

"Gujarat Pipavav Port Limited Q4 FY2017 & FY2017 Earnings Conference Call"

May 11, 2017







ANALYST: MR. ASHISH SHAH – SENIOR VICE PRESIDENT, RESEARCH

- IDFC SECURITIES

MR. SHIRISH RANE - IDFC SECURITIES LIMITED

MANAGEMENT: Mr. KELD PEDERSEN - MANAGING DIRECTOR - GUJARAT

PIPAVAV PORTS LIMITED

MR. HARIHARAN IYER - CHIEF FINANCIAL OFFICER -

GUJARAT PIPAVAV PORTS LIMITED



Moderator:

Good day ladies and gentlemen and a very warm welcome to the Gujarat Pipavav Port Limited Q4 FY2017 and FY2017 Earnings Conference Call hosted by IDFC Securities Limited. As a reminder, all participant lines will be in the listen-only mode, there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the 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. Ashish Shah from IDFC Securities. Thank you and over to you Sir!

Ashish Shah:

Good afternoon everybody. Welcome to Gujarat Pipavav Port Limited Q4 FY2017 and FY2017 earnings Conference call. Today we have with us Mr. Keld Pedersen, Managing Director, Gujarat Pipavav Port Limited and Mr. Hariharan Iyer, Chief Financial Officer, Gujarat Pipavav Ports Limited. To start the call Hari will give us brief highlights of the quarterly numbers and then it will be followed by question and answer session. Over to you Sir!

Keld Pedersen:

Good morning, good afternoon everyone. This is Keld Pedersen, Managing Director of GPPL, so I would like to take you directly into the key highlights. So we can get through the numbers we have to report and then I am sure there will be a lot of questions. So we start off by the quarterly performance when we did 158000 TEU which is 5% decrease versus the previous quarter. This was mainly due to a lower reefer volume and then due to Chinese New Year, we had approximately a handful of vessels that blank sailings. On the dry bulk, we have had lower fertilizer volumes due to the tendering round, they ended up being at the end of the quarter, so that gave us a 40% decrease versus the previous quarter.

On the liquids, On the other hand, we are once again happy to report that we did 250000 metric tonne which is a 9% increase and the highest volume actually in one quarter and in this, we also had higher LPG volume which refined very attractive. On the RoRo, we did 24000 cars, which was 11% decrease versus previous quarter, but again it is building up business as I will talk about in a second for the full year performance. So if we look at the financial results then the highest EBITDA in a quarter is what we report today at Rs.114.7 Crores that is 10% increase over the last quarter and at the same time we managed to improve the EBITDA margin and ended up at 65.7% which is up 400-basis points. This was partly driven by higher offshore and project cargo as well as the liquid volumes. So ending up we have a net result of Rs.66.2 Crores, 3% versus previous quarter and mix in the commodities in the business. What is a little more interesting of course is the tracking over the full year, so here we did 663000 TEUs so that was the 4% decrease in our container volumes after I would call it a turbulent year in the industry. So we had services coming in, but we also had a customer f pulling out of the market due to bankruptcy and other service that left us. Looking at the dry bulk, at 2.47 million metric tonnes then this is 14% decrease, which pretty much reflects our overall view of the way that the bulk business is hitting. For the liquids, we had during the year as you will recall a very low quarter, so when we added all up then it was 3% decrease year-on-year due to lower liquid import but partly offset by higher LPG volumes. So overall still I would like to comment that this part of the business is doing well and we are happy with that result. For the RoRo also we ended up with 83,000 cars, but actually we have now pushed 100,000 cars through the port and we continued to see a lot of prospects for



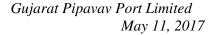
the future in this part of the business. So financial results for the full year Rs. 418.6 Crores at an EBITDA level that is an 11% increase versus previous year and the EBITDA margin for the full year at 61.3% up 430-basis points. So higher RoRo liquid and the offshore volumes takes us to a net result of Rs. 249.9 Crores which is 31% increase that I am sure you will have questions through when I hand over to Hari. So if we move on to I would pass the operational highlights here, but if you look at it very briefly then container volume is of course in line with the quarterly reporting but the bulk business as you can see is far from as high as it used to be. On the infrastructure projects, we have constructed a new office complex. We used to have our employees sitting in offices around the port and we made a decision sometime back that we would get a lot of good things out of having our employees sitting together, so this is now completed and then we continue to have focus on our cost and being environmental friendly, so electrification of the yard will be an important peace of getting to that point. So now I would like to hand over the word to Hari for little bit more details on the financial numbers before we go into the Q&A.

Hariharan Iyer:

Thank you Keld and good afternoon to everyone. As we start the result overview for the fourth quarter and as well for the full year March ending 2017. At the outset, the current financial for the first full year Ind AS compliant financial statement as per the requirement under the New Companies Act and SEBI Listing Regulations. So let me start with the quarter ending March 31 financials. The total income for the fourth quarter at Rs. 1746 million is marginally up from the immediate previous quarter mainly on account of revenue from handling project and offshore cargo partly offset by a lower container and bulk volumes. Liquid as Keld mentioned at 250000 was up 9% and Ro-Ro more or less remained steady at around 24000, 25000 cars a quarter.

Coming to the container volumes at 158000 TEUs which was less 5% from the previous quarter mainly on account of lower volumes of reefers, the reefer season slowly tapers off now and a few skipped calls that we had during the Chinese New Year. You would have read the Maersk line announcements that they start a new service ME1 calling Pipavav from June. We welcome this Europe service back to Pipavav and look forward to growing this service with Maersk and the beneficial cargo owners. During the quarter, the bulk volumes at 301000 tonnes were down 40% from the previous quarter mainly due to the lower fertilizer volumes during this quarter as new urea tenders were pushed almost close to the end of March on account of higher global prices. Liquid volume at 250000 was largely driven by good LPG volumes. RoRo, Keld already mentioned, we had 100000th car shipped out of Pipavav during the month of March. Since the first time that we started the RoRo operations in August 2015. The total revenue in this quarter includes Rs. 246 million from the offshore and project cargo. This coupled with the savings from cost efficiencies resulted in a positive impact to the EBITDA and EBITDA margins. EBITDA at Rs. 1147 million was up 10% from the previous quarter and so far the highest quarterly EBITDA in the last eight quarters and the EBITDA margin at 65.7% is also amongst the best in a quarter up nearly 400-basis points from the previous quarter.

Moving onto the key highlights from the full year results then the total income year-on-year went up by 4% driven largely by the RoRo volumes, steady liquid volumes and earnings from the offshore and project that I described a little while ago which was partly offset by lower bulk in





container volumes. With the favorable mix of revenues, both from higher margin business coupled with the gains from cost efficiencies then we see a very positive development on the EBITDA front, up 11% from the previous year Rs. 3761 million to Rs. 4186 million. The full year margin improved to 61.3% up 430-basis points from the previous year. The net result for the year at Rs. 2499 million is up 31% from the previous year driven by better mix growth in the RoRo and liquid business, lower cost partly go offset by some impact on the bulk and container volumes. The consolidated financials you also have a part of the consolidated financials now include the share and profit from the associate of Rs. 361 million for the year ended March 31, 2017.

Moving to the balance sheet side, the balance sheet as on March 31, 2017 is also Ind AS compliant and the corresponding numbers for the previous year at March 31, 2016 have been restated as necessary as per the Ind AS and therefore comparable. Additions to the property, plant and equipment relates to the expansion that was concluded and capitalized early during the current financial year. The year-on-year changes on the deferred tax asset is consequent to the increase in the deferred tax liability and its net of MAT credit entitlement. Other noncredit assets in 2017 mainly represent advance paid to capex vendors. The year-on-year change in the cash and cash equivalence and the bank balances are on account of tenure of the bank deposits. Other noncurrent liabilities in 2017 mainly represent the deferred income relating to EPCG benefits to be unbound over the coming years and is inline with Ind AS compliance accounting treatment. The consolidated balance sheet includes our share in the results of the associate company PRCL based on the equity method of consolidation. Based on the company's profitability for the year ended March 31, 2017, the Board of Directors earlier today recommended a final dividend of Rs. 1.80 per share translating to 18% for the approval of the shareholders to be taken up in the forthcoming AGM in August 2017. With this in addition to the interim dividend Rs. 2.00 per share declared earlier in November 2016, the total dividend for the year is at Rs. 3.80. We are now happy to take any questions. Thank you.

Moderator:

Thank you very much. Ladies and gentlemen we will now begin the question and answer session. We will take our first question from the line of Nitin Arora from Aviva Life Insurance. Please go ahead.

Nitin Arora:

Good evening. Sir, the first question is on this ME1 which is finally the parent has come to the rescue here. Can you tell us what kind of a volume we can expect from this line on an annual basis?

Keld Pedersen:

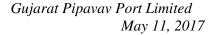
I think we would like to get the vessel into the port and track it for a little while before we start to make any indicators as to how much volume it carries.

Nitin Arora:

Okay, but any committed volume must be there right on that sense.

Keld Pedersen:

I do not think, no one in this shipping line industry commits volume, so that would also not be the case here.





Nitin Arora: With respect to new liners, which were added last year to us, we saw INDFEX coming to us, we

also say two, three more small liners are coming to us. So if you can share how their experience have been in terms of generating volumes at your port, because what we hear is that though ME1 has come up, but like our service, like INDFEX which is run by Wanhai and SCI. They are trying

to exit your port in sometime, so if you can elaborate in a little bit on that.

Keld Pedersen: I do not think we have any comments to this. We are looking at the previous quarter and the

commercial part of the business and what we are looking at going forward and so forth, we

would absolutely like not to comment on that.

Nitin Arora: Okay Sir just last question from my side, any take or pay income got recognized in this quarter

and any price increase taken in the debtor part?

Hariharan Iyer: No neither of this has happened here.

Nitin Arora: Alright. Thank you very much Sir.

Moderator: Thank you. We will take the next question from the line of Chintan Sheth from Sameeksha

Capital. Please go ahead.

Chintan Sheth: Yes Sir. Thanks for taking my question, as you mentioned there were not any price hike during

the quarter, so part explained by your project business basically.

Hariharan Iyer: Yes that is correct.

Chintan Sheth: Can you give the similar number of the previous quarter in previous year, project and...?

Hariharan Iyer: No we did not have this income in the previous quarter or the previous year and that is also the

reason why I gave you that as an additional one.

Chintan Sheth: This is the entire new line of revenue coming up this quarter?

Hariharan Iyer: No, there are also some level of project cargo, which we continue to handle, but they are not of a

significantly large impact to the total topline revenue, but in this particular quarter, we did have

that and therefore, we highlighted that.

Chintan Sheth: That is 24.6 Crores.

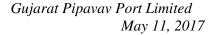
Hariharan Iyer: That is correct.

Chintan Sheth: What is the visibility of this revenue coming up?

Hariharan Iyer: These are ad hoc activities, which happen, any projects which happen in that vicinity in that area

that we continue to pursue those, which are key additions to us and therefore it is difficult to

predict.





Chintan Sheth: On the number of trains, we saw decline in number of trains we operated both on YOY and

sequential basis, this is related to basically double stacking operations getting streamed?

Hariharan Iyer: Both, it is some of the double stack operation was always there, but as you go on trying to

increase the double-stack trains then the overall number of trains does get impact and to some

extent also, partly also the lower volumes.

Chintan Sheth: Can you throw some numbers on that front, how many double-stacking trains we have operated

this quarter?

Hariharan Iyer: Roughly about 35% to 40% of the trains, which are operated currently today, are double-stack

trains

Chintan Sheth: They are similar to previous year's quarters or they have improved...?

Hariharan Iyer: There will always be some level of movement on a quarter-on-quarter basis, maybe between 30

to 35 has moved over from 35 to 40.

Keld Pedersen: There is also when you try to analyze this, it is important to remember that the new ICDs coming

up and some of the ICDs are doing double stack especially the new ones, while the old ones are not, so there are some movements in terms of the flow of cargo to different destinations via different ICDs in the market, but bottom line is that we are of course always very positive

towards more double-stack trains because it is more efficient for bodies.

Chintan Sheth: But Sir our ICD volume has declined 11% this quarter, so part of which does not add up

basically?

Hariharan Iyer: I said it is coupled with both partly because of lower volumes that the number of trains has come

down and partly also because of better composition of double-stack trains.

Chintan Sheth: Okay and lastly on capex guidance, how much we have spent this year and what would be our

future plans for 2018 and 2019?

Hariharan Iyer: For now we do not have any large capex outlay . I think what would be there is mainly

maintenance capex, I would reckon that it could be in the range of about Rs.40 to Rs.50 Crores of

rupees during the coming year.

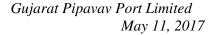
Chintan Sheth: What we have spent this year in total?

Hariharan Iyer: I think we concluded the project this year, I do not have the exact number with me right in front

of me, but I think we had – the capitalization happening early April. So, we can take this, so I can give you the answer, you will find that even in the balance sheet, but we can take another

question before we can get the specific number.

Chintan Sheth: Okay. It will be roughly 34 from the net block it seems Rs.30, Rs.40 odd Crores of increment?





Hariharan Iyer: I can get you these numbers, we can move on.

Chintan Sheth: Okay Sir.

Moderator: Thank you. We have the next question from the line of Inderjeet Singh from Macquarie. Please

go ahead.

Inderject Singh: Thanks a lot. Thanks Keld, thanks Hari. My first question is on this project business that we got,

can you assume that with activity improving at Pipavav defence yard and they are also signing certain agreements for ship maintenance and those kind of things, the chances of this kind of

business is happening again maybe on ad hoc basis kind of increases going forward?

Keld Pedersen: I would be very careful to take it as a fixed trend quarter-on-quarter, I think what I would like to

say is that we have had a very good quarter, but it is also not something new, we have always done it to some extent and we are not out in the public announcing that we do that as part of our port services, but we are actively searching for those opportunities where we can have a certain

part of the business doing projects, so assuming it would continue at this level, I think that would

be a stretch, but on the other hand that there would be something that we would expect.

Inderject Singh: Second question is on this RoRo business, now this business has done well, but it currently on

back of one predominant customer that we have there, is there some kind of colour you can give us on, likelihood of some other customer starting operations likely in the next 12 months or so,

what could be the ramp up in that kind of business segment?

Keld Pedersen: I do not think we can give you a ramp up, but I will give you the big picture, so we have done a

little bit of FundACause also, very small portion though, but in the big picture we have had a lot of interest from OEMs. Many of them have visited the port and found it to be extremely clean and a very nice port to use for the RoRo port, so we are funding this and we are continuously

working on increasing this part of the business.

Inderjeet Singh: Last question Hari to you on this dividend thing can you just run through the logic behind this

Rs.3.8 full year EPS as to what percentage of payout you are doing after retaining cash, did you think it is required for maintenance or so what kind of percentage is this the dividend payout ratio

that we should work with, so some colour on that?

Hariharan Iyer: The dividend that has been paid out is the maximum that could be paid out as per law available

from the retained earnings, so we are pretty much paid 100% of what is available from the retained earnings, the last three has been on similar accounts, but this of course have to be

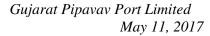
evaluated each time depending upon what the scenario would be.

Inderject Singh: So in this half this Rs.1.8 was the maximum that you could have paid out?

Hariharan Iyer: That is correct, what is available as retained earnings to be paid out as dividend is about Rs.107

Crores, which translates to 18 point some odd decimal points and therefore 18% about Rs.104

Crores is being paid out.





Inderjeet Singh: Thanks a lot Sir. Best of luck.

Moderator: Thank you. We will take the next question from the line of Achal Lohade from JM Financial.

Please go ahead.

Achal Lohade: Thank you for the opportunity Sir. I wanted to check one on the project cargo you said Rs.25.6

Crore revenue for the quarter.

Hariharan Iyer: 247 million, 24.7 Crores.

Achal Lohade: 24.7 Crores and is it part of the tonnage as well in the bulk cargo or anywhere else?

Hariharan Iyer: Nowhere it has been added into the tonnage, so is not the volume-driven business.

Achal Lohade: Would it be fair to say this will be high margin 80% to 90% margin kind of a business?

Hariharan Iyer: Yes it is fair to say that because we do not have a large amount of incremental cost related to

that.

Achal Lohade: Understood, secondly if I look at the other operating expenses it has actually declined again 16%

YOY, what are the cost efficiencies we are targeting, how much are we through with that, how

much more we can do?

Keld Pedersen: Let me take this one, so yes we are happy for the reduction in our operation expenses and we will

as a company continue to try everything we can to remain lean and we will continuously try to drive out cost and waste in the system, so while I cannot give you a target or promise you anything in terms of the trend line then for sure we will always look at how we can optimize and

drive the most lean company, so I think that is a best I can give you.

Achal Lohade: Sure.

Hariharan Iyer: As Keld mentioned this is a continuous process and you can see that initiative such as the ERTGs

not only is environmental friendly, but we try to find innovative ways to see how we can reduce

our operating cost on ongoing basis.

Achal Lohade: Fair point, so that means everything is recurring one and there is no exceptional cost reduction or

anything one off out there in corporate business?

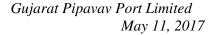
Keld Pedersen: We set some calls that we would like to at least as a target we would be 60 plus on the EBITDA

margin and that is of course in line with our continuous focus on cost and waste in the system

and we will do our level best to remain up there and further improve as we move ahead.

Achal Lohade: If you could also explain on the other operating income which is up almost 80% YOY, is this

sustainable number going forward one can work with?





Hariharan Iyer: Typically these are not because as far as the operating cost is concerned a large part of it is still a

fixed cost, so therefore you would generally find that in a similar trend. There are of course some changes relating to how the handling cost come in and that is driven by the volumes in the bulk,

so depending upon volumes then you will find that the handling charges go up or down.

Achal Lohade: Actually I was trying to understand the other operating income, which is increased?

Hariharan Iyer: I am sorry I did not get your cost I was focusing on the operating cost.

Achal Lohade: No problem. It is increased from Rs.13 Crores to Rs.18 Crores, if is this project cargo is part of

the core revenue, is that right? Project cargo income is Rs.24.7 Crores is part of the core revenues

and not part of other operating income?

Hariharan Iyer: Just give me a second please. Okay. It took a second for me to get you that answer. The other

operating income does not include the project and related one that is the reefers and normal thing that we have explained earlier as well that is reefer electricity and reefer plugging relating to the

reefer cargo and a few other operating-related income.

Achal Lohade: Okay, there is no one off out there in that as well?

Hariharan Iyer: No.

Moderator: Achal I am sorry to interrupt but I would request you to come back in queue for any followup

question. Thank you. We have the next question from the line of Abhijith Vara from Sundaram

Mutual Fund. Please go ahead.

Abhijith Vara: Thanks for taking my question. Sir my first question is this Chinese New Year should be

recurring phenomena right, but in fact seems to be visible this particular quarter. So in your comments on the same and if let us say this blank sailings were avoided, would the volumes have

been sequentially flat?

Hariharan Iyer: Abhijith you are right on both accounts. Yes this is a Chinese New Year impact which happens

every year, so therefore yes there will be some level of, but when we are working on volumes which are 3000 or 4000 up or down then there is some element of thing relating to our impacting the Chinese New Year which then gets spitted off over a period of time either they would have

come a couple of weeks earlier or they would come a few weeks later, so that is one and the

second part of it is yes, if you take into account that then it would more or less be flat.

Abhijith Vara: My second question is on the market shares on the western coast. The volumes seem to be

growing, but for you as a port, the volumes are not yet coming through in fact there are constantly some one-offs every quarter, apart from this ME1, there were couple of liners which

got added last year, but the ramp up it does not seem to be visible in the quarterly volumes yet.

Could you help us understand where do you see this market share going and then in the

near-term, how will the ramp up of the liners which got added not recently, but sometime six

months back?



Gujarat Pipavav Port Limited May 11, 2017

Keld Pedersen:

I think what I want to say on this question is that you are right, our container volume has dropped and we have had situations where you know we had something and then something disappears and if you make it all up then it is a negative impact. That is not wrong to say, it is also not wrong to say that we are in a very competitive market on both sides of Pipavav, but that being said then I think in a normal course of business we are continuously having dialogue and exploring new opportunities and we have no intension whatsoever not to continue to go to this part of the business, for container business.

Abhijith Vara:

Sir, okay. To put the question the other way, how long might it be by the time when the container volume growth might start kicking in again?

Keld Pedersen:

See I think if you look at the shipping line industry, there has been so many movements in the industry over the last 18 to 24 months and a number of shipping line and number of carriers as we call them are still only teaming up as of end of March this year or else even teaming up and changing around until I think April next year. So, all these consolidation and change of partners and so on it has been going on for quite a long time and it is not at all over yet. So I cannot really give you anything other than we pursue our opportunities in the normal cause of business all the time to try to add new services while we at the same time are very, very active in the hinter land and if you make it all up and you look at the size of the services that we do not have versus the services we have added and so on, then you will see that we retain actually quite a lot of the volume despite services disappearing now and then.

Abhijith Vara:

Thank you.

Keld Pedersen:

Yes.

Moderator:

Thank you. Ladies and gentlemen in order to ensure that the management is able to address questions from all participants, please limit your questions to two per participant. Thank you. We have the next question from the line of Parash Jain from HSBC. Please go ahead. Parash your line is unmuted, please proceed with your questions. As there is no response, we will move to the next question from the line of Pavan Kumar from Unifi Capital. Please go ahead.

Pavan Kumar:

Sir, I just wanted to check on the progress of railway gantry and that can we expect the liquids part of the railway carriage to go forward and what can be the volume jump that can be anticipated post that?

Hariharan Iyer:

The development on the railway side that is currently in progress, I mean we do not have a clear timeline at this point of time that I can tell you in terms of the volumes and volume expectations.

Pavan Kumar:

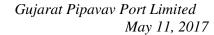
But maybe how much time might take for the commissioning of the thing, at lease can we have any kind of brief idea?

Hariharan Iyer:

I think by the end of this year, we should be able to have some progress reporting to you.

Pavan Kumar:

Okay, fine Sir. Thanks that was from mine.





Moderator: Thank you. We have the next question from the line of Pulkit Patni from Goldman Sachs. Please

go ahead.

Pulkit Patni: Thanks a lot for taking my question Sir, most of them are answered. One Inderjeet asked about

this project Cargo; is this project Cargo related to the Dholera region? If you could answer that?

Hariharan Iyer: No, not to the Dholera region.

Pulkit Patni: Okay and Sir secondly just some general commentary about trade pickup I mean as we read

across the world, there is a pickup in trade data; is that something that you are also seeing for the port and just some comments on your outlook over the medium term would be really helpful?

Keld Pedersen: Yes, I think if you look away from the chains using the service apparently have had calling the

port, then I do think underlying you are seeing that we are actually adding volume.

Pulkit Patni: Okay, so basically container traffic seems to be showing some momentum uptake because clearly

the major port data is showing up pretty significant uptake; but just wanted to sort of crosscheck

from your thoughts.

Hariharan Iyer: Yes, in fact these are early indications as well if you compare like to like the similar services that

we had in the earlier what is on the current then we have seen growth in our volumes as well close to about 7% to 8% but what it gets offset is again should be some of the services that moved out are not there. So yes we can see some early indications of cargo volumes moving up.

Pulkit Patni: Sure Sir. That is very useful. Thank you.

Moderator: Thank you. We will take the next question from the line of Aditiya Mongia from Kotak

Securities. Please go ahead.

Aditiya Mongia: Hi Sir and thanks for the opportunity. I have two questions from my side. The first one related to

this ME1. I wanted to just confirm as per certain reports the rotation which is going to happen will include all the three ports on the western coasts, which is Mundra, Pipavav and JNPT; is that

going to be the case Sir?

Hariharan Iyer: That is correct.

Aditiya Mongia: Are there other examples of this thing happening or is this the unique case of all the three ports

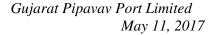
now being given volumes by a single line?

Keld Pedersen: If it is a unique what did you say? Sorry.

Aditiya Mongia: Three ports in a single service; just thought I will check with you whether this has otherwise

happened in the past?

Hariharan Iyer: Could have, I do not recall now.





Keld Pedersen: I think it has, yes.

Aditiya Mongia: Sure the second question was relating to the railway volumes if one sees or tries to see some

trend in them the railway volumes for you were actually declining at a faster pace; so wanted to get a sense of any specific reason why that is happening and related question is that PRCL on the other account appears to be giving really good numbers if I were to take your stake and increase the share of profits. Last two years have been very good versus the previous two years and so

may I have some clarity on both these accounts?

Hariharan Iyer: Ashish the large part of PRCL's income is driven from the volumes, which are generated from

the port. But PRCL of course has both the bulk as well as the containers, which will come and you are comparing only the container part of it; that is one and second is the container volumes on the trains then I think we already addressed that a little earlier it is a mix of both, one is partly

because of the drop in the volumes and two is increase in the doubles stacks.

Aditiya Mongia: I was just talking about the drop in volumes only.

Hariharan Iyer: Volumes are really driven by the changes in the services and some of the services moving out.

Aditiya Mongia: Sure Sir, the rest of the questions are answered. Thanks a lot.

Moderator: Thank you. We will take the next question from the line of Rajarshi Maitra from Axis Capital.

Please go ahead.

Rajarshi Maitra: Hi, good evening Sir. Most of my questions have been answered. So regarding again this

offshore and project cargo; I am not sure I really understand what this business is, if you could

just elaborate what exactly is this business, so just offshore and project cargo.

Hariharan Iyer: There were two components on that, one was a nearby project. There were supply vessels, which

were calling at our port and sending supplies to that project that was one and the second was one of the vessels, which had come in the Navy or coast guard vessel, which had come in for refitment at the adjacent Pipavav of defence yard and which also required some berthing in our

port.

Rajarshi Maitra: Thanks a lot for this and that answers my question. Thank you.

Moderator: Thank you. We have the next question from the line of Kushan Parikh from Emkay Global.

Please go ahead.

Kushan Parikh: Thanks for taking my question. I just wanted to understand on this line that we have added the

ME1 line, I understand that we cannot say what kind of volumes it will given at our port but can you give us some sense at least as to what kind of volumes as this existing line been given to the

entire west coast as a line to the country?

Hariharan Iyer: I do not have that information with me.



Gujarat Pipavav Port Limited May 11, 2017

Kushan Parikh: Okay, noted and also if you could give us some sort of sense on how our container and bulk

realizations are trending and basically especially given the current appreciation in the rupee?

Hariharan Iyer: Yes, on quarter-on-quarter basis then I think in the current quarter because of the appreciating

rupee, then probably it would have marginally impacted our numbers in terms of about maybe hundred rupees TEU or something but on overall year-on-year basis then we have seen a positive

development, we actually gained from the exchange by close to about 3%.

Kushan Parikh: Okay, noted and just one last thing is there any sort of SFIS income that we have accrued in this

quarter?

Hariharan Iyer: Sorry, what? SFIS no.

Kushan Parikh: No, there is no SFIS income. Okay, in this quarter. Okay, that is it from my side.

Hariharan Iyer: Sorry, I stand corrected, I think there is a small amount some Rs. 6 million or something. It is a

small amount.

Kushan Parikh: Okay, alright Sir. That is it from my side. Thank you.

Hariharan Iyer: Yes.

Moderator: Thank you. We have the next question from the line of Achal Lohade from JM Financial. Please

go ahead. Achal your line is unmuted.

Chandra Gopal: I am Chandra Gopal here from JM Financial. I just wanted to note down the number for bulk

realization if you can tell for the quarter?

Hariharan Iyer: If you can give me a second please and you take the next question.

Chandra Gopal: Next question was on DFC, Sir, I just wanted to understand how this will be connected to our

port and would we have to lay down the new line for the connectivity as to free the route?

Keld Pedersen: We just need to do electrification of the line and this work is in progress, so we will be compliant

with the DFC corridor.

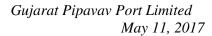
Chandra Gopal: So only electrification of the line will be there, the line is already there, which is connected to the

DFC route?

Hariharan Iyer: That is correct.

Keld Pedersen: That is what will happen, yes.

Chandra Gopal: Sir, any capex, which will be required to do this electrification, will it be a high amount?





Keld Pedersen: So that will be through PRCL.

Chandra Gopal: Through PRCL and it is connected where Sir? On DFC?

Keld Pedersen: Mehsana.

Hariharan Iyer: Mehsana.

Chandra Gopal: Mehsana? Okay Sir and Sir on this ME1 service is this an existing service, which is handled at

Mundra port right now?

Hariharan Iyer: It is an existing service. It is a service to Europe, so in that respect we really welcome this Europe

Service.

Chandra Gopal: Okay and it is handled at Mundra port right now entirely?

Hariharan Iyer: That is correct. Mundra as well as JNPT.

Chandra Gopal: Okay. Thank you Sir. Sir just realization number if you can get later on.

Hariharan Iyer: IT is about in the range of 450.

Chandra Gopal: Similar, okay.

Hariharan Iyer: Yes.

Chandra Gopal: Okay Sir, thank you so much.

Moderator: Thank you. We have the next question from the line of Jaykant Kasturi from Dolat Capital.

Please go ahead.

Jaykant Kasturi: Thank you Sir. This is regarding your liquid handling; I can see that there is a high LPG volume

that is what it is mentioned out here resulting in 9% increase for Q4, so Sir if you can give me the

mix of LPG volume of the total liquid volume?

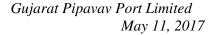
Hariharan Iyer: I would reckon about 70% would be the LPG volume.

Jaykant Kasturi: 70% would be the LPG volumes?

Hariharan Iyer: Yes.

Jaykant Kasturi: And one more thing Sir, are you looking out for any other liners apart from ME1?

Hariharan Iyer: We will look for every line, which is there in the market and that is a continuous process.





Jaykant Kasturi: I understand that but you must have been like you must have been set up a target at least one or

two in every quarter or a quarter?

Hariharan Iyer: We have a target not one or two, we have a target to see everything that is available to achieve

but as Keld mentioned there is continuously churn on the alliances on the changes which are happening in the market. So we need to be very closely glued to our customers to see how we

win these services when the service pattern changes happen.

Jaykant Kasturi: Sir and with regards to RoRo targets, any targets in terms of handling?

Hariharan Iyer: No, we do not have a target per se, because it is also a growing business so we cannot sit down

and setup a target. We do see interests in terms of the automobile sector growing in this region so

we do expect that there is a potential for us to grow in this business.

Keld Pedersen: I think if we look at that we have only started up this part of the business by end of August 15

and now if look at the quarterly run rate then we are actually touching the 100 thousand cars over just 19 months or so. So it is a part of the business that we also have a very strong focus on to

grow.

Moderator: Thank you. We have the next question from the line of Parash Jain from HSBC. Please go ahead.

Parash Jain: Thank you so much and apology for the disruption in the line and similar to the line most of the

questions have been answered but Hari and Keld, if you can help me visualize two things with respect to your income form operation. Could you help us to quantify the pure contribution from container and that way help us to look through your revenue going forward on a sustainable basis excluding the project cargo and in that case the dilution in revenue, is it just a function of currency depreciation and volume decline? And my second question would be more around your parents groups restructuring that was announced somewhere towards the end of last year, how does the behavior changes with respect to APMTs relationship with Maersk line as a group and does it in any way impact GPPVs relationship with Maersk line in terms of bringing more

volume or otherwise? Thank you.

Hariharan Iyer: In terms of relationship Maersk line like any other port Maersk line is an important customer and

an important client and for us too while we have an arms length relationship with Maersk line, it is a tough business, it is a tough environment so therefore we continue to find ways and means to

find a win-win proposition both for Maersk as well as us and coming back to your question

number one then trying to get into the details by each activity is difficult because we do a consolidated port business but to answer partly to your question when we have indicated earlier

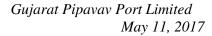
that container business is a high margin business for us. The reason being is that a large part of

our cost is fixed cost as far as container business is concerned. So it has a bigger or a larger

operating leverage, the better the volumes, the better the yield that we would get out of it.

Parash Jain: Perfect, Sir just if you can a rough commentary on this when I see the income from operation of

1, 5, 6, 7; is it like 2/3rd is containers or it is one thing also you do not comment?





Hariharan Iyer: It will be fair to say about 70% of the business would be still container.

Keld Pedersen: That number we have is roughly the number we have had all the time but as the current is going

down and we have initiated the new RORO business and the liquid is also by and large growing, then we will get to a point where we will split up the numbers for you but so far in terms of the size of the business then we have still kept it bundled if you wish. So 70% container roughly and

30% other business.

Moderator: Thank you. We have the next question from the line of Abhijith Vara from Sundaram Mutual

Fund. Please go ahead.

Abhijith Vara: Thanks for taking the followup. Sir, my question is on the balance sheet Sir, this other financial

liabilities, other non-current liabilities; if you could just explain Sir?

Hariharan Iyer: Abhijith just give me a second, while I get the details. Can we move onto the next question while

I get the details?

Abhijith Vara: Yes, what is the status on the movement of liquid through rail? There were some regulatory

approvals awaited?

Hariharan Iyer: Abhijith that is in progress now. And we have not anything to report at this time.

Abhijith Vara: So the volume increase is despite the...?

Hariharan Iyer: Yes, this has not moved by rail, these are all basically by road always.

Abhijith Vara: Okay, sure Sir.

Hariharan Iyer: Yes, Abhijith I got the inputs on that, it is the other non-current liabilities that you were talking

about right, and the deferred income on account of change in the accounting based on the new Ind AS standards, we had a government grant in relation to the road that we have constructed connecting to the port that was earlier a different treatment than as what has been given under the Ind AS and therefore you see that as other non-current liabilities, which just gets wound out over

a period of time at the time of the asset.

Abhijith Vara: And Sir, other financial liabilities Sir?

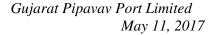
Hariharan Iyer: Again let me get those details, those groupings are not right in front of me but let us move on to

the next question.

Abhijith Vara: Sure Sir. I am done, thank you.

Moderator: Thank you. We have the next question from the line of Venugopal Garre from Bernstein. Please

go ahead.



APM TERMINALS Lifting Global Trade.

APM TERMINALS PIPAVAV

Venugopal Garre:

Hi, thanks for the opportunity. Sir, firstly I just wanted to quickly understand with respect to accounting on volume discounts that you typically give to a customers, now what I wanted to check is that you had somewhere down earlier mentioned that sort of book it in a quarterly basis and if at the end of the year you realize that volumes have not achieved what they were supposed to give, you would tend to reverse also. So is there any element of reversal that comes in the Q4?

Hariharan Iyer:

No it is not on a quarterly basis, it depends on when the agreement ends. There are agreements, which run at different point of time, so therefore at the end of each contract period then if there are any adjustments to be done they are given at the respective quarters. So it does not happen on the Q4 per se.

Venugopal Garre:

Okay I get it Sir, it primarily happen based on the contract.

Hariharan Iyer:

Contract if it is ending in June, then as of June then we evaluate that and then there are of course continuously interactions with the customers the aim is not about writing back, the aim is about gaining more volumes. So then these discussions and these activities continue to happen in close coordination with our customers. So if there are write backs then that come in the respective quarters.

Venugopal Garre:

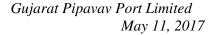
Okay, which basically means that when you look at the next 12 months you are adding into a new financial year, at this juncture there is nothing called a price reset or discussions that are happening let us say for 60% or 70% of the clients. Your visibility of pricing for the next year is already set because it is based on the contract that you have signed which are probably to a duration. Is that the way we look at it? The reason I am asking is I want to understand if there is any room for so-called inbuilt realization increases every year let us say on a pre-decided contract?

Hariharan Iyer:

Let me explain that to you. The way it operates is that everybody, all the shipping lines operate at the tariff level whatever is the tariff published that is how it operates. We of course have scaling rates; right, we give rebates mainly driven by volumes. As we increase the volumes, then we have different rates. So the rebate could be 5% at a certain level, 8% at a higher lever and 10% at a different level; right. So this is how it develops. The aim is to really see how you increase the volumes because the higher the volumes the better for us and it therefore we are in a position to also share a larger part of the rebate with the shipping lines.

Venugopal Garre:

Got it Sir, if at all I can ask another question more on the side that you mentioned earlier in the call that in general we know that competitive intensity is high and certain lines come in but certain lines go out to. So my question is more with respect to what is that you need to do beyond the scheme of liners shifting because of they are on alignment. Is there anyway you can retain certain liners, which are not really impacted by this global realignments or with respect to pricing. The reason I am asking this example anyone is coming in but somewhere early in the calls someone mentioned that INDFEX line might go out. I am not aware of that but just wanted to understand what do we need to do to retain liners at least, so that we see net gains eventually.





Keld Pedersen: So this is coming back to my point on the turbulent year in the industry because I think the point

we tried to make is that a number of carriers, they have many alliance partners and many under

the alliances again in the main corridor and they have different partners in different parts like for

instance GPPV and when partners choose to change to go with other partners and moving around then a number of things changes continuously in terms of the customer composition. I think that

is an explanation to you that I mean I still I cannot comment on specific customers, discussions

and so on that are going on but I can tell you that there are lot of movements all the time and

again it is nothing new. It has been happening for the last one to two years.

Moderator: Thank you. We have the next question from the line of Bhaskar Chaudhry from EnTrust. Please

go ahead.

Bhaskar Chaudhry: Hi, see you had mentioned that you will tell us the FY' 17 capex figure. I missed that, could you

just help us?

Hariharan Iyer: Yes FY' 17 Capex figure right? It is Rs. 330 Crores. I am sorry about that, okay. I had that but I

think we have moved on to the other question.

Bhaskar Chaudhry: Yes, Rs. 330 Crores?

Hariharan Iyer: Yes because large part of it is the capitalization of our project, which was done in the month of

April.

Bhaskar Chaudhry: Okay and but Sir what kind of operating cash flow you are doing now quarter-on-quarter?

Hariharan Iyer: I think it would be in the range of about Rs. 75 Crores to Rs. 80 Crores of rupees.

Bhaskar Chaudhry: Okay, thanks.

Moderator: Thank you. We have the next question from the line of Jinit Mehta from B&K Securities. Please

go ahead.

Jinit Mehta: Thank you Sir. The first question is regarding the DFC electrification that you mentioned. Sir, do

we see any disruption in the real services when this work is being carried out?

Hariharan Iyer: We do not anticipate anything like that because that is being driven or coordinated by the railway

along with the contractors on that so at this point of time we do not anticipate anything like that.

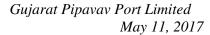
Jinit Mehta: Okay and Sir the second question being the tax rates Sir, if you could give us a guidance for the

FY' 18 and Sir have we utilized our MAT credit completely?

Hariharan Iyer: No we have not utilized the MAT credit completely, you can see that in the balance sheet in one

of the things I will get you the groupings but in terms of the tax rates then what you would all know that our tax holiday ends as of 31st of March 2017, so therefore for the financial year

2017-2018 then we will have full corporate tax.





Jinit Mehta: Okay, perfect. Thank you so much.

Moderator: Thank you. We will take the next question from Ashish Shah from IDFC Securities.

Ashish Shah: Hi, just small clarification I had. You said that the grant, which you received for construction of

the road has been treated as deferred revenue, deferred income, so there would be a certain

amortisation in the PNL every quarter, is it?

Hariharan Iyer: That is correct. See earlier the treatment was that whatever is the grant, then you net it of against

the total asset cost. We do not get the grant for 100% so if the total investment was say Rs.10 Crores and we get a grant of Rs. 3 Crores. Then the carrying value of the asset was Rs.7 Crores, today what we do in the new scenario is that we will carry it as per the new Ind accounting standards, we will carry it at Rs.10 Crores create a deferred income in the balance sheet and then the higher depreciation on the total will then taper out over a period of the life

time on the asset.

Ashish Shah: So what comes into P&L would be part of revenue is right here, the deferred income, which we

have which is basically the grant, which has got capitalized in the balance sheet...?

Hariharan Iyer: Yes and correspondingly the depredation so in effect the P&L will not have any positive or

negative effect. The net impact would be more or less the same.

Ashish Shah: Would this be a reasonable quantum or you think this is a negligible quantum, which must be

flowing into the revenue?

Hariharan Iyer: So, this is not a significant amount at all. The total grant was some Rs. 20 Crores and therefore it

would be amortised over a longer period of time. There is no impact to the P&L on this.

Ashish Shah: Right, thank you.

Moderator: We will take the next question from Kushan Parikh from Emkay Global. Please go ahead.

Kushan Parikh: Yes thanks for taking my followup. I just want to understand a little bit on this project cargo that

we just did if you could give us some sense on what sort of operating margins would be doing on. And what we would be doing on this project cargo and how would it be comparable to our container cargo margins? Will it be as high as our container cargo margin, so just want to get

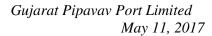
some colour on what our margins would look like X of this project cargo?

Hariharan Iyer: We have indicated earlier as well I think as far as the container business is concerned, the details

in the range of about 60% to 65% on the RoRo and liquid then they are higher than that and then as far as the project cargo is concerned then we do not have significant incremental. So this can

also be considered as high margin business for us.

Kushan Parikh: Okay, similar to container cargo margins?





Hariharan Iyer: Yes, similar to container cargo margins.

Kushan Parikh: Alright, I understood. Thanks a lot.

Moderator: Thank you very much. That was the last question. Sir, any closing comments you would like to

make?

Keld Pedersen: I think we would like to thank you very much for the interest in GPPV and we will continue to do

our very best to run a lean company and at the same time, have a very strong focus on growing

the business. So thank you very much for that.

Moderator: Thank you Shirish would you like to make some comments?

Shirish: Thank you everybody for participating in the call and a special thank you for Keld and Hari to

giving us opportunity to host the call.

Hariharan Iyer: Thanks a lot. Have a nice evening. Bye-bye.

Moderator: Thank you ladies and gentlemen on behalf of IDFC securities that concludes this conference call

for today. Thank you all for joining us and you may now disconnect your lines.