Gujarat Pipavav Port

Manish Agnihotri: Good morning, everyone. This is Manish Agnihotri, and I welcome you to the Q1 FY27 earnings call of Gujarat Pipavav Port Ltd. We have Girish Aggarwal, Managing Director, and Santosh Breed, CFO. Girish will start with the opening remarks and discuss the company's financial performance and overall business, after which we will open the floor for Q&A. Over to you, Girish.

Girish Aggarwal – Managing Director: Thank you, Manish. The company delivered a strong financial performance this quarter. Year-on-year, revenue for the quarter was higher by 33%. EBITDA was higher by 45%, with margins at 64%. EBIT was higher by 58%, and net profit was higher by 46%. This includes duty benefit scrips for FY15-16 and FY16-17 totaling 31.6 crores. Excluding this, underlying revenue performance was higher for the quarter by 20%. EBITDA was higher by 25%, with margins at 61%, which is a 200-basis-point expansion. EBIT was higher by 31%, and net profit was higher by 24%.

In terms of volumes, containers were up by 3%. This was despite the Middle East conflict. RO-RO was up by 53%. Dry bulk was down by 7%, while minerals and liquids were down by 47%, with a significant 63% decline in LPG volumes.

In terms of the overall financial year outlook, we are now looking at overall EBIT growth of between 20% and 24% year-on-year. RO-RO is expected to have a volume of approximately 260,000-270,000 cars. Liquids are expected to be between 1.3 million and 1.4 million metric tons. Bulk is expected to be between 2.4 million and 2.6 million metric tons, and containers are expected to increase by 4-5% to approximately 700,000 TEUs. I will pause here and answer any questions that you may have.

Manish Agnihotri: Thank you, Girish. The floor is open for Q&A. Deepak, please go ahead with your questions.

Deepak: Hi, good morning, management. Thank you very much for the guidance. Could you please repeat the guidance because you were speaking a little fast, and it was very difficult to grasp over the line?

Girish Aggarwal – Managing Director: EBIT growth of 20-24%. Containers at approximately 700,000 TEUs, representing an increase of about 4-5%. RO-RO at 260,000-270,000 cars. Liquids between 1.3 million and 1.4 million metric tons, and bulk between 2.4 million and 2.6 million metric tons.

Deepak: Thank you very much. Coming back to container performance, I recall that during the last call, you had guided for approximately 5-7% growth during the first quarter. Volumes grew by about 3%, but I wanted to understand where the gap was. Do you think the new service that came through from the July quarter will help, and what is the situation with respect to the normalization of services? Any comments around that would be helpful with respect to container cargo. Then I will move on to the other questions.

Girish Aggarwal – Managing Director: Container volumes have essentially been affected by a difficult quarter because of the Middle East conflict. We have one service, Shaheen, which is a Middle East service between us and Jebel Ali, and it has remained suspended so far. We are now

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assuming that it will remain suspended for the full financial year, or the remainder of the year. That represents a substantial volume of 70,000-80,000 TEUs that we will lose this year because of Shaheen.

However, growth from the new service that started toward the end of June has held up. We believe that the full-year impact will be in the next 9 quarters. FA2 is a Maersk service. What we have also done now is proactively pursue and capture some of the multiple transshipment opportunities that are available. We expect that to remain with us for at least the next 3-4 months, after which we will see how it progresses. Overall, the guidance is still approximately 4-5% growth in container volumes for the financial year.

Deepak: For this FA2 service with Maersk, which started at the end of June, what is the contribution of this particular service, if some information is available on that?

Girish Aggarwal - Managing Director: It is still early days. Approximately 4 calls have taken place so far. Usually, services start small and then begin to grow. However, I would expect that, considering that Shaheen will be absent for 12 months and assuming 9 months of this service, on a like-for-like basis it will eventually turn out to be similar to the Shaheen volume on a weekly basis.

Deepak: With respect to the gas outlook, 1.3 million to 1.4 million is approximately an 8% decline year-on-year. This implies sequential improvement during the rest of the quarters compared with where we were in the first quarter. What trends have you seen so far in July and the middle of August? Could you indicate how the second quarter is performing, particularly with respect to liquids, and also comment on the rest of the cargo?

Girish Aggarwal - Managing Director: I will not comment on how we are performing in terms of overall volumes during the current quarter. I can provide overall guidance. Roughly, a 0.3 million decline from last year's 1.6 million gives us an overall decline of approximately 18%. We expect a 15-20% decline in volumes on the overall liquid side. The first quarter is obviously difficult for liquids, but LPG has now started coming from the US, so we do expect some catch-up during the remainder of the year.

Deepak: If Santosh can help us with realizations, it seems that on a like-for-like basis, excluding the scrips and duty reversals, realizations appear to be on the higher side. Could you take us through the typical numbers that you help us with? That would be insightful.

Santosh Breed - CFO: Certainly, Deepak. Realization for containers is approximately 9,500-10,000 rupees per TEU. This change compared with the previous quarter was driven mainly by 2 factors. First, the favorable exchange rate benefited this quarter. Second, the tariff increase that we took in January has started to materialize based on the contractual arrangements with customers from this quarter. Those are the 2 key reasons for the change in realization.

Having said that, the realizations you see in the numbers are substantially higher. One factor is the SEIS, or duty scrips, that we have mentioned. Apart from that, we also had some one-offs on provision reversals, as well as opportunities from ad hoc transshipment volumes. The storage revenue from those opportunities also helped us increase revenue. Those one-offs are also included in this number, which is why you see realizations on the higher side.

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Deepak: For bulk and liquids, is it the same run rate as what we saw last quarter, or are you seeing a change?

Santosh Breed – CFO: That is right. Bulk remains at 650–750 rupees per metric ton, while liquid is slightly better again because of the cargo mix for this quarter, at approximately 650–700 rupees per metric ton.

Deepak: That is very helpful. Girish and Santosh, if both of you could help me, we are seeing a lot of news flow about containers being backlogged at most ports in India, whether Mundra or Nhava Sheva. There are even reports of carriers having to skip calls because they cannot load or offload due to excessive waiting times. Could you help us understand what kind of congestion, if any, there is at your port? If there is no congestion, or if it is at a manageable level, are you seeing an opportunity to capture ad hoc calls because your peers are unable to handle those vessels?

Girish Aggarwal – Managing Director: Currently, there is no congestion at Pipavav. Monsoons are, of course, always difficult at times, but in general our port is fully functional, with no berthing delays for most vessels. That is why I said that despite the fact that we are going to lose Shaheen, we are aggressively looking at tapping transshipment opportunities, which we have done this quarter. We see that continuing to happen. This is, of course, also subject to the draft, vessel requirements, and so on.

Deepak: Is it fair to conclude that you might get some opportunities because your peers are unable to handle those vessels?

Girish Aggarwal – Managing Director: We are already getting them.

Deepak: You are already getting them. That makes sense. My standard question is with respect to the concession. Have there been any developments since we last spoke 3 months ago?

Girish Aggarwal – Managing Director: Things are progressing positively with the Gujarat Maritime Board. There are no red flags, but there is also nothing further to report compared with where we were 3 months ago. I will come back to you as soon as we have something from the GMB. Things are moving in the right direction.

Deepak: Thank you. My last question is about the capex outlay for this year. Could you help us understand that? Have there been any changes since we last spoke, and could you put a number on the capex you expect for this year, including the expansion you are undertaking at the liquid jetty?

Santosh Breed – CFO: There are no major changes from what we discussed previously. We expect approximately 200 crores to be spent, with the major expenditure being on the liquid jetty, which we are going to commission during this financial year.

Deepak: Thank you, gentlemen, and good luck with the recovery in liquids and containers.

Girish Aggarwal – Managing Director: Thank you.

Manish Agnihotri: Thank you. Mr. Rajeev Rupani, please go ahead.

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Rajeev Rupani: Thank you for the opportunity. This is my first call, and I am new to the company. I have a follow-up question on the concession agreement. You said that the talks are progressing well. When will we know? Since the concession agreement expires in September 2028, will we come to know only in 2028, or 1 year before? What is the expected timeline? This is my first question.

Girish Aggarwal – Managing Director: It is difficult to answer that question. It entirely depends on the Gujarat Maritime Board and the Government of Gujarat. However, I can confirm that as soon as we hear something, we will disclose it.

Rajeev Rupani: My next question is also a follow-up. Once we receive the approval, you mentioned that the parent, APM, will invest about 17,000 crores for expansion. Will this total investment be made only by the parent, or will GPPL make the investments? Could you clarify?

Girish Aggarwal – Managing Director: This is a GPPL investment.

Rajeev Rupani: So the entire investment will be made by GPPL?

Girish Aggarwal – Managing Director: Yes.

Rajeev Rupani: Could you also guide us on how much will be invested in phases, how much time it will take, and what our capacity will be afterward? A brief idea would be helpful.

Girish Aggarwal – Managing Director: I cannot give you that brief idea today, Rajeev. It is not possible. There are many things that will take place before we get to that discussion. I think the overall contours of the 17,000 crores are broadly known, but we are still working on our master plan and business plan. We will discuss this with the Gujarat Maritime Board whenever they want us to have that discussion, agree with them, and then come back. At this point in time, it is very premature.

Rajeev Rupani: My next question was about the capex for liquid cargo. Our capacity is increasing from 2 million metric tons to 5 million metric tons. When will it be completed, and approximately how much will it add to our revenue?

Girish Aggarwal – Managing Director: The current completion is scheduled for March 2027, so there will be no impact in this financial year. After that, it will progressively grow. I do not have ready information to give you in terms of the revenue addition in FY27-28. Are you looking at FY27-28?

Rajeev Rupani: Approximately FY27-28.

Girish Aggarwal – Managing Director: We can get back to you separately on that.

Rajeev Rupani: What will the capacity utilization be?

Rajeev Rupani: What utilization do you expect for this 5 million metric tons once it is complete?

Management: This will be phased over a period of time in terms of growth. The entire capacity will not be filled immediately when the jetty is commissioned. It will progressively improve. However, we expect that over the next 3-4 years, we should be back to full capacity.

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Rajeev Rupani: Thank you. That is all from my side.

Operator: Thank you. Nilotpal, please go ahead with your question.

Nilotpal: Good morning, and congratulations on a great set of numbers. I wanted to ask about the additional revenue we secured apart from the duty scrips, including the one-off provisions and ad hoc opportunities. Can you quantify approximately how much they contributed additionally to revenue? Secondly, should we assume this at a sustainable rate for the year?

Management: First of all, these are very ad hoc and are not something that we can call sustainable. Opportunities will continue to arise in transshipment, and we will use those opportunities to generate some additional revenue. However, it is difficult to quantify what those revenues will be. The provisions are also one-offs, so I would not like to quantify anything on that front either.

Nilotpal: As a clarification, would our realizations on transshipment volumes be lower than those on non-transshipment volumes, or how does the mix work?

Management: They are lower. However, what is also happening, in relation to the question about congestion at other ports, is that transshipment comes with additional storage and, in many cases, a lot of these transshipment volumes are also reefers, which come with additional charges. In general, I think we have been able to manage the difference, and at least based on what we saw this quarter, there was not too much of a difference. We will see how that develops next quarter.

Nilotpal: My second question is with respect to the Kandla-Gorakhpur pipeline. Is that spur now complete? On the last call, I think you mentioned that approximately 8 kilometers was pending.

Management: Approximately 7 kilometers are pending, and it is now expected to be completed in October this year. That is the current timeline.

Nilotpal: Those were my questions. Thank you very much.

Operator: Thank you. Mr. Rajiv Upadhyay, you have some more questions? You have your hand raised.

Rajiv Upadhyay: I have a follow-up question. What will be the dividend policy going forward?

Management: The board will decide the dividend policy. As of now, there is no change to the policy. If and when the board decides to change it, we will communicate that.

Rajiv Upadhyay: Thank you.

Operator: Thank you. Mr. Parimal Mithani, please go ahead with your questions.

Parimal Mithani: Can you hear me?

Operator: Yes, please go ahead.

Parimal Mithani: Recently, the parent has made a lot of statements regarding the Indian markets. Is there any thought process regarding how you see your business developing over the next 3-4

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years? They have made—

Management: I am sorry, what were you talking about regarding the parent? Your line is not very clear.

Parimal Mithani: A.P. Moller has made substantial commitments regarding India's growth prospects and investments in India in terms of ports and other areas. Could you provide any guidance on how you see your business developing over the next 3-4 years?

Management: I cannot comment on the guidelines or guidance given by A.P. Moller. I can comment only from a GPPL perspective. If you are asking about the GPPL outlook for the next 3-4 years, is that how I should understand your question?

Parimal Mithani: Yes.

Management: A lot depends on the extension of the concession. Therefore, we do not go out and provide overall guidance for the next 3-5 years. The right thing would be to secure the concession and then come back to what we plan to do. There were many questions about the investment and related matters. As the business plan unfolds, we can discuss it. As I said, it is a little premature. Let the concession matter be closed first.

Parimal Mithani: Thank you.

Operator: Thank you. Any questions from anybody else? Kantilal, please go ahead with your questions.

Kantilal: Hi. Thank you for the opportunity. I have a couple of questions. Firstly, on the realization side, bulk also looks slightly high, if I understood the numbers correctly, at 650-750 rupees per metric ton. Is there anything that we should note there?

Management: Is the question about bulk realization?

Kantilal: Yes.

Management: As I mentioned, realizations have been maintained, so there is no impact on realization. The changes you see are mainly because of the cargo mix that has been handled.

Kantilal: Understood. Secondly, regarding the concession agreement, what kind of discussions are taking place with the Maritime Board? Will they call for bidding followed by a right of first refusal, or is some other methodology being discussed? Is it a one-on-one negotiation? What options have you heard are being considered?

Management: That cannot be discussed here, Kantilal. It is sufficient to say that we are progressing well with our discussions with the Gujarat Maritime Board. If anything comes up, we will disclose it. At this point in time, there is nothing to disclose, and there is also no red flag that we are worried about at the management level.

Kantilal: Good to hear that. Thank you very much, and all the best.

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Operator: Thank you. Isha Agarwal, please go ahead.

Isha Agarwal: Hi. I had one question on the bulk side of the business. In the last conference call, we had guidance for a decline of 8-10%. However, we have actually seen a 15% rise in the bulk business, which was mainly led by minerals and other cargo, while fertilizers remained flat. Was coal the primary driver, or was it iron ore, cement, or steel? Could you shed some light on this?

Management: I do not know which numbers you are referring to, but from a numbers perspective, there was a 7% decline in total dry bulk volume in April-June 2026 versus April-June 2025. This included a 2% decline in fertilizers, which was largely flat. When we spoke last time, the government had issued additional tenders, and there was a strong push from the government to increase fertilizer volumes during the monsoon season. That is something we are seeing. The large decline in dry bulk is essentially due to the decline in limestone, which also comes from the home ports.

Isha Agarwal: That works. Thank you.

Operator: Thank you. Nilotpal, please go ahead with your questions.

Nilotpal: I have a follow-up on the SEIS income front. Are there any more claims or amounts that we have claimed and could potentially receive over time?

Management: We have 1 scrip that is still pending, but it is not a substantial amount. It relates to the last financial year, so nothing major is expected now.

Nilotpal: Has this been paid out in cash, or has it been accepted but not yet credited by the government?

Management: These are duty scrips that are tradable, so they can be monetized in the market, which has been done.

Nilotpal: Understood. Thank you.

Operator: Thank you. Are there any follow-up questions from anyone else? Any last questions? Yes, Karthik, please go ahead.

Karthik: To understand the realization part better, can you highlight the other factors supporting the approximately 20-25% year-on-year increase in realizations on a per-ton basis? Please provide some additional color on the export scrip and how much of this we should factor into the upcoming quarters.

Management: As mentioned earlier, if I look at containers, container realization is measured per TEU. It has increased from 9,500 to 10,000 compared with the previous quarter. This increase is mainly due to the tariff increase we took in January. Some contracts became effective in April, so that increase was implemented in April. It is also due to the favorable exchange rate, as our container tariff is in US dollars. This is helping to improve realization.

Non-container realization remains more or less unchanged, with no major changes. I also do not see any major change happening in the coming quarter because the tariff increase has now been incorporated and is built into these numbers.

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Karthik: Can you help us separate the one-offs in terms of the simple realization? How much of the year-on-year increase in realization is coming from structural factors and the mix, and how much is coming from the one-off that you mentioned?

Management: We do not really quantify the one-off. However, at a very high level, just for guidance, on total revenue excluding SEIS, you can say that the impact is approximately 5%.

Karthik: Understood. Thank you very much. Those are all my questions.

Operator: Thank you. Shrikant, please go ahead with your questions. Shrikant, can you hear us? Please go ahead with your questions. Maybe Deepak, you can go ahead.

Deepak: Hi. Are you able to hear me?

Operator: Yes.

Deepak: Given that the cargo mix, or revenue mix, has changed over the past couple of years, with liquids and RO-RO coming back on stream and containers remaining flat or slightly declining compared with a couple of years ago, could you remind us what the US dollar exposure is in terms of your revenues? What is its contribution to overall revenue?

Management: Approximately 60-65% of our top line comes from the container business. The container business is denominated in US dollars. The remaining dry bulk contracts, handling contracts, and everything else are in local currency.

Deepak: Liquids and RO-RO are all in local currency?

Management: That is right.

Deepak: Thank you very much. That is very helpful. That is all from me.

Operator: Thank you. Are there any more questions from anyone? That does not seem to be the case. Udisha, please go ahead.

Udisha: I had one follow-up question on the liquid jetty. For the past few quarters, we have continuously seen a decline in the liquid side of the business, although this was guided. We are also developing the liquid jetty. Do we already have customers or contracts signed? Could you provide some guidance? To meet the year-end guidance, we will have to cover a lot of ground. Do we have any guidance on that?

Management: Udisha, are you saying that liquid volumes are declining every quarter?

Udisha: We have been seeing a decline in the liquid side of the business, if I am correct.

Management: That is not really how we see it, Udisha. Fundamentally, liquids have grown over the last 3 years from a little less than 1 million metric tons to 1.6 million metric tons in the last financial year. That represents approximately 60% growth over the last 3 years.

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This quarter, there are minor quarter-on-quarter variations: 417, 388, 404, and 383. That is part and parcel of the business. However, fundamentally, if you look at the liquids business, it has grown steadily, and we have reached our capacity. That is the rationale for moving ahead with the additional jetty, as our customers continue to ask for more volume.

There has been a fundamental decline this quarter because of the Middle East conflict. We now see some LPG volumes coming back through the US channels. We will see how that develops. Aegis is also busy commissioning its 36,000-metric-ton ammonia tank, which we expect to start operating sometime in September-October. That will add additional volume and an additional liquid stream to Pipavav port. Therefore, from a fundamental perspective, we do see continuous improvement and growth on the liquid side.

Management: That is the fundamental business perspective.

Isha Agarwal: That really helps. Thank you so much.

Management: Thank you.

Operator: Aditya, please go ahead with your questions.

Aditya: Thank you. I apologize if I am repeating something, as I joined the call late. When you say that the Middle East line, the Shaheen service, will remain closed for the remainder of the year, why would that be the case? What is the risk that it may never come back next year?

Management: This is an assumption we have made. We have not seen Shaheen return since March. From March until now, as we are ending August, we do not see it returning in September either. At this point in time, we have assumed that the conflict may continue for a longer period, and hence Shaheen will not return. Of course, if the Strait of Hormuz opens up, it is highly possible that the service will return in the same shape and form. That is definitely possible, but this is the assumption underlying the guidance.

Aditya: How much will you ultimately gain once the situation on this Middle East line normalizes and the new line that you added is established, considering these 2 factors together?

Management: That will depend entirely on when it starts, assuming it starts. There are too many variables. From a prudence perspective, it is best to assume at this point that we will not see it return during the financial year. When it starts, we will come back and discuss it.

Aditya: On the liquid front, considering where you are today and where you can be after the capacity expansion, if the gap is 100, what visibility do you currently have from existing customers? How many more customers do you need to fill that gap, and over what timeline?

Management: There is no point discussing this at the customer level. In general, if you look at India, the growth, the amount of LPG imported into India, and the amount that will be imported as we move forward, along with the addition of ammonia tankages, we believe we will need additional jetty capacity. That is why we built the additional jetty, which is also fully VLGC-compliant. I would argue that we will fill this 3 million capacity over 3-5 years.

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Aditya: Those were my 2 questions. Thank you for answering.

Management: Thank you.

Operator: Mr. Rajiv Popani, please go ahead.

Rajiv Popani: I have a follow-up question. RO-RO units have scaled up well from 42,000 units to 65,000 units. What kind of volumes do you see over the next 2-3 years? How much can this scale up further?

Management: We have already provided the guidance for this year. We do not provide guidance beyond this at this point in time. A lot will depend on the extension of the concession. I have already given guidance of 260,000-270,000 cars for this financial year, and we will stick to that.

Rajiv Popani: Thank you.

Management: Thank you.

Operator: Nilotpal, do you have another follow-up question?

Nilotpal: I missed the figure where you mentioned the underlying total realization growth, excluding SEIS. Did you say approximately 5%?

Management: That is right. On an overall revenue basis, what I mentioned was that the question was about the impact of these one-offs on revenue. Therefore, I tried to provide a high-level quantification of the total revenue impact, which is roughly 5%.

Nilotpal: Would 5% be the underlying realization growth, or is 5% the total quantum of the one-off?

Management: It is the quantum of the one-off.

Nilotpal: Understood. Thank you.

Operator: Mr. Mohit Vijay, please go ahead.

Mohit Vijay: [inaudible]

Operator: Hello? Yes, please go ahead with your question.

Mohit Vijay: [inaudible]

Operator: Sorry, your line is not clear, Mohit.

Mohit Vijay: [inaudible]

Operator: Sorry, Mohit, we cannot hear you. We cannot hear you, Mohit. Aditya, please go ahead with your question.

Aditya: As a follow-up question, your margins have been steady at 60% if I exclude SEIS, and there are obviously one-offs in revenue. It seems that costs have also increased meaningfully. Our sense is that the other expense item is now looking fairly elevated. Could you give us a sense of what is

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driving the growth in other expenses and what the incremental trajectory should be? Are there any one-offs on that side?

Management: In other expenses, we had some additional CSR expense in the current quarter compared with the previous quarter. We also made some provisions, which resulted in this increase. Apart from this, there is no major change in other expenses. Otherwise, everything is in line with the business, so this variation will depend on the activities undertaken.

We undertook some repair and maintenance activity this quarter. There will be such variations, but there has been no significant increase in costs as such. This is mainly due to quarterly variations.

Aditya: To put it simply, your ability to maintain and go beyond 60% margins as things normalize, SEIS goes out, and we see the operational numbers is largely intact. That does not change.

Management: Yes.

Aditya: Understood. That will be the only question from my side.

Management: Thank you.

Operator: Anantya, please go ahead.

Anantya: I have one question. A couple of quarters ago, if I recollect correctly, you spoke about some dredging-related activity that you needed to undertake. Could you remind us what it was about? Is it still planned, and what cost might you need to incur for it?

Management: You mean dredging?

Anantya: Yes.

Management: What dredging cost?

Anantya: I think you said that you might need to incur some dredging-related expenses in {? FY27 or FY28 ?}, if I recollect correctly, a couple of quarters ago. I am trying to understand whether that is still planned, whether it is currently under way, or whether it is something that you still need to undertake.

Management: I am sorry, I am unclear. Did we discuss capital dredging or maintenance dredging?

Anantya: I think maintenance dredging.

Management: Maintenance dredging is difficult to say. This is an evaluation that we conduct every year. Based on the evaluation, we undertake dredging activity if needed.

Anantya: Understood. Are any capital dredging activities planned?

Management: We have just completed it for the liquid jetty.

Anantya: Understood. Thank you very much. That is all from my side.

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Operator: Thank you. Are there any last questions from anyone? That does not seem to be the case. Thank you very much for joining, and have a good day.

Management: Thank you. We appreciate it. Thank you very much.

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