

**Gujarat Pipavav Port Limited**  
**Q3 FY 2025 Earnings Conference Call**  
**14<sup>th</sup> February 2025**

**Manish Agnihotri:**

Good morning, everyone and welcome to Q3FY25 post earnings call of Gujarat Pipavav Port Limited. I am Manish Agnihotri, Company Secretary and along with me I have Girish Aggarwal, Managing Director and Santosh Breed, CFO. We will start with the opening remarks by Girish and then we'll open the floor for Q&A. Over to you Girish.

**Girish Aggarwal:**

Good morning everyone.

The Revenue for the Quarter in comparison with the previous year was lower by 3%, essentially due to lower container and fertiliser volume. Our Total Expenditure for the Quarter was higher by 13% due to higher bulk handling expenses and one-off expenses incurred during the quarter. Excluding one-offs of INR 117 million, the total expenditure was higher by 2% due to higher operating expenses and annual salary increments. The one-off expenses of INR 117 million are related to R&M, mangrove restoration, one time IT infrastructure enhancements and employee benefits.

Our EBITDA margins were lower by 600 basis points due to higher expenses. Excluding one-offs, the margin was lower by 200 basis points. EBIT was lower by 17%. Excluding one-offs EBIT was lower by 9%.

Container volumes overall were lower by 13% due to the continued Red Sea impact. As compared to the preceding quarter, the volume run rate is consistent.

Bulk volumes were marginally lower by 4% from previous year. As compared to the preceding quarter, the volumes have increased by 58% due to higher fertiliser imports.

Liquid and RORO businesses continue to deliver extremely strong performances with volume growth of 22% in Liquids and 53% in RORO. Both the businesses have delivered their highest ever quarterly volumes in this quarter.

For Nine months, the Revenue, EBITDA and EBIT are flat.

We have taken a tariff increase of 5%, which was implemented with effect from January '25. Considering commercial contracts with customers, it is expected that this will result in a Revenue increase of 2 to

3%.

From an Outlook perspective, Container business continues with a run rate of 175 to 180,000 TEUs and this trend is expected to continue in the coming quarter. Liquid volumes are expected to continue its strong performance, maintain our annual volume expectations of 1.4 million metric tonnes.

RORO volume continues again, its strong performance with an annual expectation in the range of 155 to 160,000 cars.

Thank you.

**Manish Agnihotri:**

Thank you, Girish. We now open the floor for questions.

Deepak, please go ahead.

**Deepak Maurya:**

Hi Girish and Manish. Thank you for the initial remarks. I had a couple of questions on the outlook for container shipping. So last quarter when we spoke, we did mention that sequentially, we should see some improvement in the container volumes because yes, the loss of the Jade service is definitely will have an overhang on the year on year. But on the quarter on quarter trends, we could see some improvement given that the service calls are stabilising post the Red Sea so I mean, but this quarter we did see that it was flattish quarter on quarter. So maybe if you could guide on where we expect to rebound or recover?

**Girish Aggarwal:**

Yeah. So I think as we spoke last quarter, we saw green shoots, we moved up from about 165,000 TEUs if I'm not mistaken, to about 178-179,000 TEUs in the last quarter. That has been maintained, you know. Usually the monsoon quarter is a little bit seasonally also high. The fact that we've maintained I think continues to give me positive signals. I believe as we move forward, the Red Sea crisis is getting potentially behind us. We are seeing or hearing good news. We'll see how that goes. But again, you know from our perspective this quarter, we believe we will be in similar ranges of about 180,000 TEU mark. But as we move forward, I believe things should improve, not withstand. I mean the risk, of course, is the Tariffs that are coming our way. We'll see how that plays out or tariffs that may potentially come our way. We'll see how that plays out.

**Deepak Maurya:**

OK, OK. And when I look at the bulk volumes, I think the quarter on quarter improvement was likely because the tenders opened for fertiliser and then that started to flow through. So do you expect this to sustain during this current quarter or the last quarter of this financial year or should we expect this volumes to taper?

**Girish Aggarwal:**

Some of these volumes will taper this of course as you rightly said, the tenders opened up, there was clearly a inventory in the country on fertiliser extremely low and the Government really pushed a lot more import volumes in this quarter. Expect some tapering off of the fertiliser volume in the Jan to March quarter. So I would expect some decline in the volumes.

**Deepak Maurya:**

OK. And if we could also have some colour on the realisations range which you give by cargo category typically every quarter, that'll be very helpful.

**Santosh Breed:**

Sure. The container realisation is in the range of Rs. 8500 to Rs. 8900 per TEU.

**Deepak Maurya:**

OK.

**Santosh Breed:**

For bulk is in the range of Rs. 450 to Rs. 700.

**Deepak Maurya:**

OK.

**Santosh Breed:**

And for liquid again in the range of Rs. 450 to Rs. 700.

**Deepak Maurya:**

As well. OK, that's helpful. Thank you. And with respect to the operating margin or the EBITDA margins, right, you mentioned that even excluding the one-off expenses, we did see a marginal dip. Is that because of the higher mix of fertilisers in the cargo?

**Santosh Breed:**

Yeah, that's right. That's right. Because of the higher fertiliser volume.

**Deepak Maurya:**

OK.

**Girish Aggarwal:**

It's also low container volume.

**Deepak Maurya:**

Yeah. Yeah. OK. Thanks for that. And the statutory update on the Concession renewal, if you can.

**Girish Aggarwal:**

So I think again, everything looks okay. We recently got again met the relevant leadership in the Government of Gujarat. Again, no red flags you know that have been flagged. So I would expect things are moving in the right direction. But from timeline perspective we it's difficult for us to comment on that.

**Deepak Maurya:**

One last question before I fall back in the queue, a very quick one. We usually have the dredging expenses coming through every two 2-2 1/2 years. Are we about there and if so, could you guide what could be the dredging related expenses in the coming quarters or months?

**Santosh Breed:**

So we are undertaking studies right now, so it will be difficult to right now give the number because studies will tell us on the quantum that is required. Yeah. But we do expect some.

**Girish Aggarwal:**

Some dredging costs we do expect to come in this quarter, but not the entire maintenance. We expect to dredge one of our berth, but a small dredge, not too much in this Quarter. That's it. But we'll maybe after this quarter we'll talk about you know, the further maintenance dredging cost.

**Deepak Maurya:**

Okay. So is it fair to expect that the dredging related substantial part of the expense will come in the next fiscal year?

**Girish Aggarwal:**

Yes

**Deepak Maurya:**

Okay, thank you. Maybe I'll take a pause here and then see if any other analysts have any questions. I'll come back if I have. Thank you.

**Manish Agnihotri:**

Thank you. Priyankar, please go ahead.

**Priyankar Biswas:**

Yes, thanks for the opportunity. So my first question is regarding your Liquid berth that you were expanding. So how far are we through the Capex on that and when do you expect the commissioning of that? So if you can answer that first.

**Girish Aggarwal:**

The commissioning is expected now roughly, I would say Q2 next fiscal year. We are still in the regulatory approval process. Once the regulatory approvals are granted, we will get started. We expect now to start Q1 next fiscal.

**Priyankar Biswas:**

So Q1 next fiscal is essentially the construction you are expecting or is it just the approval you will get?

**Girish Aggarwal:**

Yea we expect to start our construction between April, May and June 25.

**Priyankar Biswas:**

Okay. And given that we are seeing quite a large increases in volumes that have happened in liquids and they're being higher margins. So what sort of outlook do you see if I have to, let's say, ask you in a slightly longer term like 2-3 years, because what I understand is your port will also get connected to some part of the Kandla Gorakhpur pipeline as well eventually. So if you can comment on that outlook.

**Girish Aggarwal:**

Of course, I think clearly. It will be a substantial improvement in volumes on the liquid that is once big reason that we are going in for additional liquid jetty. We are connected to the KGP. Hopefully that gets started. We believe in the month of April between April and June is what we hear at this point in time. One of our partners, Aegis is already in the process of commissioning additional 48,000 metric tonnes of storage capacity that should also come in line between April and June.

The new liquid jetty, we've said, is about 3.2 million metric tonnes. So I would expect at least over the next three years, you know at least additional half of potentially double our liquid volumes. That's how we see it in the over the next three years.

**Priyankar Biswas:**

That's great to hear. And if I can squeeze in, can you also similarly let's say give us an outlook for the RORO from a more longer term point of view because what we are seeing is that RORO usually did not use to have high volumes earlier. In this last 1- 1 1/2 year we are seeing this volume upsurge. So what

is the eventual journey for this? I mean, what is driving this volume growth at an underlying level. If you can just elaborate a bit on that and maybe 2-3 years outlook if you can give.

**Girish Aggarwal:**

I think the underlying is Make in India. Essentially today, manufacturers like Honda and Suzuki are using capacities that exist in India. In fact Maruti you would have heard is already building up new capacities both in Haryana as well as Gujarat. They are now exporting to, not even, not only Middle East and Africa, but also to Japan. You would have heard about that.

Honda is using its capacity in its Rajasthan plant more for exports, but there's clearly a potential capacities there. So rather than using it for domestic it's more on the export side. So is Maruti Suzuki. So we believe that this is a structural story in India, it will continue to grow. If I'm not mistaken, Maruti has already announced that by 2030, they should be in a position to export 700 to 800,000 cars. Between them and they also do manufacturing for Toyota if you know. So I think it's a structural growth story. From our perspective, as I said for this fiscal, we'll do about 155 to 160,000 cars. We believe that this will continue to grow. Over the next three years if you ask me, I believe it should double from there.

**Priyankar Biswas:**

Mm hmm. Oh, that's nice. And just if I can squeeze one more in. When you said that there was a 5% price hike taken in Jan. So is it for containers only or is it across the board that you are highlighting?

**Girish Aggarwal:**

Across the board.

**Priyankar Biswas:**

Okay. So that's all from my side. If I have some questions I will come back.

**Girish Aggarwal:**

Thank you.

**Manish Agnihotri:**

Thank you Priyankar. Achal please go ahead with your questions.

**Achal Lohade - Nuvama Institutional Equities:**

Yeah. Good morning, team. Thank you for the opportunity. Sir two questions, if you could repeat once again, sorry I missed the early part one-off if you could quantify and the nature?

**Girish Aggarwal:**

So 117 million INR, the nature is R&M repairs and maintenance, onetime mangrove restoration cost. One time IT infrastructure enhancements that we have done for the port and employee benefits.

**Achal Lohade - Nuvama Institutional Equities:**

Understood. And the second question in terms of the Exim, while you've obviously given some indication already for the fourth quarter in terms of the you know outlook, is it fair to say that India port volumes are probably growing at 5-6 percent or is it 9-10% and what would be the transshipment mix according to you?

**Girish Aggarwal:**

Transshipment mix in the India volume or in Pipavav volume.

**Achal Lohade - Nuvama Institutional Equities:**

India volume, Sir.

**Girish Aggarwal:**

I think transshipment is high in one of the terminals in Mundra. We have seen Vizhinjam now coming up, so let's see how that develops. But overall, I think I mean the Indian market is slated to grow by you know equal to the GDP. So anywhere between 5 and 7% growth more in around the five to 6% growth. So we expect that kind of growth in in the container volumes as well.

**Achal Lohade - Nuvama Institutional Equities:**

Understood. And if I were to ask you in the last nine months, what would the volume growth be for the country as a whole and if possible for the EXIM cargo? Is it same range 5 to 7% EXIM cargo growth or it's more than that?

**Girish Aggarwal:**

It's not handy with me at this point in time, but it should be in similar ranges.

**Achal Lohade - Nuvama Institutional Equities:**

Effectively, we've kind of maintained our market share. Is that a fair assumption, Sir?

**Girish Aggarwal:**

No our market share has declined.

**Achal Lohade - Nuvama Institutional Equities:**

Market shares have declined, Okay. And would you be able to quantify how much would that be like from what to what?

**Girish Aggarwal:**

So overall, India market share now is at around 4% if I'm not mistaken, it was 4 1/2 percent earlier.

**Achal Lohade - Nuvama Institutional Equities:**

This you're talking about, Sir? Nine months or just a third quarter?

**Girish Aggarwal:**

9 months

**Achal Lohade - Nuvama Institutional Equities:**

Okay. That's very helpful, Sir. The other question I had, you know, in terms of the, is there a case of port in terms of the pendency of containers at the port. You know we are hearing that there is now while the DFC leg is working fine there is you know constraints at the at the port end. In terms of rake movement just wanted to hear your thoughts on the same stuff.

**Girish Aggarwal:**

So you're saying there is congestion at the port end?

**Achal Lohade - Nuvama Institutional Equities:**

Yeah, port, there are containers pending at the port to be removed.

**Girish Aggarwal:**

There is no such thing. Not at all. No, no, no, no, no, not at all. Our pendency will probably be the lowest, you know, in the Northwest India. For sure.

**Achal Lohade - Nuvama Institutional Equities:**

Is it possible to get a number? What would that pendency be? How do you define what? What number would usually be.

**Girish Aggarwal:**

No, I don't have that handy. But I can tell you there's no congestion at our port.



**Achal Lohade - Nuvama Institutional Equities:**

There is no congestion. Lovely.

Yeah. So I think those are my questions at this stage, I'll fall back in the queue for any further questions.

Thank you so much.

**Manish Agnihotri:**

Thank you Achal. Nidhi Shah please go ahead.

**Nidhi Shah /EQTY RES/ISEC/MUMBAI:**

Thank you so much for taking my question. So firstly on the question that someone else asked about the growth in liquid coming in and also the Carla John, the Carla pipeline, the Carla pipeline.

**Girish Aggarwal:**

Sorry to sorry to interject Nidhi but it's difficult to understand what you're saying. I don't know if maybe it's not very clear. Can you try again?

**Nidhi Shah /EQTY RES/ISEC/MUMBAI:**

Is it? Is it better now?

**Girish Aggarwal:**

Yes.

**Nidhi Shah /EQTY RES/ISEC/MUMBAI:**

Am I audible now?

**Girish Aggarwal:**

Yes.

**Nidhi Shah /EQTY RES/ISEC/MUMBAI:**

So basically I wanted to ask about the liquids only. So given the Kandla- Gorakhpur pipeline that is coming up and also the expansion that is being done by the port, do we expect that you know these the current volumes that we have in say in LPG could double within two years?

**Girish Aggarwal:**

Sorry, within two to three years. As I said, I mean we expect the new liquid jetty to come online in Q2 fiscal 26, I mean 26-27, right? So after that in a couple of years, we should expect our overall volumes to double.

**Nidhi Shah /EQTY RES/ISEC/MUMBAI:**

And out of the total liquids that the port currently handles how much of that would be LPG if you could possibly have that number on hand.

**Santosh Breed:**

So must be around 60% is LPG and the rest is other liquids.

**Girish Aggarwal:**

Yes 60-65% will be LPG.

**Nidhi Shah /EQTY RES/ISEC/MUMBAI:**

All right. Thank you so much. Thank you.

**Manish Agnihotri:**

Thank you. Parth Thakkar, can you please go ahead? Parth?

**Parth Thakkar;**

Yes, Sir. Thank you, Sir. Good morning. I just missed the opening remarks where you gave us the guidance for the full year. So can you just repeat that for container, liquid and RORO volume and also the realisation?

**Girish Aggarwal:**

Do you want the outlook for volumes for this fiscal year?

**Parth Thakkar:**

Yes, this and next fiscal year also if you provide it.

**Girish Aggarwal:**

Next fiscal we'll talk about next quarter, but for this fiscal, you know we expect RORO volumes in the range of 155-160,000 cars, liquid expect annual volumes of at 1.4 million metric tonnes. The container business, we expect to be again 175-180,000 TEUs in the coming quarter.

**Parth Thakkar:**

And did you also provide the guidance for realisations for this full year or the guidance or the realisation that you provided were for this quarter?

**Santosh Breed:**

So the guidance was only for this quarter. So that's the range what we're doing.

**Parth Thakkar:**

OK. Thank you, Sir. Those are my questions.

**Manish Agnihotri:**

Okay thank you. Anybody else has any questions? Yea Achal please go ahead.

**Achal Lohade - Nuvama Institutional Equities:**

But just a quick question. Of the total revenue, how much would be dollar denominated or dollar linked for us?

**Santosh Breed:**

So almost 60 to 65% will be dollar denominated.

**Achal Lohade - Nuvama Institutional Equities:**

And we don't do any hedging, right?

**Santosh Breed:**

No

**Achal Lohade - Nuvama Institutional Equities:**

Got it. That's that's all. Thank you.

**Manish Agnihotri:**

Thank you, Bharanidhar please go ahead.

**Bharanidhar Vijaykumar:**

Yeah. Thank you. So I wanted to understand the fact that for the first ten months in the country, the container volume growth, be it on a major port side or for our competitor is certain high level of 10-12% and in that period, we have lost market share also as you mentioned. So two questions. So one what is driving this container volume growth in India especially when we have seen economic slowdown according to you and also what is the reason for the market share loss?

**Girish Aggarwal:**

So we never said economic slow down Bharanidhar. Our point of view was that the services that we're handling were impacted by Red Sea and that is led to the loss plus there was a network change where Jade service was pulled out from the network by Maersk and that entire volume was lost. So we never said or talked about the economic slowdown.

**Bharanidhar Vijaykumar:**

No I didn't tell that you mentioned the economic slowdown. I'm just wondering if country is seeing some slowdown. That's what was GDP numbers and you know several other say companies and sectors are indicating. I'm just wondering how container volumes are growing at 10% under container, so you know it it's more like a macro growth.

**Girish Aggarwal:**

Okay. No. So from our perspective you know our point of view was that we lost market share because of the reasons that I mentioned. In terms of growth, there are multiple reasons for growth. You know some of them are related to as somebody else was talking about is the transshipment increase. I mean this 10% increase is overall across the board. There is clearly a Transshipment increase then there is Vizhinjam. There are new ports that have opened up which are taking some volume. There are also of course volume increases in terms of the GDP growth of the country, which are going to the ports like Mundra and Nhava Sheva.

**Bharanidhar Vijaykumar:**

Got it. Understood. And when you're talking about this 5% tariff increase and the realisation that you gave, so is it fair to assume that all the relations will be up by 5% that you mentioned next year?

**Girish Aggarwal:**

No we said 2 to 3% because of existing contracts with existing customers.

**Bharanidhar Vijaykumar:**

Okay. So net increase will be 2 to 3% on the revenue.

**Girish Aggarwal:**

We expect our net increase of 2 to 3%, yeah.

**Bharanidhar Vijaykumar:**

Okay. Thank you so much. That's it for my side.

**Manish Agnihotri:**

Thank you. Mr Vipul Kumar Shah please go ahead.

Mr Vipul Kumar Shah.

Mr. Parimal please go ahead.

**Parimal:**

Can you hear me?

**Girish Aggarwal:**

Yea.

**Parimal:**

So if you can just give us a, you know, in terms of guidance it over the next 2-3 years, how do you see your business panning out in, in terms of your liquid and RORO business and how do you see it going forward? I'm sorry, I was, I joined late so.

**Girish Aggarwal:**

Sorry, I missed that. But Parimal, you're asking the volume outlook for the next three years?

**Parimal:**

Yeah, three years later. How do you feel business going ahead and in terms of your liquid?

**Girish Aggarwal:**

Yeah, we talked about it. Both Liquid and RORO I expect no. No problem. I'll repeat. In Liquid and RORO, we expect over the next three years to double our volumes from where we are today.

**Parimal:**

Okay. And the liquid jetty will come in Q2, right?

**Girish Aggarwal:**

Fiscal. Yeah, fiscal Q2, yeah.

**Parimal:**

Okay. Thank you and all the best.

**Girish Aggarwal:**

Next fiscal, sorry, just to be clear.

**Parimal:**

Okay. Okay. Thank you.

**Manish Agnihotri:**

Thank you.

Aditya Mongia please go ahead.

**Aditya Mongia (Research, KIE):**

Yeah. Thank you for the opportunity. Firstly, just clarifying on the bulk side of things, we've obviously probably gonna see a decline this year and I understand the high base effect over here, but how do things with the segment over the we talked about other segments but not on bulk as much. So apologies if I missed it, but if you could give us thoughts on the moving parts over there from a from a FY 26-27 perspective.

**Girish Aggarwal:**

Look, I think you mean FY 26-27 two years from now, not 25. Okay, now I think for us bulk has been a stable commodity in the range of 2 ½ to 3 ½ million. I would expect similar ranges that there is a potential possibility of some increases. Maybe next fiscal probably, but it's early to say. We'll probably talk about that you know in the next quarter after the next quarter's results when we talk to you. But I would still, I would just argue that Dry Bulk could be a stable business for us in terms of volumes.

**Aditya Mongia (Research, KIE):**

Understood. The next question that I had was more on the container side of things. So you said you're certain new ports have started to impact. Are they impacting our business and if so, which are these ports that are becoming more relevant?

**Girish Aggarwal:**

I didn't understand the question Aditya.

**Aditya Mongia (Research, KIE):**

I think somewhere in your commentary you talked about the market share loss for you also happening because of new ports on the container side coming up, are they, I think coming up in our vicinity or how do you think, yeah?

**Girish Aggarwal:**

Hey, no, no. No, no, no. So the India, I mean this is the overall India share that I talked about, right. So there was a drop in the overall market share, but that's because of the growth that has happened across it's somebody else also pointed out. But our numbers have declined because of the Red Sea impact as well as the network change. So that's the reason for the declining market share.

**Aditya Mongia (Research, KIE):**

And does the Red Sea impact us substantially more than the peers. And how to think through that?

**Girish Aggarwal:**

Yes, yes, I mean it. It of course depends on the services one carries, right? So for us one of the service was the Maersk's premier service, which you know did not use the Red Sea. Most of the businesses like we spoke at actually last time as well, but the tonnage was had to be diverted into that sector and it was taken out for example OOCL Cosco services. The skips were extremely high relative to the last year.

Essentially, because of the tonnage take taken out from India, but put onto the red because of the Red Sea, the capacity had to be kind of matched.

**Aditya Mongia (Research, KIE):**

Understood. Maybe the final question on margins over here. Okay, but it's just trying to get a sense from you as in 2-3% realisation increase that is happening, is it sufficient to maintain margins beyond the 60% mark? How should we think through?

**Santosh Breed:**

I think certainly it'll help in improving the margin of the day because as you know in the container business mainly we have substantial fixed costs so any increase in the top line certainly helps to improve the margins.

**Aditya Mongia (Research, KIE):**

Understood. So 2- 3% increase takes care of all inflation planned for the year ahead, and that's the way to understand it.

**Santosh Breed:**

That's correct. Yeah, yeah.

**Aditya Mongia (Research, KIE):**

Yeah, those are my questions. Thanks for the responses.

**Manish Agnihotri:**

Thank you. Any last questions from anyone?

Yeah. Koundinya please go ahead.

**Koundinya Nimmagadda:**

Yeah. So just one question, this 117 million one-off that you spoke of, is it part of the other expenses or is it spread across?

**Santosh Breed:**

It is spread across.

**Koundinya Nimmagadda:**

Understood. Thank you.

**Manish Agnihotri:**

Okay. Thank you. Any further questions?

Mr. Vipulkumar Shah please go ahead.

**Vipulkumar Shah (Guest):**

Yeah. Am I audible, Sir?

**Manish Agnihotri:**

Yes, Sir. Please go ahead.

**Vipulkumar Shah (Guest):**

Yeah, I just wanted the capacity of our new upcoming liquid jetty.

**Girish Aggarwal:**

3.2 million metric tonnes.

**Vipulkumar Shah (Guest):**

And what is the existing capacity, Sir?

**Girish Aggarwal:**

Existing capacity overall is 2.1 million metric tonnes.

**Vipulkumar Shah (Guest):**

Okay. And that will increase progressively once it is commissioned or means in the first year of commissioning we'll reach the full capacity?

**Girish Aggarwal:**

No, no capacity will be the installed capacity. The capacity will be 3.2 million for the new one. But the usage will progressively improve, right?



**Vipulkumar Shah (Guest):**

Yeah. So okay, so usage of new capacity will not be 100% in the first year itself right? Is that understanding correct?

**Girish Aggarwal:**

Right.

**Vipulkumar Shah (Guest):**

OK. Thank you, Sir.

**Manish Agnihotri:**

Thank you. Any questions from anybody else?

Doesn't seem to be the case. Thank you very much for joining and have a good day.

**Girish Aggarwal:**

Thank you so much everyone. Thank you.

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