

“Gujarat Pipavav Port Limited  
Q3 FY2020 Earnings Conference Call”

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**Moderator:** Ladies and gentlemen, good day and welcome to the Gujarat Pipavav Port Limited earnings Conference Call hosted by IDFC 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 this 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. Shirish Rane, from IDFC Securities. Thank you and over to you Sir!

**Shirish Rane:** Good afternoon everybody and welcome to Gujarat Pipavav Port Limited Q3 FY2020 Earnings conference Call. Today, Gujarat Pipavav Port Limited management is represented by Mr. Jakob Sorensen - Managing Director of Gujarat Pipavav Port Limited, Capt. Mishra - Head of bulk Liquid and RoRo business and Mr. Santosh Breed, Chief Financial Officer. To start the call, I will hand over the call to Mr. Mishra who will make some opening comments remarks after which we will open the floor for question and answers. Over to you, Sir!

**Padminikant Mishra:** Thank you Shirish. Ladies and gentlemen, Good afternoon, welcome to the call. So at the outset I would like to thank you all for your interest and support during the past year though it is bit late in the year but since we are having this first call in 2020, I would wish you all a very Happy New Year. I would also take this opportunity to now introduce Mr. Jakob Sorensen, our new MD who has joined on January 1st 2020. Over to you!

**Jakob Friis Sorensen:** Thank you and good afternoon ladies and gentlemen. My name is Jakob Friis Sorensen and as you have may be seen in what has been given out here. I have been with APM Moller Group for nearly 30 years. Having said that I hope you can understand that I am fairly new in the job and I have also Capt. Mishra and Santosh Breed will be available for any detailed questions. I think at this point in my tenure with Gujarat Pipavav Port Limited it would be not advisable for me to start to pretend to be an expert in all details but I am very happy to be here and I am very much looking forward as well in the future to work with all of you. Thank you.

**Padminikant Mishra:** Thanks Jakob. I would now take you through the summary of the performance. Now in the container business, we did 231,000 TEUs and that is an increase of 3% over the previous quarter. This was driven more by higher coastal volumes. On the dry bulk, we did 735,000 metric tonne which is higher by 9% compared to the preceding quarter and it was more driven by the fertilizer volumes.

On the liquid side, we did about 194,000 metric tonnes of liquid cargo which is the decrease of 17% over the preceding quarter. This is mainly due to lower LPG volumes. However, if we compare this with the quarter last year then it is an increase of over 30%.

On the RoRo business, we have done around 9,000 CEUs which is lower by 56% compared to the previous quarter and this is because of the muted markets globally and also because of the fact that automobile industry is going through a transition in terms of emission launch etc.

Now coming to the financial performance, we report the revenue of Rs.1,966 million, expenses stands at Rs.795 million with an EBITDA of Rs.1,170 million and a margin of 60%. Later in the call, Santosh would also take you through the financials in detail.

Now, if I come to the volumes development, on the container side then we have seen a decrease in the ICD volumes to the previous quarter this is then compensated by higher local volumes but overall we maintain the average. On the liquid though, we have seen lower volume than the preceding quarter but it is close to our run rate of 200,000 MT and if you see the nine months volume in this financial year then we are up by some good margin almost 58%. On the bulk, we have seen an increasing trend now in the last three quarters and on a nine months basis, we are up by almost 30% over the similar period last year.

Now on the RoRo as discussed earlier, the volumes have been lower in Q3 compared to the preceding quarters for the reasons stated I have discussed before. So now I would hand over it to Santosh to take you through the financials in detail.

**Santosh Breed:**

Thank you Capt. Mishra. So let me give you an overview of financials for the quarter ended December 31, 2019. The total operating income for the quarter at Rs.1,966 million is down by 1% from the immediate preceding quarter as the previous quarter had one-off rebate reversal of Rs.84 million. Excluding this onetime rebate reversal, the total operating income for the quarter would have been higher by 3%. Total expenses at Rs.795 million are higher by 10% as compared to the previous quarter.

Operating expenses at Rs.372 million are higher by 11% due to higher fertilizer handling expenses. Other expenses at Rs.280 million are higher by 10% as compared to the previous quarter due to higher repairs and maintenance expenses. EBITDA at Rs.1,171 million is lower by 8% and margin at 60% is lower by 400 basis points than the previous quarter. However, if you exclude the one-time rebate reversal then the margin would have been lower by 200 basis point.

Other income at Rs.114 million is lower by 2% as compared to the previous quarter. Net profit for the quarter stands at Rs.1,204 million. This includes a reversal of deferred tax provision of Rs.602 million on account of lower tax rate which company will opt for in the future years. The operating net profit for the quarter excluding a deferred tax impact is Rs.592 million. In comparison with the same quarter last year, the EBITDA was higher by 19% and the net operating profit was higher by 13%.

I will also like to give you an overview of the financials for nine months ended December 31st 2019. The total operating income at Rs.5,743 million is up by 10% as compared to the previous year. Total expenses at Rs.2,272 million are lower by 3% as compared to the previous year. Operating expenses at Rs.1,017 million are lower by 4% due to re-classification of finance leases as per IND AS 116. Other expenses at Rs.830 million are flat in line with the previous year. EBITDA at Rs.3,462 million is higher by 20% and margin at 60% is higher by 500 basis points as compared to the previous year.

Other income at Rs.391 million is higher by 9% as compared to the previous year. The net profit for the quarter at Rs.2,439 million is higher by 58% as compared to the previous year.

Again excluding the deferred tax impact then the operating profit is 1,828 million and higher by 18% year-on-year and if you look at the nine month number then within this three quarters, we are actually very close to a full year of profit number of last year. With that we are happy to take the question.

**Moderator:** Thank you very much. Ladies and gentlemen, we will now begin the question and answer session. We have the first question is from the line of Achal Lohade from JM Financial. Please go ahead.

**Achal Lohade:** This is Achal from JM. Thanks for the opportunity Sir. Can you help us understand what has been the EXIM or gateway cargo growth in container segment for the quarter?

**Santosh Breed:** The EXIM, the gateway volumes has been flat on the quarter-on-quarter basis. I am comparing the September quarter versus December quarter.

**Achal Lohade:** With respect to ICD volume decline quarter-on-quarter, is there any particular reason because we have seen these are probably second quarter where the ICD volumes are falling quarter-on-quarter?

**Santosh Breed:** I think if you look at the total volumes, total volumes have improved and this is the positive sign because we are also getting an increase volume from the local exports. So our local export or the export proportion has also improved. So now if you remember we have been reporting a mix of 60 import, 40 export. Now that has changed to 45–55. So we are getting more local export volumes in our total numbers and typical is to compare with the last quarter then of course there was an incremental export also from the ICD in the last quarter. In nut shell, we are not very much concern about this change as far as the overall volumes are improving.

**Achal Lohade:** Sorry, I got little confused. 40% was earlier export, today it is 45% or 55%?

**Santosh Breed:** 45%.

**Achal Lohade:** 45% export okay. With respect to DFCC preparation, you said in the last quarter that we are calibrating our capex from a CY 2020 year end, is that still on track or is there any delay?

**Santosh Breed:** No, it is on track.

**Achal Lohade:** So we do expect the connection to happen the DFCC connection to take place in the fourth quarter of CY 2020, is that fair?

**Santosh Breed:** That is right. So overall expectation on the DFCC side is Q3 on what we are targeting. So we will be ready. In the internal project work also will be completed in line with that. So Q3 is what we are expecting.

- Achal Lohade:** Understood. Just last clarification. You said, the tax adjustment with respect to deferred tax, have we decided to move into the new tax regime of lower the concessional tax rate or what is it Sir?
- Santosh Breed:** I should thank for asking me this question because this will be more of a clarification for everybody. As you know the deferred tax liability has been calculated for the future year and we have taken the stand of going with the existing rate right now because we have a MAT credit sitting in our books. So we want to utilise our MAT credit and then move to the lower tax regime. However, when you look at the deferred tax calculation, we have to calculate tax also for the future years and whenever we move to the lower tax regime the liability goes down. So that has been calculated for the future years and with that now there is a reversal in the provision.
- Achal Lohade:** Right. If you could clarify Sir for the sake for all of us in terms of the tax rate, what is the MAT credit which is available and till when do you think we would be under the old tax regime?
- Santosh Breed:** To answer your question then our MAT credit as of March 31, 2019 so I can give you that number, it is at 1,591 Million INR and as far as utilizing it then of course it is more of a future review, right now I will not be able to answer that question because it involves lot of calculations on how the volumes are going to grow, that is why I do not like to take that question right now.
- Achal Lohade:** Got it. That is helpful Sir. I will come back in the queue for follow up. Thank you.
- Moderator:** Thank you. The next question is from the line of Mohit Kumar from IDFC Securities. Please go ahead.
- Mohit Kumar:** Good evening Sir. My first question on the break up with the bulk cargo given that there is a huge growth we just heard in the volumes, is it possible to break up in terms of coal, fertilizer and other minerals in metric tonnes?
- Santosh Breed:** We have done 83,000 metric tonne of coal in this quarter, fertilizers were at 533,000 metric tonnes and minerals and others were 119,000 metric tonnes.
- Mohit Kumar:** What was the same number last year Sir?
- Santosh Breed:** Last year for 2018 quarter you are referring to?
- Mohit Kumar:** Yes Sir.
- Santosh Breed:** Let me just get back to you and hold on those numbers.
- Mohit Kumar:** Second is, the contribution of Pipavav rail has been varying quarter-on-quarter materially in the sense last quarter it was just 7 Crores to 8 Crores, it has gone up to 14 Crores in this quarter, is there any particular reason or something which you could highlight?
- Santosh Breed:** You can just repeat you question I did not get you.

- Mohit Kumar:** Pipavav rail contribution? Run rate was 7 Crores to 8 Crores if I remember correctly. It has gone up to 14 Crores in this quarter?
- Santosh Breed:** Yes. The Pipavav rail actually has reported one-off income item in their financials which has pushed their net profit up and that is why we also accordingly consolidating that in our books.
- Mohit Kumar:** Can you please quantify that?
- Santosh Breed:** It is in the range of around INR 150 million the quarter that we reported.
- Mohit Kumar:** Okay. So same 15 Crores is one off in the PRCL in this quarter, am I right?
- Santosh Breed:** That is right. I just want to answer your question on the bulk split for the last year when we had 92,000 metric tonne of coal and 241,000 metric tonne of fertilizer.
- Mohit Kumar:** Understood. Thank you Sir. That is it.
- Moderator:** Thank you. The next question is from the line of Ashish Shah from Centrum Broking. Please go ahead.
- Ashish Shah:** Sir, could you give the realisation by the various segments in terms of bulk, containers and liquid?
- Santosh Breed:** On the container EXIM, we have a realisation in the range of 6,500 or 6,700 and bulk we are in the range of around 500 to 550 metric tonne, liquid is in the range of 500 to 540 per metric tonne and RoRo continues to be in the 5,500 to 5,700 per car.
- Ashish Shah:** Right. Also historically we had in our imports especially you had a huge share of Far East Cargo, given what is happening with China, are you seeing some shipment to getting delayed or any negative impact that you can foresee over the next couple of months?
- Santosh Breed:** I think we are still watching the situation. There are lot of place in the market that this would have an impact overall globally, the Coronavirus evolving as it is but we are still too early to come to a conclusion but we are watching the situation closely.
- Ashish Shah:** Sir, on a historical basis, what would be the Far East share in total container cargo, if it is possible to give even a ballpark it will be helpful?
- Santosh Breed:** We have most of our services what we have at the port right now are meant for Far East but as it is difficult to split between the various sectors, so you can assume major share of course Far East sector.
- Ashish Shah:** Right. Lastly, we had been seeing over the last several quarters that coastal cargo was actually going down and this time you said that the container cargo has been helped by the coastal cargo

volumes, so any new service lines that you have added and how one should look at it in the future as well?

**Santosh Breed:** In the December quarter of course, we continue to have the same services which is there and generally what we have seen is the cotton season actually helps us in Q4 to improve the volume moving from West to South. This time of course there has been a delayed season so it has started but with late during the quarter but still has helped to increase the volume in this quarter and we expect even some movement on quarter happening even in the first quarter of FY2020.

**Ashish Shah:** So you think it is a seasonal uptake, it may have some impact it may wean off after that?

**Santosh Breed:** Yes, you can say that it is seasonal for sure.

**Ashish Shah:** Okay. Sir, lastly any update on the extension of the concession agreement?

**Santosh Breed:** On the concession agreement, we continue to engage with the Gujarat government and the GMB but as of now I think we are closely in touch with the government on that but we do not have any news on this to share as of now.

**Ashish Shah:** Sure. Thank you so much.

**Moderator:** Thank you. We have next question is from the line of Achal Lohade from JM Financials. Please go ahead.

**Achal Lohade:** Thank you for the follow up opportunity Sir. Just wanted to check with respect to other operating income what you have mentioned in the presentation, 118 million to 148 million, could you please elaborate if there is any one off or what is driven the increase?

**Santosh Breed:** So other income actually includes mainly the interest income.

**Achal Lohade:** Other operating income?

**Santosh Breed:** Okay, so there is one off in the other operating income. So basically all the ancillary services what we provide are part of the operating income.

**Achal Lohade:** Okay. Is it the Reefer mix has improved for the quarter QoQ compared to last year?

**Santosh Breed:** As compared to last year, yes we have higher Reefer volumes but as I said other income is mix of multiple other items so Reefer is one of them but there is no one off as per which I can really highlight to say this is the specific reason for the increase.

**Achal Lohade:** Understood and with respect to container volumes the growth of 3% roughly for the EXIM cargo or rather flat QoQ is that the industry growth or these gain or lost a bit of market share on the Western coast?

- Santosh Breed:** No in fact we have maintained our market share on the West coast so there is no loss and overall as on the West coast the market has remained flat. Where as we have grown by 3% and market share has been maintained and even within Gujarat if I look at the Gujarat market we have actually increased the market share by 1%.
- Achal Lohade:** Understood. Thank you.
- Moderator:** Thank you. The next question is from the line of Ajinkya Bhatt from Macquarie. Please go ahead.
- Ajinkya Bhatt:** Thank you for the opportunity. Sir my question, if you could just comment about any price increase that the company may have taken because the rough calculation suggests that your total volumes for Q3 FY2020 may have grown roughly about 3% to 4% on YoY basis, but the revenues are up 13%. Have you increased prices across any of the cargo category which you could please comment on that?
- Santosh Breed:** If you remember our earlier calls we have taken the tariff hike in April so now I understand you are comparing it with the same quarter last year and this increase which in our tariff hike what we have taken in April 2019 is the of course one of the reason why our realizations have improved and that has helped us to improve our revenue as well.
- Ajinkya Bhatt:** Okay Sir that tariff was it to the tune of 9%-10% is that approximately correct I think?
- Padminikant Mishra:** No tariff increase quantify to around the range of 4% so that is one and second on the revenue side of course there is significant increase in the bulk volumes. So that is another reason why we can also see that balance increase in the revenue.
- Ajinkya Bhatt:** Okay understood. Thank you.
- Moderator:** Thank you. The next question is from the line of Manish Agarwal from Edelweiss. Please go ahead.
- Manish Agarwal:** Good evening. Sir two questions, in the opening remarks you mentioned something about the rebate reversal if you can just explain that what is the nature of this rebate reversal?
- Santosh Breed:** In fact this rebate reversal was pertaining to last quarter not for this quarter just to clarify and since we are comparing that is why brought this in my opening notes just to ensure that is like to like comparison done and to explain this we do have arrangement with our customers which are volume based and if certain commitments are not met then whatever we have been providing for those rebate are reversed. So we had a reversal of that nature last quarter.
- Manish Agarwal:** Sir your remarks of those margins would have been lower by 200 BPS that is actually for the last quarter adjustment of rebate?



- Santosh Breed:** Yes that is right. If you remove that rebate adjustment in the last quarter then a gap between the two quarters is of 200 basis points.
- Manish Agarwal:** Okay. Sir secondly you did mention that your capex is broadly on track and for the DFC preparedness. Just wanted to understand how much we have spent so far and what is remaining?
- Santosh Breed:** Of course we are in the initial stage now but there is no major spent and most of these spend will happen closer to the completion of the project. So no major spends so far.
- Manish Agarwal:** Okay. The bulk of about 70 Crores-80 Crores odd will be towards in next two to three quarters?
- Santosh Breed:** Absolutely right.
- Manish Agarwal:** Fair enough Sir. Thank you and wish you all the best.
- Moderator:** Thank you. The next question is from the line of Deepak Krishnan from Goldman Sachs. Please go ahead.
- Pulkit Singhal:** Thank you for taking my question. This is Pulkit. Sir firstly we have done pretty well on the bulk side and you mentioned that this quarter Fertilizer is a big contributor. I understand that Fertilizer there is a fixed quota that every port gets. So would it be fair to assume that we exhausted our quota for this year or should we expect a strong fourth quarter also when comes to fertilizer. That is my first question?
- Padminikant Mishra:** On the bulk yes the performance was more driven by the fertilizer cargo, so fertilizer is both tender cargo and no-tender cargo and it is also not the case that we get a fixed quota it is very flexible, it is not that though the allocation is as per the market requirement to the fertilizer marketing entities but it is not a fixed quota for the port and this performance has been driven both by the tender based cargo the Urea and also by non-Urea cargo DAP and MPK, MOP which we do.
- Pulkit Singhal:** Understood Sir. Sir my second question is if you could just highlight any guidance on dividend for the full year?
- Padminikant Mishra:** We continue to maintain our policy on the dividend which we have very clearly stated that if we try to distribute all the profit as far as we do not have any requirement on the capex front. So that stand we continue to maintain and the dividend will be announced in line with that policy.
- Pulkit Singhal:** Sure thank you so much.
- Moderator:** Thank you. The next question is from the line Pratik Kumar from Antique Stocks Broking. Please go ahead.

- Pratik Kumar:** Good evening Sir my first question is on realisation as you mentioned there is some change in export and import mix during this quarter so did that also had an impact on our realizations in container segment?
- Padminikant Mishra:** No not really for us I suppose we having a box whether it is export or import really does not make a difference for us. So that does not impact our realisation.
- Pratik Kumar:** Okay but just like when we compare to the realisation which mentioned in last quarter in all the three- four sub-segments they look slightly higher versus last quarter. So they are further increased from Q2?
- Padminikant Mishra:** Your observation is right because this also goes with the mix of the cargo. So typically in container and it depends on how many transshipment boxes we have handled. So when this mix change then accordingly there is change in realisation.
- Pratik Kumar:** Okay even in the bulk we are doing probably slightly higher so fertilizer is higher realisation segment?
- Padminikant Mishra:** That is right.
- Pratik Kumar:** Right and the capex so for FY2020 is as you said in previous comment 80 Crore this is for FY2020 also although capex is backend towards DFC commissioning. But for FY2020 how much we are expecting?
- Padminikant Mishra:** It should be in that range only because the major capex what we intend to do is on DFC and the rest will be more of a maintenance capex so you can take that number for FY2020.
- Pratik Kumar:** Right and on DFC it seems like is there any preponement in expectation of some government push earlier we were expecting till probably December now we are saying about September. So is there any preponement of work, expectation of some push from railways or government side?
- Padminikant Mishra:** No in fact the timing was always Q3 of 2020 so that was the time line which we were also given earlier and DFC continued to maintain that. So they are progressing well and our associate company PRCL is also progressing well on their project and we also have all the permissions in place and we have also initiated the project within the port boundary.
- Pratik Kumar:** Right and this last question, is there any update on the new Jetty policy which was discussed towards the end of last year anything on that has come up further details in Gujarat?
- Padminikant Mishra:** I think that was the only thing which came out when the government of Gujarat came out with this captive port policy so there was memorandum and it states that way I think there is no further update on that.
- Pratik Kumar:** Right. Thank you Sir and all the best.

**Moderator:** Thank you. The next question is from the line of Ankit Panchmatia from B&K Securities. Please go ahead.

**Ankit Panchmatia:** Good afternoon and thank you taking my question. Sir this question pertains to more of an over capacity kind of situation which we get seeing with new terminal is also coming up with our competitor. So are we facing any realisation pressures from the liners? How are we seeing the intensity in the Western coast?

**Padminikant Mishra:** Of course we do not seem any pressure as of now from any of the shipping lines on the realisation and that is mainly because if you see the port cost is a small component today in the entire logistic costs so the cost of transportation from the port to hinterland is much higher and that is where the shipping line focus is to how to really reduce that cost. So we do not really expect any further pressure on the realisation going forward as such. The capacities had always been coming up because in the west coast if you see there has been capacity which has been coming up on the regular basis. But then we successfully rolled out our tariff increase in April 2019 so I do not see any reason of any pressure on realisation even going forward and just to add what Santosh said if you see the north-western market growth, in terms of the port throughput it has always been on a higher single digit. So I think that would not put in much of a pressure on the rates, I guess.

**Ankit Panchmatia:** Sir more to ask Mr. Jacob if he can answer, how has been his experience within the Global Maersk and how he has been finding the Pipavav as an asset and any light on his plans scaling up this port?

**Jakob Friis Sorensen:** I started with A P Moller Maersk all the way back in 1987 and after two years my first posting was to Indonesia, 1989. I then spend some times in Japan, I have been in Malaysia. I also was in India from 1999 to 2003 with company where we that time Maersk Logistics which is now become Damco and then I returned to Indonesia where I spent probably 10 years looking at all the integration of some of Maersk acquisitions, looking into port development, looking into new services development, intra islands etc. Coming back to India it is of course a thrill to be back here after almost 20 years. I have seen a lot of change. I am also very pleased to see the operations and what is going on in Pipavav but again as I started up to say at this point in time with less than a months of feet on the ground I think it is a premature of me to start talking about future, the only thing I would give credit to is the team because with the first glance it definitely appears to be very well run port with a lot of opportunities as well.

**Ankit Panchmatia:** Great that is all from my side. Thank you.

**Moderator:** Thank you. We have the next question from the line of Pratik Kumar from Antique Stock Broking. Please go ahead.

**Pratik Kumar:** Thank you for the opportunity again. One question on is this parent group A P Moller Maersk would that be also looking for this Concor divestment on government stake?

- Santosh Breed:** We cannot really comment on this because this is something which the promoter will have to take a decision and of course we are not privy to that decision. So we are not really aware of any such thing.
- Pratik Kumar:** Okay and the coal segment do you see any further pressure in the trend that coal is generally an issue our port in terms of volume ramp up but in relation to government policy on domestic coal mining do we feel further coal volumes?
- Santosh Breed:** I do not think so we see any further pressure on the coal volumes in fact if you see Pan India in ports they have been stable so I would not see any impact on that.
- Pratik Kumar:** Right I will get back in the queue. Thank you.
- Moderator:** Thank you. The next question is from the line of Anuj Upadhyay from Emkay. Please go ahead.
- Anuj Upadhyay:** Thank you for the opportunity. Sir I joined in bit late probably this is a repeated question sorry for that if it is. Sir container volume overall was down by close to 8%. Could you just quantify was it entirely due to the transshipment and if yes then how much the transshipment was down?
- Santosh Breed:** Yes right it was down mainly because of the transshipment volume. However, we cannot really quantify the numbers because we have said in the earlier call that we do not really split it by each separate cargo stream. I will give that numbering yes we grown on the EXIM with a marginal growth of around 1% year-on-year and the reduction is seen mainly because of the transshipment.
- Anuj Upadhyay:** Second is in fertilizer you mentioned that we have both tender base and non-tender base, so I guess someone had asked some other kind question so do we expect similar trend in growth going ahead as well say for Q4 and FY2021?
- Padminikant Mishra:** We have a good import in 2019 if you see calendar year pan India are higher, if this trend continues to be same I think we will be able to maintain or be at par with what the imports are but it all depends on how the demand is there in 2020.
- Moderator:** Thank you. Next question is from the line of Parag Jain from HSBC. Please go ahead.
- Parag Jain:** Thank you. Many of my questions have been answered but there are two questions, one for Santosh and one for Jakob. Firstly, Santosh can you help us understand that following the Maersk restructuring and their drive to move volume towards their own terminals, what percentage of container volume in Pipavav now pertains to Maersk or Moller so to say and second for Jakob, Maersk at a group level being in the forefront of dealing with the decarbonisation issue and probably way ahead then what industry have promised on price accord. Do you see Maersk or GPPV gradually discouraging handling of coal as a material going forward? Thank you.
- Santosh Breed:** I will take the first question. So we also spoke of course in last call, yes the collaboration efforts are working well for Pipavav because now as a group we are able to provide end-to-end solutions

to follow our customers and that are going to Pipavav in growing volumes. So typically now when we look at our Maersk volume we have got big services of Maersk and then we have almost close to 40% to 45% of volumes coming from Maersk, so that is a big boost for us and we will surely continue to work together to provide some innovative solutions for our customers.

**Parag Jain:** That do you know what was the percentage let us say a year back?

**Santosh Breed:** That is 40% to 45% that you referred to. So year back I think it was in the range of around 30%-35% in that range.

**Parag Jain:** Thank you.

**Jakob Friis Sorensen:** For the second question I think thank you very much for recognizing our AP Moller Group for being a pioneering reducing of pollution because that is indeed what important in general for a group. The question specifically about coal in Pipavav I think at this point of time we do not have any immediate plans of just stopping to import coal via the port in Pipavav but may be long-term we would be looking at alternative commodities. What I can say is that we are looking at investments in more environmental friendly matter as such as solar panels for our own emission reductions so that will be something that will be important also going forward.

**Santosh Breed:** Just to add the way we are handling coal at our terminal we are ensuring that the environment is well protected we have the yard which has been constructed with the proper infrastructure to ensure control over coal dust. So all those precautions are been taken care of in handling coal at Pipavav.

**Parag Jain:** That may be one last question which you already answered to one of the other participants about concession renewal. I mean I understand that the whole market has been waiting for this for last two years and at some point of time this will come out. I am not sure if you are in a position to share your initial discussions with the Maritime Board or if I can rephrase the question based on your experience of Maersk concession renewals and in different part of the world, what would be your initial hunch i.e., will the renewal be more of the same with probably some commitment with capex or it would be taken as a function of same may be?

**Santosh Breed:** It is a very difficult question Parag because this varies from country to country and concession to concession. So we cannot really give you the straight answer how the commercial terms are going to be in port extension. But what I can surely share with you is about we continue to engage with Gujarat Maritime Board on this matter and in fact there is a regular meetings for follow up which we do and so far we do not have any red flag as such on the concession extension so we have stated also in our earlier calls and I would like to state that again today in this call that we have a very good engagement with GMB and absolutely there are no Red Flags to be concerned for us about the concession extension.

**Parag Jain:** Thank you.

**Moderator:** Thank you. Ladies and gentlemen that was the last question. I would now like to hand the Conference over to the management for their closing comments.

**Santosh Breed:** Ladies and gentlemen thank you so much, thanks again for all your interest and support and we look forward to some engaging calls like that in future. Thank you so much.

**Moderator:** Thank you very much members of the management. Ladies and gentlemen, on behalf of IDFC Securities that concludes this Conference Call. Thank you for joining us and you may now disconnect your lines.