

Gujarat Pipavav Port Limited
Q4 & FY 2024 Earnings Conference Call
23rd May 2024

Manish Agnihotri:

Good Morning everyone, this is Manish Agnihotri, Company Secretary. I'm joined with Mr. Girish Aggarwal, Managing Director and Mr Santosh Breed, CFO. We will start with the opening comments from Girish and then it will be followed with comments from Santosh on the financials and then we will open for Question Answers. Over to you Girish.

Girish Aggarwal:

Good afternoon everybody. GPPL delivered another strong quarter. Very quick highlights of the Quarter: Our revenue increased year on year by 7 percentage points on absolutely, EBITDA was higher by 21%. Operating margin improved by 800 basis points to 63% or EBIT improved by 25% or net profit however declined by 18%. But that was because of approximately 52,00,00,000 provision that we took for the adverse judgment that we received in old IOCL matter else it would have been a 42% improvement on our net profits as well.

On this judgment we are now taking legal advice for the next course of action bases, which we will decide you know on what to do, but we'll be prudent and took the entire amount as a provision. The highlights for the entire financial year are:

Our revenue was higher by 8% the net profit was higher but 21% and without the provisions it would have been higher by 38% or EBIT was higher by 19%.

EBITDA higher by 14% and margins improved by 300 basis points.

On an annual basis, our container volumes grew by 6% to 808,000 TEUs, liquid grew by 24% and RORO grew by 141%.

The board has recommended a final dividend of rupees 3.7 per share for the financial year 2024.

Thank you so much.

Santosh Breed:

The key numbers have been covered.

So lets open the floor for questions.

Manish Agnihotri:

The floor is open for questions.

Mohit Kumar /EQTY RES/ISEC/MUMBAI

Yeah. Thanks for the opportunities.

My first question is on can we just talk about the container outlook for this fiscal last year was pretty muted. How do you think about the next fiscal? And I think the other terminals have done better, India is growing at a better rate than last year. But our growth has been muted and how do you see the impact of the Red Sea going forward?

Girish Aggarwal:

So your question is little unclear, Mohit, but are you asking the outlook for container market?

Mohit Kumar /EQTY RES/ISEC/MUMBAI

I'm asking about the outlook for the container market and also the impact of the Red Sea. Is it abetting now?

Girish Aggarwal:

Yeah. So in terms of the container market you are right and we kind of talked about it in the last Analysts call as well. Where we did see an impact on our performance. We've seen this quarter our container volumes de-grew by 5%, but predominantly it was the west bound trade because of the Red Sea impact. As we move forward in the year, we are still seeing challenges because of the Red Sea, at least from our perspective. Essentially the transit times, the longer transit times resulted in shipping line changing their network and redeploying our vessels, we are seeing increased skips from various services. You know, this quarter potentially continuing over the next quarter simply because of the tonnage constraint that we see in the shipping lines. Difficult to overall quantify the impact. We believe that as we move forward, this will ease out and you know we would see again potential growth in the container business.

Mohit Kumar /EQTY RES/ISEC/MUMBAI

Understood. My second question on the LPG terminal, can you just please update the status when we speak this capacity to get commissioned and what we expectation of capacity ramp up as you go forward?

Girish Aggarwal:

So the expected commissioning of the liquid jetty is roughly Q3 of next year. So essentially, between October and December 25, that's how we see the timeline in terms of commissioning. It's a 3.2 million metric tons jetty in terms of capacity, it will completely come on board immediately then we will see how we work on the growth in terms of the volume but then the entire jetty would be ready between October, December 2025.

Mohit Kumar /EQTY RES/ISEC/MUMBAI 6:00

And it is fair failed to state all the evacuation pipelines, everything is ready and there's no hurdle on that front.

Girish Aggarwal: Yes, yes.

Mohit Kumar /EQTY RES/ISEC/MUMBAI

Understood. My last question is on the RORO the RORO numbers have moved up sharply. How do you charge? Can just give us the color on the tariff which you carry for the RORO.

Girish Aggarwal:

So we have, I don't know what you mean by that, but these are. I mean if you have customer contracts, we don't really share our tariff we have with our customers.

Mohit Kumar /EQTY RES/ISEC/MUMBAI

Broad numbers are para. How much you charge roughly per number, broadly.

Santosh Breed:

No. So, basically they're commercial contracts, right? And then the marine services, so numbers,

Girish Aggarwal:

but actually we can't give out the commercials. So we can't share that.

Mohit Kumar /EQTY RES/ISEC/MUMBAI

Understood that. Thank you and all the best. Thank you.

Manish Agnihotri:

Deepak Maurya please go ahead.

Deepak MAURYA

Hi, good morning. Are you able to hear me, please?

Manish Agnihotri:

Yes.

Deepak MAURYA

Great thank you so much for taking my questions. I had a couple of questions.

Firstly, on the operating expenses, there seems to be a significant decline during the fourth quarter.

Could you probably provide some color on what drove this decline and is it kind of sustainable?

And secondly, if you could also speak about the dry bulk volumes, which are down 31% in the previous call, we discussed you mentioned that coal is something which you have for the time being at least consciously decided not to take in or handle. May I know what is the current status on that?

Santosh Breed:

Yep. So I think both the questions are related. One on the dry bulk volume the drop is mainly driven by the lower import of fertilizers. So there has been overall lower imports in the country for fertilizer. So that is also reflecting in our numbers. Our coal, as rightly pointed, is still not been handled. So we'll have to wait for some time to start that unless some permission to be received. On the operating cost, the main driver for lower operating cost is a dry bulk volumes. So the handling cost for dry bulk has been lower in line with the volume.

Deepak MAURYA

OK. May I just clarify on the coal part, you mentioned about some permissions.

Could you please provide more context as to what is it that is holding you back from handling the coal volumes?

Girish Aggarwal:

We made a conscious decision last year not to handle coal due to certain operational reasons and we will continue not to handle coal for this quarter as well as next quarter and then we'll come back to say that we intend to handle that.

Deepak MAURYA

OK. OK, that that is clear and on the previous callers question on the container outlook, you mentioned that shipping lines are skipping port calls to GPPV because of the Red Sea disruptions and the erratic transit times which are there now.

Girish Aggarwal:

Yeah.

Deepak MAURYA

So where are the volumes being handled? I mean, I'm sure there are container cargoes which have to be loaded and offloaded from the hinterland, but if those volumes are not being evacuated or delivered via the services which come to your port, is it basically meaning that those volumes are not being handled or delayed?

Girish Aggarwal:

So. No, no, it's not delayed or not being handled. And you're absolutely right. So essentially what's happening is, you know, because of the increased transit time as well as we've seen situations of whether like disruptions in China, Singapore or Dubai. So a lot of lot of shipping lines kind of do transshipment potentially at Colombo and then move out and then there's a feeder which brings in the import cargo either you know from Colombo or from other other transshipment port so that the mainliners continue on their path and catch up for their time. So that's why the large skip calls what is also of course that means is the export cargoes fundamentally up north can get shipped from Pipavav to Mundra, which we've seen has happened to some extent. Also a lot of ICD cargoes still continues to come to us, but in general, you know that's one reason for the decline of container cargo by 5% this year. The other is that we lost a transshipment service which was a Maersk service. Jade service, which was a transshipment product which they kind of cancelled and they change their network and hence that volume also doesn't come to us and doesn't go to anyone because it's a transshipment call.

Deepak MAURYA

OK, OK, this is very clear. Thank you so much. I'll follow back in the queue.

Manish Agnihotri:

Thank you Deepak. Achal please go ahead.

Achal Lohade

Yeah. Good morning, team. Thank you for the opportunity. Can you hear me?

Manish Agnihotri:

Yes.

Achal Lohade

OK, Sir, if you could help us with the realization for the quarter and for the full year for container and the bulk.

Santosh Breed: Yep, Achal. So for container the realization is in the range of around 8000 to 8600 per TEU and full year is 7500 to 8400. For dry bulk it is in the range of 450 to 700 for the quarter as well as for the year.

Achal Lohade

Yeah. So, uh, you know, with respect to the tariff, what you had rolled out from 1st of January, has it been fully reflected or you still have few of the customers are yet to accept the increase?

Santosh Breed:

So there are few customers which are yet to accept the increase and that will happen gradually.

Achal Lohade

Is it fair? I mean I, if I remember the number right or what is the increase in the blended realization on that count to about 3%?

Santosh Breed:

Yeah, it should be in the range of 3%. You're right.

Achal Lohade

Understood. The second question I had you know, is what is the growth in terms of EXIM and for the quarter and for the full year for us?

Santosh Breed:

Actually we don't provide the split between the cargo mix so I'm not able to share a specific number on the growth of Exim and others.

Achal Lohade

Any ballpark number like high single digit, mid single digit, yeah.

Girish Aggarwal:

Just in general, as you said, no. But in general, as we said, the transshipment is reduced. The Exim increased and transshipment reduced because we lost the JADE service.

Achal Lohade

OK understood a possible to get some sense with respect to the market share, how it has evolved over last three 4-5 years. Have we seen a loss of market share or we have just maintained the market share?

Girish Aggarwal:

Only maintained the market share of the last three for five years.

Achal Lohade

OK, understood. Any any outlook on the margin part you know with respect to how things are shaping up with respect to product, the different segments?

Girish Aggarwal:

Do you know we believe that this financial year we will at least expand our margins EBITDA margins by at least 200 basis points. and you know, EBIT should be expanded by at least around 7 percentage points.

Achal Lohade

Understood. And just one more question you know pertaining to the you know development of the DMIDC, you know near the port where is the What is the status now? How soon do we expect it to? Kind of start generating cargo for us, given we are the closest port for that.

Girish Aggarwal:

Would you? You said what?

Achal Lohade

For the Dholera you know region, we heard lot of announcements being made with respect to newer capacities, newer manufacturing setup there. So, you know, in terms of your expectation, how soon can it start contributing to our numbers?

Girish Aggarwal:

And so, I mean, Dholera very clearly, we are the port of choice. I think there are some announcements that have been made. I have a feeling that, at least in this coming financial year, there will be no additions from Dholera. I'll do expect, however, as we start to move towards FY2026, we will start to see some benefits flowing in.

Achal Lohade

Understood. So one more question, uh, if I may with respect to the container, uh, you know why? Why? Obviously you have highlighted the skipped calls and the impact of that, but in general you know, are you seeing any signs of pick up with respect to import or export side or things remain as they were during the quarter?

Girish Aggarwal:

Things are in general, you know, as they were in the quarter. However, there are certain clearly positives which are around our Middle East trade. The Middle East trade is strong, continues to be strong and is growing. In terms of Europe, we believe it is not strong. Also, US has been resilient. I think the inventories post the Red Sea conflict. I think people have started building their, you know, U.S. Market. So U.S. Market has not declined as was expected, but has been resilient, so we believe that that will continue to be that in terms of our Far East and southeast market that continues to be steady.

Achal Lohade

And would it be possible to get a mix? What would be that mix, Middle East Europe, US Far East for us?

Girish Aggarwal:

For us. We don't really share those numbers, but you know we have a service Maersk service for Middle East. We have a Maersk service for the US and several services for Far East.

Santosh Breed:

So most of the service are Far East.

Achal Lohade

Alright. Yeah, yeah. Santosh, please.

Santosh Breed:

So of course, we are almost 50 to 60% on Far East side.

Achal Lohade

Under understood. And just last question, sorry, I'm saying last again once again, but you know in terms of the services, I presume that most of the carriers are calling Pipavav port in some or the other fashion. Is that a right understanding or there are certain liners which are yet to work with us at this port?

Girish Aggarwal:

MSC doesn't work with us at this point in time.

Achal Lohade

OK, all others are there.

Girish Aggarwal:

All the large ones.

Achal Lohade

Understood. Thank you so much and wish you all this.

Manish Agnihotri:

Thank you. Priyankar. Please go ahead.

BISWAS Priyankar

Uh, yeah. Thanks Sir. My first question is regarding the IOCL issue that you were speaking about. So first thing for FY24, can you give me the split of the exceptional items? So essentially for the full year, how much was due to this IOCL and what was due to the, let's say, the cyclone repairs and parallely again harping back on that IOCL legal issue. So it seems like the verdict came in May. If I read from the notes to accounts, so is there some follow on, let's say, exceptional expenses that can be booked in FY25 and what will be its quantum?

Santosh Breed:

So Priyankar, as Girish mentioned in the opening remarks over Rs. 52 crores is towards the legal case and the balance is towards the cyclone repairs cost. We have taken all the required provisions already in the books. As mentioned, we are looking at options. We are taking legal opinions, so if it all something comes up subsequently it should be an upside.

BISWAS Priyankar

Uh, so it is completely booked, so nothing more would be taken, at least on this issue in FY25.

Santosh Breed:

Yes. That's right.

BISWAS Priyankar

OK. Then my second point is regarding like this particular year compared to the previous years, the dividend payout seems to be on slightly on the lower side. So what's your commentary on the dividend payout given that probably we may be entering into a CapEx intense phase like \$90 million CapEx that you are saying on the liquid berth and then maybe later on other capex's of expansion. So what should be the broadly the dividend payout ranges that one can expect?

Girish Aggarwal:

Why do you say it is on the lower side?

BISWAS Priyankar

So this time for the full year, it's 3.7, right?

Girish Aggarwal:

3.7 is the final dividend. There was an interim dividend of 3.6.

BISWAS Priyankar

OK, OK. So so sorry I didn't exactly notice that so but uh, coming to the part here that on the later year later part. So for example, like you are going into a relatively like the CapEx would still be there like \$90 million bulk of it would be in FY20 26 and some in FY25. So would that dividend payout still remain at this high levels?

Girish Aggarwal:

We cannot comment on what would be the dividend level as we move forward. Our policy, however, has been that we kind of give out 100% of our net profits as dividends to our shareholders. That policy, at least in the near future, we don't expect to change. The 100 million is already provided. I mean, we will do it from our cash reserves. And we believe that's easy to do, at least as I see it. Our cash balances cash flows, but it doesn't want anything about this. So we don't expect any impact of dividend payout in the near term. Not because of the liquid jetty expansion.

BISWAS Priyankar

OK. And just on the liquid jetty, since we came on that and this four Q, the volumes were quite strong, like almost 0.38 0.39 million tonnes in the fourth quarter. So is this quarterly run rate sustainable for FY25? So, like in FY25, can we be potentially be seeing a volume closer to, let's say on overall year like 1.6 million tons at this run rate?

Girish Aggarwal:

No, I think what we should assume as a run as a full year volume would be in the range of 1.3 and 1.4 million. metric time, so it's essentially you know because of the mix at times when we get a mix which is higher on HSD, the throughput is much much higher at roughly 650 to 700 versus the LPG which is 250 to 300 versus there was things like bitumen which is at some 100, right. So you know the run rate is also reflective of the mix that we got in this quarter. But overall, based on our assessment, our numbers would be more around the 1.4 million.

BISWAS Priyankar

Is it just one more question? So what I heard from the container that you have telling that, uh, this transshipment service by Mark Jade has been cancelled. So you don't have to give the exact figure, but what is the like? Let's say a percentage wise volume impact because of that. I mean a broad range.

Girish Aggarwal;

So roughly was a 3000 moves, which is about 4500 TEUs per month kind of service.

BISWAS Priyankar

OK, OK. So that's broadly from my side.

Manish Agnihotri:

OK. Thank you, Priyankar. Ms. Nidhi Shah.

Nidhi Shah /EQTY RES/ISEC/MUMBAI

Hello am I audible.

Manish Agnihotri:

Yeah. Yes, please.

Nidhi Shah /EQTY RES/ISEC/MUMBAI

Thank you so much for taking my question. My first question is that the concession for the port is, kind of succeeding at 2028. Do we have any updates on the renewal part?

Girish Aggarwal:

We're in the elections season. I mean my update remains as was last time. I think things are progressed in a very good manner. We know, hope to hear the right things, but you know, till the time it happens, you know it's we do not want to comment on anything. But there's no red flags, but there's no being further discussion in the recent, you know, past just to say, because of the elections.

Nidhi Shah /EQTY RES/ISEC/MUMBAI

Alright, alright. Ohh, so also the share of net profit of associate this time has dropped a specially in the quarter. Could you kind of outline why that would be?

Santosh Breed:

Yeah, for the Associate company there are some cost allocations which were done by the railways. So the arrears of the earlier period have been charged to the company and that's the reason for the drop.

Nidhi Shah /EQTY RES/ISEC/MUMBAI

Alright, alright. And if I could, I just heard about one or two more questions, if you don't mind.

Girish Aggarwal:

No, we don't. Please carry on.

Nidhi Shah /EQTY RES/ISEC/MUMBAI

Correct. Ohh So what is the rail coefficient of all our cargo? Basically, how much do we? How how much do we use the road and rail services for our cargo? Like if you could give me the split on that.

Girish Aggarwal:

Roughly 65- 35 Rail- Rd.

Nidhi Shah /EQTY RES/ISEC/MUMBAI

OK. So rail is 65 and road is 35.

Girish Aggarwal:

That's right.

Nidhi Shah /EQTY RES/ISEC/MUMBAI

OK, OK. Do we see any improvement in that? In the near future, what is that? What is our outlook plan?

Girish Aggarwal:

I think it's quite high, at least at this point in time. There could be marginal differences here and there, but a substantial change is not expected at this point in time. Typically we are in fact we increased our cars. We do last month we did 31 rakes which means one rake of car carriers into our port per day. Fertilizer continues to be or most of it continues to be transported via rail. Liquid LPG continues to be transported mostly now by rail. On container traffic again, it would be roughly the ratio of 65 - 35. So I think and that's the ratio between, the volume from the hinterland market and the local cargo volumes mostly will continue to be handled by road.

Nidhi Shah /EQTY RES/ISEC/MUMBAI

OK. And of from what I understand RORO you use mainly rail service, right?

Girish Aggarwal:

No, not mainly, but we started using Rakes or one rake. All in average comes down to the port, so this is Suzuki transporting from up north directly into the port.

Nidhi Shah /EQTY RES/ISEC/MUMBAI

All alright and my last question would be is that do you have any guidance for volumes or revenues or EBITDA anything for the coming year?

Girish Aggarwal:

Yeah. So I mean my guidance will give for the EBITDA margins. We believe we will improve our EBITDA margins by at least 200 basis points this financial year also are the absolute EBIT is likely to go up by around 7%.

Nidhi Shah /EQTY RES/ISEC/MUMBAI

Alright, alright, thank you so much.

Manish Agnihotri:

Thank you. Mr. Siddhartha Prakash.

Siddhartha Prakash

Yeah, hello. Thank you so much. I just have one quick question. Uh, could you? Could you give me like a brief? Could you briefly explain how port charges may vary based on geographies? Like what would an Indian port charge may be compared to something and Singapore or China?

Girish Aggarwal:

I would not have that information so that that just completely depends on you know, many factors.

Siddhartha Prakash

Right.

Siddhartha Prakash

So there is no. So there's no like brief. I mean, there's no like general variation based on the country. The port is in.

Girish Aggarwal:

No, it's dependent on variety of factors.

Siddhartha Prakash

OK, fine. But thank you, that's all.

Manish Agnihotri:

Thank you. Mr. Sai Siddhartha

Sai Siddhardha (Research, KIE)

Yeah. Thanks for the opportunity Sir. So just wanted to get a clarification on why you're expecting a 7% increase on EBIT wherein there's only 200 margin expansion for EBITDA that you're looking at.

Girish Aggarwal:

Yeah, I said at least 200 basis points expansion .

Sai Siddhardha (Research, KIE)

got it. So how is this flowing? By 7% improvement at EBIT.

Girish Aggarwal:

There's no point getting into a deep diving into this at this point in time. But overall, we believe we should be expanding our margins at least by 200 basis points and EBIT by at least 7% points, that's where you would like to stop in terms of the guidance.

Santosh Breed:

So just to clarify we're referring to absolute EBIT and not EBIT Margins when I said 7%.

Sai Siddhardha (Research, KIE)

Got it. Also, just a clarification on realization that has been seen on the container side this year.

Santosh Breed:

Yes, so the container has been for the quarter in the range of around 8000 to 8600 and for the full year it is in the range of around 7500 to 8000.

Sai Siddhardha (Research, KIE)

Got it. Thanks.

Manish Agnihotri:

Thank you. Mr. Kunal Tokas.

Kunal Tokas

Hello am I audible.

Manish Agnihotri:

Yes, please.

Kunal Tokas

OK. That's going to be quick question. So first, has there been any progress on the Gorakhpur Kandla pipeline?

Girish Aggarwal:

Yeah. So that continues, Kunal, we expect towards the end of the year the line to be commissioned at least that's what we are hearing at this point in time.

Kunal Tokas

Have you worked out any numbers of how much potential it can have for us, or is it too early to say?

Girish Aggarwal:

It's too early to say Kunal at this stage.

Kunal Tokas

Alright. And second question is I think you may have answered this earlier, but given that you have seen no red flags over the concession like what is your CapEx outlook?

Girish Aggarwal:

Capex outlook for? What?

Kunal Tokas

For the future.

Girish Aggarwal:

For the entire future, you're saying now?

Kunal Tokas

I mean for the concession agreement, right giving that.

Girish Aggarwal:

I in general I mean you are aware that we signed an MOU with GMB during vibrant Gujarat which was about 3200 crores.

Kunal Tokas

Yes.

Girish Aggarwal:

So that's our current outlook if that helps.

Kunal Tokas

Alright, conducted and I need there's a last question. How many shipping lines have we been able to work over the last two years?

Manish Agnihotri:

So yeah, I couldn't hear that your voice is not very clear. Can you be little louder?

Kunal Tokas

What about now?

Manish Agnihotri:

Yeah. Please go ahead.

Kunal Tokas

How many have we been able to add over the last three years?

Girish Aggarwal:

How many have been doing what?

Kunal Tokas

Shipping lines have been added.

Girish Aggarwal:

No. So there's no new service added in the last three months.

Kunal Tokas

Last two years.

Girish Aggarwal:

Last two years which we have been giving an update every quarter Kunal in terms of additions.

Kunal Tokas

Ohhh, alright, my mistake. Thank you, that's good.

Manish Agnihotri:

Thank you, Deepak Maurya

Deepak MAURYA

Yeah, I had one follow up. I think Priyankar had asked about the breakup of the nonrecurring or the one off items. The line was not very clear for us to understand. If you could please repeat that, that's the first question.

Girish Aggarwal:

So the exceptional item that break up you want, yeah.

Deepak MAURYA

Yes, yes, the exceptional item breakups, which you read out few minutes ago was not very clear.

Santosh Breed:

OK, fair enough. So the exceptional item include 52 crores towards the legal case where we had adverse verdict and the balance is towards the cyclone cost.

Deepak MAURYA

Mm-hmm. OK, understood. Thank you on that and the other thing which I wanted to understand, the EBITDA margin guidance which you've given for 200 basis at least 200 basis points improvement in fiscal year 25 versus fiscal year 24. Is this also being driven by the mixed cargo mix because you are handling? I mean, you're not handling coal or the share of dry bulk will go down and therefore you're seeing an improvement or is it cost improvement?

Girish Aggarwal:

Many factors, no. Many factors. It is the growth that we expect in liquid and RORO plus slight decline on dry bulk as well as improvement of mix in on our container side as well.

Deepak MAURYA

Umm. Yeah, lower transshipment.

Girish Aggarwal:

So it's yeah. So mix of many factors.

Deepak MAURYA

OK. OK. Yeah. Thank you. That that kind of clears it up. Thank you very much.

Manish Agnihotri:

OK. Thank you. Any other questions? Any follow up questions from anyone? Mr Vipul Kumar. Please go ahead.

Vipulkumar shah

Yeah. Thanks for the opportunity. So my question is regarding the our investment in this year in liquid facilities.

Girish Aggarwal:

Not audible Bible.

Manish Agnihotri:

Can you be a little louder please?

Vipulkumar shah

Yeah. So what is the total investment plan in this liquid berth and what type of asset turn we can expect from that?

Girish Aggarwal:

So I mean, we announced CapEx was 90 million roughly U.S. Dollars 720 odd crores. That's the investment on the liquid jetty. what was your second question?

Vipulkumar shah

What type of asset turns we can expect from that investment?

Santosh Breed:

So of course we could not put a number there, but certainly looking at our demand right now for the liquid business, we certainly expect the full utilization of capacity over a period of time. But I think that's a growing business and that's why this investment.

Vipulkumar shah

No, no. I was asking about asset turns.

Santosh Breed:

So we don't want to really comment on that.

Vipulkumar shah

OK. So lastly, liquid bulk carries EBITDA margin at the at the company average level or is it higher or lower?

Girish Aggarwal:

Vipul you're really not audible to us. Can you please be a little louder?

Vipulkumar shah

So my question is, liquid EBITDA margin is comparable to company average or are they higher or lower?

Santosh Breed:

So Vipul We are a one segment company, so we don't really split our number by business stream and that's why would not like to comment on this question as well.

Vipulkumar shah

OK. Thank you.

Manish Agnihotri:

Thank you. Mr. Bharat Gupta, please go ahead.

Bharat Gupta

Hi Sir. Am I audible?

Girish Aggarwal:

Yeah.

Bharat Gupta

I said a question, but teams to like with respect to the policy formation, I think GMB will be deciding the policy for both Mundra and for people. If I'm and if my understanding is correct.

Girish Aggarwal:

Not only for Mundra and Pipavav but all private ports in the state of Gujarat.

Bharat Gupta

And so, due to the election year, I think this has been getting postponed so are we expecting that the policies will likely to be implemented by the end of this year?

Girish Aggarwal:

We do expect, but I mean again it's not for me to comment. As I said, I mean we have heard no red flags. We have not seen any red flags in my discussions with relevant authorities, but I mean the commentary has to be really coming from the Government of Gujarat. But you're right, the delay is on account of elections and the, you know, code of conduct that got, the election code of conduct, but hopefully we do expect that within this year our expectations certainly is that within this year the policy document will be coming out.

Bharat Gupta

I'd think because of this deferment I think we are holding on some of our CapEx plan. I think liquid jetty we have already been commissioned. We will be commissioning, but is there any other plan which we have in mind like for developing our port?

Girish Aggarwal:

So it will depend on many things, but as I said, I mean it's too early to say this, but you should be aware that we signed an MOU with GMB and Government of Gujarat in Vibrant Gujarat summit this January stating that we would like to invest about 3200 crores.

Bharat Gupta

Right. that's really helpful. Thank you so much.

Manish Agnihotri:

Thank you. Koundinya you can go ahead please.

Koundinya Nimmagadda

Yeah, Thanks. Thanks for the opportunity. For just one question and I'm just trying to comprehend your decision on or doing with coal at a time when coal imports are expected to be a bit on the higher side. So just trying to get you know what is the thought process here, is they focus on profitability? What is driving this and in the same quarter ship you can use some kind of color on your way through dry bulk volume can stabilize or maybe what's the kind of number we can look at for in FY 25-26

Girish Aggarwal:

So we're expecting this financial year dry bulk numbers to be in similar range or slightly higher than what we have done in this financial year. In terms of coal, as we said we are working on certain operational improvements in our yard space. Once that is completed, we'll get back to the trade and restart and I do think over the next three to four months we should be in a position to kind of come, come back to the trade, to say you know, where are we on this.

Koundinya Nimmagadda

Understood thank you very much and all the best.

Manish Agnihotri:

Thank you. Mohit you have your hand raised? You have any further questions? Mr. Vinay Jain please go ahead.

Vinay Jain

Yeah. Thanks. Thanks for the opportunity. I just wanted to get an outlook or maybe or sort of a volume guidance on how are we looking at the container volumes for FY25?

Girish Aggarwal:

So it's difficult to give a you know, complete guidance honestly on container because they're just too many things that are happening at this point in time. Maybe you know if you're all OK, we'll come back to this question in the next and we should have a little bit more clarity.

Vinay Jain

No worries. And secondly, if I heard it, you mentioned that the liquid cargo you expecting around 1.4 million for this fiscal, so again that comes to almost like a 10% sort of a growth for the current year. I remember us talking about 20% plus sort of a growth for at least like the next couple of years. So in the past one or two quarter calls, so any?

Girish Aggarwal:

No. Maybe not. No, no, no, no, no, that's your mistake. One must be a mistake somewhere.

Our capacity we have always maintained is in the region of 1.3 to 1.4. We can't go beyond that.

Vinay Jain

Right. OK.

Girish Aggarwal:

It's just a slight up and down, basis the mix of the cargo that we expect in in as I was just explaining, if the HSD volumes goes up then the capacity will go up a little bit. If LPG Or a bitumen or butadiene goes up then the capacity goes down. So, but we are broadly at capacity, so there's not too much beyond this until and unless we have the new jetty.

Vinay Jain

Hmm. But I rated capacity is around 2,000,000 on which you said you can do depending on the mix on 1.4 is what OK got it.

Girish Aggarwal:

Just as I example right, if you look at a HSD kind of a cargo, then throughput is 600-700 versus the LPG which is 300 ish versus a Bitumen which is 80 to 100 ish, right? So I mean the throughput defines the final capacity, right?

Vinay Jain

Hmm. Got it. Got it. Yeah. Thank you so much for answering.

Manish Agnihotri:

Priyankar you have follow up questions.

BISWAS Priyankar

Yeah, sorry. I was muted. So just on the RORO side of things, can you just share something on the outlook on this side of the business? Seems like the auto exports are significantly going up. So how do you see this business? Let's say in FY25 and let's say in a 2-3 year horizon and I know you don't disclose the numbers, but can you give us a sense of its profitability in the sense if you have to rank let's say containers, liquids and where does RORO exactly stand?

Girish Aggarwal:

In terms of volume of RORO right, I think we expect significant export growth over the next 5 to 7 years. We are already growing. You've seen, you know, our numbers in terms of growth on the RORO side. We expect RORO to continue to grow in our port. I think this financial year, we expect Numbers anywhere ranging between 150,000 to 175,000 cars.

BISWAS Priyankar

Pardon. How much did you say 175,000 cars?

Girish Aggarwal:

150 to 175,000 cars.

BISWAS Priyankar

OK, OK. And just again coming back to this let's say, the RORO question itself, is it a meaningful part of our revenue now? I mean, like for us to factoring it like, if you can give a broad percentage types.

Girish Aggarwal:

I don't know what is your definition of meaningful. But that is much meaningful for us.

BISWAS Priyankar

No, no. So like is it like 5% or something broad range maybe?

Santosh Breed:

Around 10 % on the revenue and as I mentioned earlier, right, so both liquid and RORO are a high margin business for us. We operate on landlord model and that's why you know we are very much keen on both these business streams.

BISWAS Priyankar

OK, OK. So essentially, if let's say the liquids and rural, if my understanding is correct, would be like similar margins broadly.

Santosh Breed:

Sorry, can you repeat?

BISWAS Priyankar

RORO and LPG would be similar margins broadly.

Santosh Breed:

Yeah.

BISWAS Priyankar

OK, that should do for me.

Manish Agnihotri:

OK. Thank you. Any further questions from you Koundinya? You have your hand raised.

Koundinya Nimmagadda

I'm not. I'm done. Thank you very much.

Manish Agnihotri:

OK. Mr Vipul Kumar. You have any follow up questions? You have your hand raised. Doesn't seem to be the case. Mohit anything from you? OK. Thank you very much.

Girish Aggarwal:

Thank you very much for your time. Again, I would like to reiterate we are a very, very strong Year. We will hope to continue this strong performance as we move forward. I think things are really looking up in certain sectors for us. We're working on expansion of our services and I look forward to talking to you next quarter results. Thank you. Thank you everyone. Thank you. A good day.