it was as we have envisaged when we were selling this equipment in the past you have seen a far better result so we will have to wait for the market to revive.

Prakash Tulsiani: Yes, and as we mentioned earlier we have now got a healthy order size as far as the project transportation is concerned and that is an indication that yes the projects are now moving definitely in some of the sectors this cranes or this kind of equipment definitely will have more demand thereby yield can go up and we can see some improvement going forward in couple of quarters.

Sahil Doshi: Sir the other question relates to the DPD we have been hearing and reading that there is a transport tender for evacuating from JNPT where I understand we also have been a participant so could you throw some light on what kind of opportunity this is and how will this support or help your other businesses as well?

Prakash Tulsiani: Yes there is an opportunity there so we have participated in the tender we have just been shortlisted as one of the parties or candidates as we speak, nothing has been closed by the authorities and as and when it is done then we will see however the plans are also to go forward and look at how we can do this as an asset-light model.

Sahil Doshi: Sure.

Prakash Tulsiani: Typically to have control over the end-to-end logistics and participate in the growing JNPT market to have control over the cargo if we can.

Sahil Doshi: Sure, but it would not necessarily mean that we will own trucks?



*Allcargo Logistics Limited
November 10, 2017*

- Jatin Chokshi:** That model has not yet concluded or decided and we are still evaluating because there is no certainty that this contract has to come to us because there are 12 bidders and let us see who is selected.
- Sahil Doshi:** The final question from my side could you quantify the capex plans, which we have for the next two to three years considering the Jhajjar plant also for the railway?
- Jatin Chokshi:** Yes, as we mentioned earlier we will be developing Jhajjar over a phased manner, which will have a capex plan lead to the extent of between 400 to 500 Crores in Hyderabad and couple of other land parcels where we currently have the plan to construct the warehouse there should be another 100 Crores also all put together depending on the timing and the requirement kind of things and these are the major capex plans as far as India is concerned and of course maintenance capex or upgradation of IT and other things that is happening on on-going business.
- Sahil Doshi:** Overseas capex plans also if you can some thoughts on that?
- S. Suryanarayanan:** Overseas capex plan almost will be almost like the same as previous years.
- Prakash Tulsiani:** Predominantly the maintenance unless I mean in the past you get opportunity to grow inorganically that is a different matter, but no one can predict and no one can time that.
- Sahil Doshi:** Thank you.
- Moderator:** Thank you. The next question is from the line of Pratik Kumar from Antique Stock Broking. Please go ahead.
- Pratik Kumar:** My first question is on CFS segment you mentioned that we have concluded the business arrangement we had with CWC Mundra CFS so Sir what was the quantum of lease rentals, which we are paying, which will probably be revised in next quarter onwards and what is the contribution of volumes, which was there in current quarter from that particular CFS, which we should add up so as to calculate like-to-like comparison year-on-year?
- Prakash Tulsiani:** See while I appreciate your question on the detail, can I request you that these are commercial matters or commercially sensitive matters I would sincerely request you that I will not be able to divulge that.
- Pratik Kumar:** The lease rental value or the volumes also?
- Prakash Tulsiani:** The volumes I had mentioned to you already it has been in the range of 5400 TEUs for a period of three months.
- Pratik Kumar:** So 65, 362 we should add another 5000 to compare the year-on-year number?



*Allcargo Logistics Limited
November 10, 2017*

- Prakash Tulsiani:** You are right.
- Pratik Kumar:** We have been reading about like management's comment on spending 1000 Crores over next five years and becoming a two billion dollar company in 2020 so Sir any long term view, which we can share in terms of where we want to, company to be five years down the line in terms of segments where we operate currently in terms of focus?
- Prakash Tulsiani:** That is our vision to grow and to participate in the ever growing logistics needs of India. Specifically when the consumption drive with the capex cycle improving, with the GST coming in there is a lot more need for logistics then we had ever seen in the past and obviously there is a need to fine tune ourselves because now with e-tailing and lot of e-commerce happening in India also the needs of our customers or clients are changing and accordingly we will have to invest and look for newer ways of doing the logistic services so this is a plan over a next period of three to five years and yes we are working on some various initiatives, but nothing has been finalized so I cannot share with you.
- Pratik Kumar:** So these 1000 Crores of capex include this Jhajjar capex of 400-500 and other 100 Crores on Hyderabad?
- Prakash Tulsiani:** Indeed.
- Pratik Kumar:** Just one question with regards to the previous question on the call regards to this truck tender the question was also there that being a consolidated service provider on CFS then trucking so is it a competitive advantage versus other CFS in Mumbai and generally in terms of volumes?
- Prakash Tulsiani:** See the business environment has changed, the business needs have changed, it is important to have stickiness with our clients, it is important to have a one stop solution given to the end customer and that is exactly what we are heading towards in logistics in India, elsewhere in the world this is already happening. So we know that we will have to provide as and when we see most of our clients going and outsourcing logistics there will be a need to have one single player who can deliver all the various segments of logistic services and that is the reason why we are heading in that direction. That does not necessarily mean that we will have to own our own assets.
- Pratik Kumar:** Sir you initially mentioned in the call that you had a decline in volumes for JNPT and Chennai CFS?
- Prakash Tulsiani:** Yes.
- Pratik Kumar:** So overall after including this 9400 in the current quarter number we get a 2% year-on-year growth?
- Prakash Tulsiani:** Yes, that is right.



*Allcargo Logistics Limited
November 10, 2017*

- Pratik Kumar:** So that would be like completely attributable to the CWC, CFS, which you are having and which you now looking to close?
- Prakash Tulsiani:** Absolutely. That is why we have excluded that.
- Pratik Kumar:** Sure Sir! That is it from my side and thank you.
- Prakash Tulsiani:** It is fair you know that next time when you see it sequentially it will be at par or it will be comparable.
- Pratik Kumar:** Thank you.
- Moderator:** Thank you. We have the next question from the line of Keyur Pandya from Prabhudas Liladhar. Please go ahead.
- Keyur Pandya:** Thank you for the opportunity. Sir in the PES front you mentioned that you are provided for the provision for doubtful debts so Sir can you quantify it and will it be there in subsequent quarters can you guide on that front and in this similar line Sir since we have sold some unproductive assets so this sluggishness in the business or revenue will continue for next few quarters in that segment?
- Prakash Tulsiani:** Let me tell you now we make a provision for all the segment together at a consolidated level and kind of things so I cannot give you the segment wise number, but looking to the past quarter and trend and some quarter reversal is also happened so it is not out of the line or out of the business or out of the proportion that I can tell you and what is your second question?
- Keyur Pandya:** Sir will this provisioning continue for next few quarter?
- Prakash Tulsiani:** No I mean we expect some recovery with improvement and other things so the provision may or may not continue, but we expect that recovery will happen in this quarter and probably it could be reversal if the recovery happens, so we do not see and regarding your second clarification is since we have sold the assets whether it will have impact on the lower revenue even going forward the answer is no because as we already mentioned we have sold either the assets, which has completed the life or which is a low yielding therefore it should improve the number or the profitability or the revision itself so it will not have because we have sold very small numbers and lower capacity kind of things, which will not have much impact.
- Jatin Chokshi:** See the impact will be on the revenue, but the idea is to improve the ROCE and the profitability.
- Keyur Pandya:** Sir second question is regarding the volumes so I think you mentioned 5400 TEUs for the two ICD so those are.....
- Prakash Tulsiani:** 9400 was for CWC Mundra ICD is on top of that also.



*Allcargo Logistics Limited
November 10, 2017*

- Keyur Pandya:** Once we add that then the number will be comparable with last year is it so?
- Prakash Tulsiani:** Yes.
- Keyur Pandya:** Because they were included last year same quarter?
- Prakash Tulsiani:** No last year CWC was not there.
- Keyur Pandya:** This number, which you have reported is the comparable number right?
- Prakash Tulsiani:** Yes. it is comparable.
- Keyur Pandya:** What will you attribute to this decline in volumes in Chennai and JNPT?
- Prakash Tulsiani:** See typically it is because of the way the business has conducted these days and in Chennai it was because of the hurricane and heavy rain that had happened so the volumes are affected, but overall I would say it is the ease of doing business or the way the business is now conducted there is a change and that is why, but we expect this to normalize and going forward we should only see that we are improving from where we are.
- Keyur Pandya:** Just last question. Sir tax rate we have seen very low tax rate this quarter so what is the reason for that?
- Jatin Chokshi:** I mean that is purely the impact of the deferred tax because of the depreciation, because of the MAT credit what we have accrued during this quarter so is purely a deferred tax credit that has been there.
- Keyur Pandya:** Thank you Sir!
- Jatin Chokshi:** I explained to you, this tax is purely a deferred tax credit which is a reversal because of the MAT credit.
- Keyur Pandya:** Thank you Sir! All the best.
- Moderator:** Thank you. We have the next question from the line of Pradnya Ganar from Motilal Oswal Securities. Please go ahead.
- Pradnya Ganar:** Thanks for taking my question. Sir all of them have been answered just a small question, what is the global trade growth rate for MTO looking like?
- Prakash Tulsiani:** The global MTO growth rate is looking at about 4% to 5%.
- Pradnya Ganar:** That would be all. Thank you.



*Allcargo Logistics Limited
November 10, 2017*

Moderator: Thank you very much. That was the last question. As there are no further questions I would like to hand the conference back to Mr. Abhishek Ghosh for any closing comments.

Abhishek Ghosh: Thanks Raymond. On behalf of Motilal Oswal Securities I like to thank the management of Allcargo for taking out time to answer all the investor queries and all the participants who are logging on to the call. Thank you very much.

Prakash Tulsiani: Thank you very much.

Moderator: Thank you very much. On behalf of Motilal Oswal Securities that concludes this conference. Thank you for joining us ladies and gentlemen. You may now disconnect your lines.