

“Gujarat Pipavav Port Limited
Conference Call”

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Moderator: Ladies and gentlemen good day and welcome to the Gujarat Pipavav Ports Limited, 3Q CY13 Earnings Conference call, hosted by SBI Cap Securities Limited. As a reminder all participants' line are in the listen-only mode and there will be an opportunity for you to ask questions at the end of today's presentation. Should you need assistance during this conference call you may please signal for an operator by pressing "*" and then "0" on your touchtone phone. Please note that this conference has been recorded. I would now like to hand over the conference over to Mr. Manish Kumar for SBI Cap Securities. Thank you and over to you Sir!

Manish Kumar: Good evening everyone. Thank you for joining into the call. We have with us Mr. Prakash Tulsiani, Managing Director, Gujarat Pipavav and Mr. Hariharan Iyer, Chief Financial Officer, Gujarat Pipavav to discuss these 3Q CY13 earnings. We will start the call with the presentation and financial numbers by the management followed by Q&A session. Over to you Sir!

Prakash Tulsiani: Thank you very much Manish. Good afternoon to everyone. This is Prakash Tulsiani and we have put up on our website the presentation for this investor conference and it should be available with everyone whoever can log in.

Let me take you through the presentation, the key highlights for Q3 2013 are container cargo, we have a 14% increase in volume versus Q2. This was typically because we are coming into the season. Monsoon is just getting over, so the volumes are ticking up and this is a season uptake. So that is a 14% increase in volumes compared to the previous quarter, immediately preceding previous quarter, if we compare it to Q3 2012 that is the preceding year same quarter we have a 30% increase in volume. This is because of the additional services, which we have secured and also the upsizing of the vessel. Improved realization we have rationalized our tariff and because of the USD INR rate impact. We have also secured during the quarter a new service for Gulf where the first call was on September 19 2013. This is still in a ramp up stage.

On operations front we are the highest in terms of moves per hour for the crane. It is 34 and that is the average for Q3 in terms of crane productivity and this is on the berth which is the larger berth which we have and the cranes which can take the larger vessel. So we are in the west coast and I think across India the best in terms of moves per hour, which is 34.

Coming to bulk and general cargo, we have a marginal decrease in volume versus the immediately preceding quarter while we have lower fertilizer and mineral, we have higher coal; volumes. If we compare to the preceding year the same quarter we have 31% increase in volumes and that is mainly on the back of coal and mineral.

Financial results, I am very happy to report that we have received dividend for the very first time, a maiden dividend from PRCL which is interim dividend of 5%, it is INR 38 million then we come to our numbers in terms of our EBITDA. We have 614 million as EBITDA for the quarter under reporting, which is 12% increase compared to the preceding quarter and 8% increase in margin compared to the preceding quarter. If we compare our EBITDA to the preceding year

same quarter it is 82% increase in EBITDA and 36% increase in margin. This is on the back of increased volume in container and also in bulk and also the rationalization in tariff and also US dollar tariff. We have 441 million. It is a 25% increase versus our immediately preceding quarter and five times versus immediately preceding year and the same quarter. So these are the key highlights. Volume development under this quarter we have 163000 TEUs in terms of container and in terms of bulk we are almost the same as the preceding quarter, which is 986000 last time we did 1.01 million tons.

In terms of rail we have improved compared to the preceding quarter and we are at the same number as the first quarter 2013, which is 2.1 million tones. ICD volumes in terms of TEUs have also increased substantially and we are at 715 in terms of train and in terms of volumes it is 116,000 TEUs.

Next is the infrastructure development as you would recall we were developing or rather reconstructing the road, a new road that is nearing completion one lane is fully complete the second lane is almost 70% complete 30% remains by end of November or beginning December we should see this road fully complete. So today we have two lanes opened for traffic and that has helped us tremendously.

Other project, which we continue is for the development in our business activities. It is the road between the fertilizer shed and the RMGC yard to help our fertilizer movement by trucks, the cargo normally starts in the rainy season so it facilitates the movement of this cargo into the shed. Then we have to make roads for the liquid tank farms for the business, which is expected to start by the end of this year or beginning early next year for which we have to create infrastructure in the port and that is typically the road so we have started doing that. On the boundary wall also we have started doing whatever is required to be done because this is exactly where the tank farms are coming.

You have also the picture if you have in front of you the presentation, tank farms, the way they are coming up the pipeline and they are progressing well. Here I will hand it over to Hari to take us through the financials.

Hariharan Iyer:

Thank you Prakash and good afternoon to you all. Let me take you through the key highlights as well as the details of the numbers for assessing for Q3, 2013. First a general overview; the total operating income at 1262 million marginally higher than the previous quarter is also one of the best quarter of revenues so far for us. Quarter-on-quarter container volumes grow by 14% while the bulk at close to about a million tonnes this quarter was very marginally lower than the previous quarter with higher coal and lower fertilizer and minerals. As Prakash mentioned the company implemented a new tariff structure in middle of August 2013. The overall impact of this change will be in the range of 4% to 5% but the full impact of this will be seen in the coming quarters.

Increase in container volumes coupled with better realizations in container mainly on account of US Dollar tariff helped in the improving EBITDA and margins, though partly offset by lower reefer volumes, mix in the 20 and 40 equipment tanks, lower margins on country coal and of course same number of vessel calls handling higher volumes so on an overall average basis per TEU then you have a marginal reduction in terms of marine income.

In comparison with the same quarter previous year the total revenue has increased by 34% and EBITDA by 82%. Q3 2012 also included SFIS income of 28 million. Excluding SFIS income of Q3, 2012 year-on-year EBITDA margins improved by nearly 15% points from 34% to 49%, mainly driven by improved realization cost efficiency and improved volumes. During this quarter, the company received a dividend income of 38 million the maiden dividend from PRCL. This is the first time a 5% interim dividend has been declared by PRCL. Net results at 441 million are 25% higher than the previous quarter and nearly five times the net result of the same quarter previous year.

Let me actually move on to the specific elements in the financial results. Firstly on the income side; container volumes as I mentioned earlier moved up higher by about 14% while the bulk volumes more or less remained similar to the previous marginally lower by just 3%. During the quarter the company gained a new service NMG, it is an India Middle-East service operated jointly by three carriers Simatech, X-PRESS Feeders and OEL. The first call was on the third week of September. The service is expected to ramp up volumes in the coming quarters so we have not seen the full impact of this service as yet in the current quarter.

Imports were higher by about 19% and exports higher by about 11% during this quarter with reference to the containers and mainly reflecting the festive season imports and the Christmas season exports generally seen during this quarter in Q3. Local volumes have also seen some positive traction on the back of waste paper and metal scrap imports. Non seasonal reefer traffic from ICD, Pharmaceuticals and Agri products have also added to the volumes during this quarter. Double stack high cube container train's commenced operation from the July 17, we mentioned that in the previous conference call and since then we have handled 129 Double stack trains to all ICDS in the Northern belt. This is a great value proposition to our customers and has further increased rail volumes to and from ICDS in the North by nearly 15% from the previous quarter. Improved realizations due to exchange gains and rate increases in August was partly offset by lower reefer volumes, same number of vessel calls handling higher volumes and adverse 20:40 mix typically in this season we will have larger number of 40s moving resulting in a net gain in the overall realization from the previous quarter.

Moving to the bulk, Q3 2013 volumes were close to one million tonne mainly driven by coal volumes the Fertilizer and Minerals have lowered during the quarter. Coal volumes in this quarter increased by 23% to 594,000 tonnes including a 355,000 tonnes moving to the up country Power Plants albeit at lower margins on account of rail freight differentials. Fertilizer imports were lower during the quarter due to a delay in government tenders on account of INR volatility

during this quarter and mineral volumes were lower as clients have stocked up limestone requirements in Q2 just prior monsoon.

Other operating income, there is no significant change in the other operating income, which mainly constitute lease rentals, reefer electricity and other miscellaneous income, lower reefer volumes during the quarter accounts for the marginal drop in other operating income. In summary the total revenue at 1,262 million highest quarterly revenue so far is 3% higher than the previous quarter and 34% higher than the same quarter previous year.

Moving on to the expenditure side, on the operating cost perspective handling charges for the quarter were lower on account of change in the mix of the commodity. We handled the higher volume of coal as compared to minerals and fertilizers. Wharfage higher during the quarter mainly on account of higher container volume, other operating expenditures generally in line and compared with similar trends in the previous quarter. Other expenses, no significant change in other expenses as compared to previous quarter, marginal increase on account of increase in container volumes, power and fuel no significant change in repair and maintenance and administrative marginally higher in this quarter.

Moving on to the EBITDA margin EBITDA at 614 million 12% higher than the last quarter is the highest quarterly EBITDA so far. Compared to the previous year same quarter EBITDA higher by 82% mainly driven by higher container volumes improved realizations on account of USD tariff and improved productivity and cost efficiency. EBITDA margins improved by 8% or 3.6% points from 45% to 48.6 during the current quarter, gains in the margin mainly driven by container volumes and operational efficiencies. Other income represents interest on fixed deposits, sundry balances and written back and exchange gains. Current quarter includes a 38 million interim Dividend that are mentioned to you earlier from PRCL. Finance cost in line with our previous quarter the drawdown from our new loan has not yet commenced as the expansion is on hold pending hearing on the environmental clearance under our bench.

On the tax front, while we do not see any tax mentioned in the account we have with the brought forward unabsorbed depreciations of the earlier years being fully set off. The company moved into a MAT tax regime in the current quarter. Accordingly a MAT tax provision of 106 Million arose during this quarter. An equivalent MAT tax credit has been claimed resulting in nil impact to the net result of the company.

In summary as the year-to-date west coast market remains subdued here to date container volumes have grown 13% and bulk volumes have grown 15%. Revenue and EBITDA for the quarter at the highest level so far and the margins during the quarter include 3.6% to 48.6. Net results in year-to-date 2013 are at three time the net results of the same period last year.

Moving on to the balance sheet side, as I mentioned earlier in the last quarter the pledge on the shares of the promoter's have been fully released during the previous quarter. The long-term borrowings and books of 2884 million from IDFCs free of any pledge of share or guarantees

from its promoters APM terminal. Drawing from the new ECB of 152 million has not yet commenced. Increase in the current liability mainly represents ongoing capital expenditures on roads and medical centers. Increase in fixed assets mainly represents the RMGC a Rail Mounted Gantry Crane and Fertilizer sheds which were capitalized earlier this year in the first half of 2013. The increase in non-current asset or other non-current asset represents bank deposits over three months and a corresponding reduction of course you will see on the cash balances. There are no other significant changes in the balance sheet. With this the floor is opened for any questions that you may have. Thank you.

Moderator: Thank you very much Sir. Participants will now begin the question and answer session. We have a first question from the line of Mr. Amit Sinha from Macquarie. Please go ahead.

Inder: Hi Prakash. Hi Hari. This is Inder here from Macquarie. Congratulation on what I would say a very, very strong come back. Some of my questions first is obviously our container volumes have done very well. How would you attribute this is it entirely due to the ramp up that you have seen or do you think that there could be some of the nonsustainable kind of a volumes that would have come through or to put it other ways do you expect this kind of a growth trend to sustain into going into Q4 and into next year?

Hariharan Iyer: Inder, first to answer your question with respect to the container volumes typically Q3 and Q4 are generally good quarters for us. This is also at the time when you typically see from an import side that the goods which come into India typically hit before the festival season, so these are generally strong months and similarly from the export side the exports need to hit to markets in Europe and US prior to the Christmas season. So typically you will see similar kind of volumes in Q3 and Q4. That you have seen even in the earlier trends.

Inder: Now traditionally we are seeing Q4 being even more stronger than Q3 and you also have a new line, which has been added in very late September so if you can provide some kind of sense as to would Q4 this year be have a similar trend compared to last few years or be even larger than Q3 and how much the volumes can be added on a sustainable basis by this new line?

Hariharan Iyer: In Q4 last year actually if you note, we have added many lines in Q4. That is why Q4 last year had a good jump. Now NMG service is in the ramp up stage and we expect that will take at least two three months before it has stabilize. Yes we will see the gain in that volumes; however, Q4 is also the quarter where we get a lot of exports of agricultural goods going out so it should be in line with Q3 or slightly higher.

Inder: Okay and on a sustainable basis how much this Gulf service can add not may be in this quarter but on a sustainable basis?

Hariharan Iyer: Around 50,000 to 60,000 TEUs on a yearly basis.

Inder: One more question on the realization given that if we can compare year-to-year how much did you think is been improvement in realization on the container side?

- Hariharan Iyer:** On year-on-year basis I think we are talking about roughly in the range of about 15% to 18%.
- Inder:** What was the average Dollar realization in this quarter?
- Hariharan Iyer:** When you say average Dollar realization I did not quite get your question?
- Inder:** Sir your container volume revenues are Dollar denominated and what was the average at what INR rate or Dollar rate that we could book our revenues for the quarter because the Dollar had been pretty fluctuating pretty volatile in Q3?
- Hariharan Iyer:** That is correct. Inder I do not have that answer right now with me. As we proceed further with this I will get you the numbers. My team has already given me that answer I think it was 62.
- Inder:** Thank you and last question is we have got this first dividend from PRC. Is there any dividend policy that they have kind of agreed on because now it is a company with very a little debt so should it be able to pay out much larger percentage of its profit as dividend?
- Hariharan Iyer:** Inder to first to answer the question the company is free of any debts, there are no debts as far as PRCL is concerned they are fully pay off their debts their past losses have also been fully set off or fully wiped off, so they are in a scenario in which what our accrues can actually come back as dividend to the shareholders; however, with respect to the policies and all that these are discussions which are ongoing with the board and with the management of PRCL we will be able to share that in much more details in the coming quarters.
- Inder:** Thanks a lot. Congratulations once again.
- Moderator:** Thank you. Our next question is from the line of Mr. Atul Tiwari from Citigroup. Please go ahead.
- Atul Tiwari:** Sir my question is on the margin that you have reported in this quarter at around 48% and you also listed a adverse factors like lower reefer volumes and adverse 20-40 mix which have sort of pulled down the margin so going ahead once we have the full impact of the tariff hike, which we have taken 4%-5% plus these one off kind of factors go away I mean should we expect even higher margins so then 48% that you have reported in the quarter?
- Hariharan Iyer:** Typically yes, from a point of view of how you see it, because when you do a quarter-on-quarter revenue then there are always these factors which are there in the mix, which make or change a few things. Typically in the coming quarters when you start seeing your reefer volumes going up then the realizations on the reefers, the income you own on the reefers also add to that and to your realizations so that gives you a positive trend. That translates into also positive margins.
- Atul Tiwari:** This tariff hike that you took in the middle of the quarter effective tariff hike of 4% to 5% just wanted to get a some sense how is the customer feedback on that I mean are the customers okay with the tariff hike or because the maximum environment is weak and the volumes are for the

industry are sort of weak so do you expect this to sustain especially if the Rupee depreciates further?

Prakash Tulsiani: Let me answer that I think, it was rationalization of a tariff and we were aligning this along with the ports which are in the Gujarat region so yes the customers nobody likes any hike but the customers also agreed that we were rationalizing it so yes I would say it met with reasonable success.

Atul Tiwari: Sir finally the breakup of bulk volume that you mentioned could you repeat that again, I heard that coal was at 594000 tonnes and but how much was the fertilizer and mineral?

Hariharan Iyer: Sure the coal was 594000 we did 122,000 tonnes in fertilizer and about 270,000 tonnes on minerals and others. Just to give you a little clarification I think we paused that question a little bit quickly on that the 4 to 5% that I mentioned to you is a time when we will fully see that impact on to be tariffs today in this particular quarter we have not seen the full impact because it was implemented in August. It takes a while before the existing customers can move on to the thing because there are ongoing contracts so you will start seeing this impact in the coming quarters.

Atul Tiwari: Thank you Sir thanks a lot.

Moderator: Thank you. Our next question is from the line of Mr. Krishnendu Saha from Quantum Mutual Fund. Please go ahead.

Krishnendu Saha: Thanks for taking my question. Just two clarifications, I just want to understand this operative expenditure which is around 26% of the revenue. I just want to understand does it really relate to both container and bulk purely or is it just towards bulk so what I am trying to understand is if container volumes increase would this has a percentage of revenues go down?

Hariharan Iyer: Krishnendu let me explain that to you from a container perspective a large part of our operating cost is fixed so you will not see that moving in the same direction as what we would see as far as bulk is concerned. The operating expenses include a significant part of it as handling charges, the handling charges are directly attributable to the kind of commodity that you handle. In bulk in this particular quarter you see that this bulk handling or the handling cost or operating cost is marginally lower mainly because we handled larger volumes of coal as opposed to the previous quarter where you had a marginally higher handling cost where we handled fertilizers and minerals right, so to some extent the operating cost will have an impact on the containers versus bulk and within bulk also on this type of commodity bids that is there.

Krishnendu Saha: So basically if containers improve and coal handling improves operating expenditure will come into play?

Hariharan Iyer: That is correct.

- Krishnendu Saha:** Just another question, you are hedged at Rs.62 to a Dollar right?
- Hariharan Iyer:** No we have not hedged at Rs.62 to the Dollar what we have said I think the question was what was your average over this period because we had high volatility for a period of time, during this three months or this quarter and what was the average rate at which we would have got the team said it is 62 we do not hedge the way it gets billed and exchange rate is fixed for everyday as on the start of that day and based on the vessel call if the vessel call gets berthed today then the exchange rate as is applicable today gets applied to the particular vessel.
- Krishnendu Saha:** So there will be no mark-to-mark to losses that is what I am trying to understand?
- Hariharan Iyer:** No.
- Krishnendu Saha:** Just could you give us a form of Rupee terms what could be the hike and what could be the average realization for Q3?
- Hariharan Iyer:** In Rupee terms we want to see what sorry Krishnendu, I did not understand?
- Krishnendu Saha:** The new tariffs for which is implemented from August 30 in Rupee term how would that be if I take the current exchange rate and what has been the historic TEU rate for Q3?
- Hariharan Iyer:** I can give you an overall number Krishnendu because getting into it and dissecting it would be a little bit from a commercial point of view very sensitive for us. So I will give you on an overall basis I think our overall improvement during this current quarter was in the range of about 3% because of a mix of both positive side of it, which is mainly the INR exchange rate as well as the increase in the rates though not fully implemented this quarter because it is not for the entire period. It happened in much latter part of the quarter, and the second aspect of it is there were a few adverse mix, which I also explained to you.
- Krishnendu Saha:** This new Gulf service is it a service have a yearly contract or is this can come in whenever vessel comes?
- Hariharan Iyer:** It is a regular annual service or it is a regular weekly service that we have signed with the three clients that I talked to you about.
- Krishnendu Saha:** Thank you very much.
- Moderator:** Thank you. Our next question is from the line of Mr. Gaurav Pathak from Standard Chartered. Please go ahead.
- Gaurav Vasa:** Congratulations for the good set of numbers. Sir just had a question on the balance sheet. I believe anyway the numbers are in CRR that is billion on the cash front what is actual cash reserve at the end of this quarter?

- Hariharan Iyer:** Sorry, your question was that the cash has slipped of right? I have briefly touched upon that because it has moved on to the non-current assets. Anything you hold in deposits over 90 days because this was also the time when we were in the process of going in for our next stage of expansion, so those were our initial payments but they have been on deposits because the environmental clearances are abeyance and the expansion has been put on hold for a period of time.
- Gaurav Vasa:** The numbers are in million Rupees right, not in CR?
- Hariharan Iyer:** Yes.
- Gaurav Vasa:** So cash is 46 million?
- Hariharan Iyer:** Yes.
- Gaurav Vasa:** It has moved do you think other noncurrent assets?
- Hariharan Iyer:** That is correct. The 1462 that you see from 169 in the previous quarter to 1462 in the current quarter, so these are in deposits with the bank.
- Gaurav Vasa:** In terms of MAT credit how much are you left with after the end of the quarter?
- Hariharan Iyer:** MAT Credit whatever is the credit that we will get whatever payment that we will make on MAT we will still have the benefit of claiming the entire one towards the MAT credit.
- Gaurav Vasa:** So how much is left to the claims?
- Hariharan Iyer:** Sorry I did not quite understand your question at all?
- Gaurav Vasa:** So how much of MAT?
- Hariharan Iyer:** The total MAT which was applicable in this particular quarter is 106 million and we have claimed fully the 106 million. The next quarter when an additional MAT comes in we will still be able to claim that.
- Gaurav Vasa:** So what is the accumulated MAT loss right now if you can just make out the net of your ongoing tax?
- Hariharan Iyer:** I will give you that number a little later. Can we proceed on to the next question?
- Gaurav Vasa:** This 38 million dividend income is it above EBTIDA or below EBITDA?
- Hariharan Iyer:** It is below EBTIDA. It forms a part of other income.

- Gaurav Vasa:** So basically you know so given that this quarter coal is higher compared to fertilizer and minerals this is true for even certain margins that you might have the mix in bulk also it turns more favorable?
- Hariharan Iyer:** I think missed a part of that point that I mentioned to you the coal includes of the 594000 tonnes that we handle 355000 tonnes up country coal. In case of up country coal we have a much lower margin the reason being that we are faced with the rail freight differentials. So I mentioned that earlier in my presentation so therefore to that extent while the coal volumes increase but they were at lower margins than we typically see with respect to coal.
- Gaurav Vasa:** So there is scope from margin improvement even on the bulk side?
- Hariharan Iyer:** If we are of course able to resolve the rail freight differential challenges that we currently face.
- Gaurav Vasa:** I will come back in the queue. Thank you.
- Moderator:** Thank you. Our next question is from the line of Achal Lohade from JM Financial. Please go ahead.
- Achal Lohade:** Good evening Sir. Just a clarification on the coal part of it you said this rail freight differential is it resulting into lower realization a discounted rate effectively or a higher expenditure on the expenditure side?
- Hariharan Iyer:** It will be a lower realization for us.
- Achal Lohade:** Secondly in terms of the NGT order what is the current status how will you see it going forward is there any development after last month any clarity you would like to offer Sir?
- Hariharan Iyer:** Yes we have the next hearing of MOEF on the October 28 so we will have more insight and information on that post to this year end.
- Achal Lohade:** So right now, we are not drawing down any ECB and will wait for the clarity on that is that correct understanding Sir?
- Hariharan Iyer:** Absolutely correct.
- Achal Lohade:** Another question I had we have been hearing a bit about Maersk moving another service from Pipavav I mean just want to seek some clarity on that front. Is there any such move planned or already executed?
- Prakash Tulsiani:** There is no such news and we have not heard of anything like that.
- Achal Lohade:** Just on the broader side of it on the export import how you see what has been your sense for the year-to-date in terms of the container movement for the industry especially west coast industry?

- Hariharan Iyer:** The west coast overall growth in the industry has been in the range of about 3% so there has not been any significant change in terms of what the trends are from what we have experienced over the last say two or three quarters or as compared to even the previous years.
- Achal Lohade:** So historically we were understanding that the container volume growth is about 1.4 to 1.8 times of GDP growth. With just 3% West Coast container growth I was just trying to understand what is the disconnect and how do you see that disconnect getting resolved?
- Prakash Tulsiani:** See you have a very valid question. Typically in the past specifically until the year 2011 you could say it is two way but last year we did not see such a number and the market grew at around I think 3% and the GDP also there is a disconnect here coming in the last two years. The GDP numbers whatever we have and the growth number we has are disconnected today. I do not have any explanation why GDP is at whatever numbers.
- Achal Lohade:** Any sense on when do you think will it be resolved like you know what I am trying to understand is how does one factor in growth from here on? The other question I had on the capacity I understand we has about 0.85 million TEU on the yard side with 165000 TEU roughly for the quarter if I just try to annualize it we are operating close to about 75% to 80%. How do you see that on the capacity addition front or the capex front particularly in this particular segment?
- Hariharan Iyer:** Over here you right that our yard capacity is 850,000 while on the waterfront we are in the range of 1.3 Million TEUs so you are indeed correct that incase we are hitting the 850000 TEU mark can we create more capacity? Yes by creating more yards. So that can happen within a period of one, one and half years if we require and typically we have a lot of land available so we can go and construct more yards as and when we require.
- Achal Lohade:** Thanks a lot Sir. I will come back in the queue.
- Moderator:** Thank you. Our next question is from the line of Mr. Salil Desai from Premji Invest. Please go ahead.
- Salil Desai:** Sir I wanted to know whether any shipping line kind of decides to start the route or discontinue your service so is there like period of time or certain season or manual exercises that they do and do some rationalization or it is based on your marketing efforts that it may fructify anytime during the year.
- Hariharan Iyer:** For start or close of as we say our service we cannot say because that forms a shipping line. They planned with their partners and then they decide. There is no typical timing. While on the other hand, as far as we are concerned, we are always there soliciting new business and that is ongoing process for us. We have a team commercial team only heading or doing this type.
- Salil Desai:** It could not happen at this stage if we heading to different year end for almost everyone in the business so we might see a lot of shift happening in terms of the new service starting or discontinuing?

- Prakash Tulsiani:** I would say there is no such timing. It is typically on the shipping lines how they proceed the market.
- Salil Desai:** That is all from my side.
- Moderator:** Thank you. Our next question is from the line of Mr. Saurav Mishra from Barcklays. Please go ahead.
- Saurav Mishra:** Thank you Sir. Thanks for taking my question. Just a couple of points, first when can we expect liquid volumes to come in. I think earlier our understanding was it should happen somewhere in the second half of this calendar?
- Hariharan Iyer:** As we are currently now you have seen some pictures as we showed it to you, shared with you in the presentation. The tanks farms are coming up now and we expect that the tank farms would be completed and operational by end of this year. So we expect that some level of activity will start in the first quarter of 2014.
- Saurav Mishra:** More on understanding perspective this NGT order I understand it does not bar us from increasing the landside capacity for existing container business side or is that understanding is wrong?
- Prakash Tulsiani:** See there are certain areas which are covered under act and certain are not. So there are areas where we can actually go and build a yard.
- Saurav Mishra:** This question comes more from the perspective that if I want to increase from 850,000 TEU to 1.3 Million TEU that should not be a problem for us right?
- Prakash Tulsiani:** We have certain parcels of land where we can go and construct.
- Saurav Mishra:** Sir again coming back to the MAT question that was asked sometime back, us coming to MAT does it mean that our unabsorbed depreciation is over and we have started paying the current tax?
- Hariharan Iyer:** That is correct. I mean that was one question which remained opened in the earlier time see the way the MAT works is that you have the lower of unabsorbed depreciation or book losses, which are carried forward. Lower of that once it is fully utilized then you come into or move into the MAT regime. As far as our things are concerned the book depreciation was something which was remaining, which was the lower amount, which remains unabsorbed that has fully been absorbed now so therefore we have moved on to the MAT regime. To the extent of book loss I think an earlier question, which remains opened roughly about 500 Crores of book loss, which still be adjusted until we continue to gain the MAT credit.
- Saurav Mishra:** So basically we are paying cash tax but basically we are building an asset on this basically we are booking as a MAT asset?

- Hariharan Iyer:** That is correct.
- Saurav Mishra:** Sir so I think that is it from my side. Thanks for again taking my questions.
- Moderator:** Thank you. Our next question is from the line of Supriya Subramaniyam from Kotak Securities. Please go ahead.
- Supriya S:** Sir, most of my questions have been answered. Just one small doubt I have regarding the new line. So the new line potential volumes you said is about 50000 to 60,000 TEUs per annum?
- Hariharan Iyer:** Exactly.
- Supriya S:** That is it from my side. Thank you Sir. Congratulation on strong numbers.
- Moderator:** Thank you. Our next question is from the line of Achint Baghat from Ambit Capital. Please go ahead.
- Achint Baghat:** A few questions from my side, firstly I would need your realization numbers again because I logged in on the call a little later so if you could just broadly break it up into container and bulk?
- Hariharan Iyer:** We have not covered that part of it. I have not given you the realization perspective for container and bulk but on an overall basis we are in the range of about 5200 on a container side and as far as bulk is concerned this is on an overall basis each commodity will be different so it would be in the range of about Rs.350-Rs.400 a tonne.
- Achint Baghat:** The growth in container realizations would primarily be because of the USD tariff change right because I believe that the tariff hike that you did of 4% to 5% was towards the latter half of the quarter so probably it will start trickling down the revenue from next quarter onwards is that the correct way to understand it?
- Hariharan Iyer:** That is correct.
- Achint Baghat:** Sir a couple of questions on container side would be what is the dependence on Maersk right now, what is the total percentage of your container volume that comes from Maersk and from outsiders?
- Hariharan Iyer:** 30% from Maersk and 70% from other valid customer.
- Achint Baghat:** Last year this mix would be before the volume disruption?
- Hariharan Iyer:** It was in the range of at one point of time between 55 and 60 but it gradually as we went on adding newer customers into this percentage wise they moved down.

- Achint Baghat:** Sir now with this NGT alliance your capex plan with your new capacity coming in that will get pushed to probably end CY'15 or it can come up before that?
- Hariharan Iyer:** No it could the timings would be dependent on when we have the clearance from NGT now.
- Achint Baghat:** Thank a lot. That is it from me.
- Moderator:** Thank you. Next question from the line of Mr. Ashish Shah from IDFC Securities. Please go ahead.
- Ashish Shah:** Just one question are we handling any liquid volumes at all currently?
- Hariharan Iyer:** Yes we do we handle LPG now and in this quarter we handle roughly about 15000 tonnes.
- Ashish Shah:** For nine months it would have been approximately?
- Hariharan Iyer:** There was not much because in the initial first or two quarter there were a little bit of uncertainty on the LPG subsidy that was given by the government so we were roughly in the range about 21-22,000 tonnes.
- Ashish Shah:** Thanks.
- Moderator:** Thank you. Next question is from the line of Mr. Amit Sinha from Macquarie. Please go ahead.
- Amit Sinha:** Just wanted to ask the FY'13 PAT number of PRCL?
- Hariharan Iyer:** Yes FY'13 PAT number for PRCL is 464 million.
- Amit Sinha:** There is a decline from FY'12?
- Hariharan Iyer:** Because for them as well there is some element of tax expense, which has come in as well so if you look at it on a profit before tax then against a 437 million profit before tax in March 2012 we ended up with 674 million profit before tax as of 2013 March.
- Amit Sinha:** Thanks a lot Sir. That is it from my side.
- Moderator:** Thank you. Next question is from the line of Krishnendu Saha from Quantum Mutual Fund. Please go ahead.
- Krishnendu Saha:** Sir just an understanding for you we did 34 moves per hour this quarter which is the highest ever so on the basis of 34 moves per hour does it still stand 1.3 million TEUS on the waterfront or is been freeze, because 1.3 I remember was given quite sometime back?

- Hariharan Iyer:** Krishnendu there are many factors, which come into play. What is important is that when we measure this these are some parameter with respect how the shipping lines feed, the operations are being done and now efficiently operations are conducted. There are of course other things which come into play. The numbers of cranes that are deployed at each time, what is your net berth productivity as far as shipping lines are concerned and these differ depending upon how the storage happens inside the vessel.
- Prakash Tulsiani:** Also this is only on the berth No.4, we still have berth No.3 when you take the entire capacity we do not change the number it remains the same.
- Krishnendu Saha:** So it does not affect in small capacity at much at all?
- Hariharan Iyer:** No I think we should not get into the capacity level. It is more about providing a very efficient service to the shipping line or to the customers, and how the customers benefit in terms of faster turnaround and better efficiencies in operations.
- Moderator:** Thank you. The next question is from the line of Gaurav Vasa from Standard Chartered. Please go ahead.
- Gaurav Vasa:** Just wanted to ask about 500 Crores of book losses are still available?
- Hariharan Iyer:** Book losses are still available for us to be adjusted against to the MAT.
- Gaurav Vasa:** Just wanted to understand do you have the timeframe that is allowed for you to book or to carry it?
- Hariharan Iyer:** MAT is available for a period of 10 years.
- Gaurav Vasa:** On the bulk side you know now that we are starting to see a traction coming back in bulk volumes any plans to augment the capacity over there?
- Hariharan Iyer:** At this point of time we have linked it to long-term contracts we are yet to get these long-term contracts and therefore significant volumes ramp up as far as bulk is concerned will largely depend on power plants coming up in that region.
- Gaurav Vasa:** Thank you.
- Moderator:** As there are no further questions, I would no request the management of Gujarat Pipavav to add a few closing comments here.
- Prakash Tulsiani:** Thank you very much. We appreciate all the questions.
- Moderator:** Thank you very much Sir. Participants, on behalf of SBI Cap Securities Limited that concludes this conference. Thank you for joining us you may now disconnect your lines. Thank you.