Good morning and welcome to the Earnings Call of Gujarat Pipavav Port Limited. My name is Manish Agnihotri and I'm joined with Mr Girish Aggarwal Managing Director and Mr Santosh Breed, CFO.

This call is for our results that we had declared on 8th February.

And I now hand over to Mr Santosh Breed, for opening remarks. Over to you Santosh.

Santosh Breed:

Thanks Manish. Good Morning everyone. I'm Santosh Breed the Chief Financial officer.

I will quickly take you to a presentation which was uploaded on our website. I hope you had time to look at it, but let me just give you a quick walk through.

About the volume numbers, if you look at the key updates as compared to the same quarter last year, then the Container volumes were higher by 22%. This was mainly due to higher Exim volume that we handled at the port . The Exim volume increased by approximately 9%.

The Dry Bulk cargo volume were higher by 48% due to higher Fertilizer volume.

Liquid volume was higher by 39% due to strong LPG volume and RoRo volume was higher by 44%.

The Revenue was higher by 49% and EBITDA was higher by 63%, the Margin is at 57%.

The Net Profit was higher by 81%. So these are the key updates as compared to the same quarter last year. So overall it was a very good quarter and a strong performance.

I think we are open for the questions now. If there are any specific questions on the volume and the financials, we can take it now.

And along with us today, we also have our Managing Director, Mr Girish Agarwal, on the call to take your questions on the commercials.

Manish Agnihotri:

Mohit over to you.

Mohit Kumar:

Hi I'm audible.

Manish Agnihotri:

Yes.

Mohit Kumar:

Yeah. Good morning, Sir and congratulation on a very good set of numbers. So my first question is on the realization which seems to be very, very high compared to QoQ there is a sharp improvement. Is there something one off in this quarter?

Santosh Breed:

Yes, yes Mohit. So if you look at our Revenue numbers, then as we explained earlier, we have a volume incentives which are payable to the shipping lines and based on the contractual term and as the contract ends. So there are certain adjustment which do happen. So in this quarter approximately around 42 million INR has been adjusted which was pertaining to the previous quarters. So that's the one off adjustment.

Mohit Kumar:

Still, the numbers are very, very high sir you know, QoQ. Also I think numbers are having said the volume numbers are relatively flat QoQ and that's where I'm asking the question again.

Santosh Breed:

So this is the only one off adjustment and the rest is due to the cargo mix.

Mohit Kumar:

Understood, Sir. Secondly, given the current macro environment, you know where the freight rates are falling and the global trade looks slightly offish do you think how to how do you see the next few quarters or let's say FY 24 and are we seeing some signs of you know DFCC helping us at the margin?

Girish Aggarwal:

So so let me take that. You're right, I think clearly there's some tough environment ahead of us specifically on the export side. We believe that the export to Europe and US will potentially decline as we move forward through this year. Having said that, we are seeing a much better export numbers coming out of Middle East, India, Middle East trade. We are also seeing tonnage being moved by the shipping lines on the India Middle East route, so that's the positive. Imports into India continues to be extremely strong on the consumption of the country. So that continues to be strong. So if I look at general Cargo mix, imports will continue to be strong. Exports from India into Middle East, I would argue would increase and will continue to be strong. There will be dips of it in exports into Europe and as we move forward I think into the US as well. We are I think well positioned as I see it as a port simply because (a) we have significant import heavy mix of container cargo. We've also very recently added the Shaheen Express which is the India Middle East trade, so that's very positive for us. Plus we all continue to have the options of other cargo mix in dry bulk and liquid bulk.

Mohit Kumar:

The last thing on the Dry bulk we have done very well in the last nine months, you know and last year I think 9 month was 2.7 million ton. We have 3.2 million ton and I believe there was some one of our traffic from Ultra Tech jetty. So is that do you think it's sustainable going forward as we enter into FY 24.

Santosh Breed:

Also, Mohit see your point we had some one off opportunity because of the challenges faced by the neighbouring industry. I mean, their jetty and that cargo has moved back to their jetty. But then during the year we have added new commodities right on the agri side mainly and also wood pulp that we started handling and plus fertilizer imports continue to be strong. So with that we do expect to continue Dry bulk performance even this year as what he did last year.

Mohit Kumar:

Understood, Sir. Thank you. Thank you.

Manish Agnihotri:

Ashish over to you.

Ashish Shah:

Yeah. Thank you. Thank you, Manish.

Ashish Shah:

Sir first question again is on the aspect of the Ultratech cargo. So just wanted to confirm this, that whatever incremental cargo we had secured because of the disruption in the jetty, so and everything which had to move out has moved out, right? So this is our own sustainable cargo volumes that we are looking at. I just wanted to sort of confirm that point of view.

Santosh Breed:

Yeah, you are right Ashish. Your observation is right.

The only thing which I would like to add is that during those months when we handled the cargo for Ultratech, I think there was some synergies that were achieved and based on that, Ultratech will still continue to handle some cargo at Pipavav.

So that will happen, but in terms of their jetty utilization then it has started and they have moved their cargo back to their jetty.

Ashish Shah:

Sure. Now on the container side, just wanted to understand how the EXIM growth would have been versus the transhipment, so any broader understanding that you can give on in terms of the numbers that we did for the quarter, how much would be the EXIM and the impact of transhipment?

Santosh Breed:

So as compared to the last year, the EXIM volume has grown by around 9%. So that's the EXIM growth. We don't of course give the absolute number. So we can take this as a as an indicator.

Ashish Shah:

Right, but qualitatively speaking, would the transhipment proportion would have gone down or gone up in the trailing two or three quarters? If I look at it, let's say from Q1 to Q2 and Q2 to Q3? Is the proportion of transhipment going up or going down or remaining steady?

Santosh Breed:

I would say it is remaining the same. It's a very small proportion of the entire volumes. So I don't think we need to really focus on that number. It is a very small portion.

Ashish Shah:

Right, right. Sure, Sir. Thank you.

Manish Agnihotri:

Deepak. Over to you.

Deepak Maurya:

Yeah. Hi. Thank you so much. So I have a couple of questions. First is on the concession renewal, the elections are past behind us. So if you could provide some color on what is the progress on the discussions with respect to the renewal are and any timeline which you have in mind and that's the first question. And the second question is again with respect to the demand outlook right, as rightly said, you are an import heavy port and how does the China reopening or impact your services or your import driven volumes because I recall from our past conversations that a lot of these services coming in from the Far East, so if you could provide some color over there. Thank you.

Girish Aggarwal:

OK, let me take the concession extension question first Deepak. I think we continue to engage with the GMB, Gujarat Maritime Board on the concession extension. You're right, the elections are behind us, definitely behind us. But I think the process is ongoing. I do not see potentially any red flags as of now in terms of the concession extension, having said that, it's not possible for us to comment on the timelines that will be decided by the government and let them come back with the detailing of the policy etcetera. But as we stand today, I can just confirm that there are no red flags that we see.

Deepak Maurya:

Or maybe if I can just, phrase it differently, are there anything pending at your end or any processes if you could at least let us know what are the next processes which are pending like some study has to be done. Like I remember A T Kearney did a study and submitted its report. So like that is there any further processes which you could outline which need to be followed before you go ahead.

Girish Aggarwal:

Not from our end Deepak. It is purely the government's prerogative or GMB's prerogative. They have commissioned the A T Kearney study and I believe that AT Kearney has submitted their report to GMB. The contents of course are not known to us and GMB will let know in due course I guess will come back with more details to us and we continue to engage with them in a very positive manner. So that's what I can say.

Deepak Maurya:

Thank you.

Girish Aggarwal:

In terms of your second question about demand, as I said, we strongly believe that export demand into Europe will decline. The export demand into US potentially will decline. We're not seeing too many data points to suggest that at this point in time. But whatever we see, it does feel like that, you know, as we progress through. The Exports Into Middle East is increasing and as I said earlier, we are in fact seeing shipping lines putting more tonnage on that route so which is very positive. We are an import heavy port which you rightly said and that means that we are fairly doing OK in terms of volumes. Our both our Quarter on Quarter and Year on Year numbers in terms of EXIM cargo have improved in the last quarter and China reopening is actually not negative for us as I see.

Deepak Maurya:

OK, OK. Thank you.

Girish Aggarwal:

Though of course I think February. I mean this quarter the demand will be impacted which every year gets impacted because of Chinese New. Yeah, which I think we're all aware of.

Deepak Maurya:

OK, OK. I have very quick question. Any realization increases in the pipeline? The container and the bulk side tariff increases, which you would implement in the upcoming year for fiscal year 24.

Santosh Breed:

So this is actually a continuous process we keep on reviewing and it also depends upon or we try to ensure that at least we get the inflationary increase. But it's also driven by the market. So as of now we are not able to really comment whether we are planning something immediately, but we keep on reviewing that option every time.

Deepak Maurya:

Thank you. That's it for me. I'll jump back in the queue. Have a nice day.

Manish Agnihotri:

Thank you, Mr Nikhil Abhyankar over to you.

Nikhil Abhyankar:

Sir can you give us the realization break up of bulk, container and liquid cargo?

Santosh Breed:

Sure, the realisations actually remain almost in the same range as we have seen in the past. So the container remaining to be in the range of 6600 to 7200 bulk is in the range of 450 to 600 per metric ton and liquid remains in 500 per metric ton range. So the range has almost remained the same as compared to the earlier quarters.

Nikhil Abhyankar:

OK, so the increased realization is purely based on the mix, and not exactly due to the one offs.

Santosh Breed:

Sorry can you repeat your question. You were not very audible.

Nikhil Abhyankar:

So the increased realization is purely based on the mix and not due to any one offs.

Santosh Breed:

Yeah, that's right. So one off which I mentioned earlier, that's the only one off and the rest of the impact is purely because of the cargo mix.

Nikhil Abhyankar:

OK, so where do we stand on the expansion plan? We already have got around 7 or 8 billion plan. So can you just give us the status of that as well?

Santosh Breed:

I think so. I'm not very clear. Again, your question expansion plan. So the only what we mentioned earlier that we are converting our existing liquid jetty to be VLGC compliant is which can handle the very large gas carrier. So that work has been completed and now we are in process of getting the approval and as soon as that is there then we'll start the operations. So that's the only plan which is there now. If you're referring to that expansion plan.

Nikhil Abhyankar:

Ohh OK. And sir how much more of this one off will come. And like we have already booked around 45 crore. So do you have any guidance for it?

Girish Aggarwal:

How much more one offs will come? Is that what your question?

Nikhil Abhyankar:

Uh, how much more exception cost is to be incurred.

Santosh Breed:

Ohh, the exceptional items you are referring to.

Nikhil Abhyankar:

Yeah, Exceptional Item.

Santosh Breed:

Yeah. So we had, we had given an overall estimate at the beginning of around 80 crores. so we should be in the same range. Ohh yeah, so there were a few I think will come in the rest of the year now. So we'll have something in the next quarter as we mentioned, a major part of this is towards the bund repairs and that is now getting completed. So we should have some impact of that in the next quarter.

Nikhil Abhyankar:

Sure sir. Thank you.

Manish Agnihotri:

Mr. Harsh Kumar.

Harsh Vijaykumar Shah:

Ohh yeah, Hi thank you for the opportunity. My first question is on the operating leverage side. So I just wanted to know your thoughts on this. How it is going forward. Thank you.

Santosh Breed:

Sorry can you repeat the question?

Harsh Vijaykumar Shah:

So my question is on operating leverage with what we have seen in this quarter. So my question is, how sustainable is this going forward? So any comments on this?

Santosh Breed:

Are you able to hear me clearly?

Harsh Vijaykumar Shah:

Yeah, yeah.

Santosh Breed:

Yeah, so, so we we strongly believe that we should maintain this as we also mentioned earlier.

Santosh Breed:

Our operating profit, basically largely depends upon the cargo mix and whenever we are seeing a strong container volumes. Then then you'll see the movement in the EBITDA as well as in the margins, right? So I think looking at the outlook now, if the imports as we expect Continues to remain strong then we should be able to maintain these margins.

Manish Agnihotri:

Mr Harsh Kumar you there?

Girish Aggarwal:

Harsh are you on mute.

Harsh Vijaykumar Shah:

Can you hear me?

Santosh Breed:

Yeah, yeah, you can hear me.

Harsh Vijaykumar Shah:

Yeah. Yeah, yeah, yeah, yeah, I can. Uh, sorry. So my second question was on CapEx plans going forward. So any commentary on that please? Thank you.

Santosh Breed:

On CapEx we will continue to have the maintenance CapEx as we have been having in the past. And as I mentioned, the liquid berth is already completed so hopefully around Rs. 70 to 80 crores is what we expect.

Harsh Vijaykumar Shah:

OK. Thank you so much.

Deepak Maurya:

Santosh the response to the previous question had too much of echo we couldn't really hear anything. Could you please repeat the same?

Santosh Breed:

Yeah, sure. OK, so the CapEx, as I mentioned that we have already completed the upgradation of the liquid berth so that some spend will happen in the rest of the year now and then we expect around Rs 70 to 80 crores as our annual maintenance capex spend. So that's what the expected CapEx is for this year.

Deepak Maurya:

Thank you very much.

Manish Agnihotri:

Mohit is this your old hand raised or you would like to ask something again?

Santosh Breed:

Any other question, Nikhil? Mohit?

Manish Agnihotri:

We don't seem to have any further questions, so I think we'll conclude the call. Thank you very much for joining and have a good day.