"Gujarat Pipavav Port Limited
Q1 FY2020 Earnings Conference Call"
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Moderator: Good morning ladies and gentlemen, good day and welcome to the Gujarat Pipavav Port Limited Q1 FY 2020 earnings conference call hosted by IDFC Securities Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Shirish Rane, from IDFC Securities. Thank you and over to you Sir!

Shirish Rane: Thank you. Good afternoon everybody. Welcome to Gujarat Pipavav Port first quarter FY2020 Earnings conference Call. We have today with us Capt. Padminikant Mishra Head of bulk and RoRo business and Mr. Santosh Breed Chief Financial Officer of Gujarat Pipavav Port. To start the call Mr. Padminikant Mishra will give opening remarks and then we will open the floor for question and answers. Over to you, Sir!

Padminikant Mishra: Thanks Shirish. Good afternoon ladies and gentlemen, I am Padminikant Mishra and I would take you through key highlights for Q1 FY2020.

In the container business we get 221000 TEUs an increase of 1% over the previous quarter and if you compare this with a same quarter last year, then it is an increase of 13%. This is mainly driven by higher EXIM volumes partly offset by lower transshipment and coastal volumes.

On the dry bulk, we get 510000 which is lower by 3% compared to the preceding quarter mainly because of lower fertilizer volumes. There is of course a bit of seasonality involved in the fertilizer volumes and it also depends on the imports and execution by the department of fertilizer.

Coming to the liquid side, we get about 200000 metric tonne of liquid cargo which is a drop of 15% over the preceding quarter, this is mainly due to the lower LPG volumes and again it has also to be seen in the backdrop that there has been a decrease in LPG imports of around 10% in quarter pan India compared to the preceding quarter and also a drop of over 12% on the west coast ports.

On the RoRo business, we get 15000 CEUs of cars which is decrease of 12% over the previous quarter. This is caused the lower exports from the OEMs and it is also reflective of the trend in the passenger vehicle segments, which has dropped into two preceding years.

Now coming to the financials, when we report revenue of 1776 million INR which is a drop of 1% over the preceding quarter and total expenses stands Rs.62 million which is a 7% decrease over the preceding quarter. EBITDA is Rs.1024 million which is lower by 3%

compared to the previous quarter. The EBITDA margins is at 58% in 40 basis points higher and net profit stands at Rs.564 million that is 12% higher than the previous quarter.

Now if I go to the volumes development slide, which is in front of you, so on the container side when we have been able to maintain the ICD volumes at 133000 TEUs on the liquid we have been able to maintain a run rate of 200000 which is driven by LPG, on the bulk also we have been close to 500000 which is a result of a better fertilizer handling. So as discussed earlier so on the RoRo volumes they have declined successively for the last three quarters and this is due to the muted export outlook.

So with that I would like to hand over to Santosh for the financials.

Santosh Breed: Thank you Captain Mishra. So let me give you an overview of financial for the quarter ended June 30, 2019.

To start with the company has adopted new accounting standard on lease of Ind AS 116. With this the long-term operating lease has been reclassified as finance lease and reflects as a right to use assets in the company balance sheet. We have not seen any major impact of this on our net results.

The total operating income for the quarter at Rs.1776 million is marginally lower than the immediate preceding quarter due to lower income from non-container business.

Total expenses at Rs.752 million are lower 7% as compared to the previous quarter, looking at a further breakdown on these total expenses the operating expense at Rs.310 million was lower by 18% due to lower fertilizer handling expense and adoption of new accounting standard on lease.

Other expense at Rs.297 million is higher by 7% as compared to the previous quarter, this increase is mainly due to the repairs and maintenance expenses. EBITDA at Rs.1024 million is higher by 3% and margin is 58% higher by 240 basis points than the previous quarter.

Other income at Rs.161 million is higher by 45% as compared to the previous quarter. This includes dividend from PRCL of Rs.38 million, so this is a dividend from the associate company Pipavav Railway Corporation Limited.

The net profit for the quarter at Rs.564 million is higher by 12% as compared to the previous quarter mainly because of lower operating expenses and higher other income. In comparison to the same quarter last year, the EBITDA was higher by 11% and the net profit is higher by 20% and excluding the adjustment of new accounting standard, so assuming that we look at and compare the result without accounting standard impact then the EBITDA was higher by 7% and the profit is higher by 21% as compared to the same quarter last year. We are now happy to take questions.

Moderator: Thank you very much Sir. Ladies and gentlemen we will now begin the question and answer session. We have the first question from the line of Inderjeet Bhatia from Macquarie. Please go ahead.

Inderjeet Bhatia: Santosh thanks a lot for the opportunity. First question is on the container volume growth now at 13% kind of volume growth. We have done much better than peers on the West Coast did we get many services during this quarter and if you could also talk about how much the contribution came from transshipment on year-on year basis?

Santosh Breed: So Inder number one of course there is no addition of services. In fact we are growing the services now and on the EXIM, so we look at the volume mix, the EXIM has grown by 8% year-on year, so basically in fact that the major contribution this quarter for us.

Inderjeet Bhatia: Has there been any kind of rationalization of service or upsizing of service that has happened at our port?

Santosh Breed: No there is no rationalization, it is actually volume which are going towards the Far East, so we are seeing in the imports to Far East.

Inderjeet Bhatia: Second is can you give a number in terms of the accounting change in part and which main item that is kind of sitting in?

Santosh Breed: Yes. So on operating expenses, we have impact of around 51 million and the corresponding impact, so 50 million operating expenses are down, the corresponding impact which is the depreciation which is up by 44 million and impact on the finance cost which is around 16 million.

Inderjeet Bhatia: 44, 16 and 51?

Santosh Breed: 16 million on the finance cost

Inderjeet Bhatia: So the impact on the operating expense you said is 51 right?

Santosh Breed: Yes that is right.

Inderjeet Bhatia: Got it. Last question in terms of, are we kind of looking at PRCL in terms of consolidated numbers, their share of profit being taken into our anytime soon?

Santosh Breed: So we already published the consolidated financial as well on a quarterly basis as per the regulation we are required to publish the consolidated results, which have been published now.

Inderjeet Bhatia: I will come back for more questions.

Moderator: Thank you. The next question is from the line of Parag Jain for HSBC. Please go ahead.

Paras Jain: Thanks, this is Paras. Just looking at the yield movement given the fact that container and primarily the EXIM container did well what has led to the softness in yield, this should have improved rather so can you put some light on this?

Santosh Breed: So if you are comparing it with the same quarter last year, then of course transshipment volumes has been higher for this quarter as compared to last quarter that is if you look at from that perspective then that is the reason for softening the realization. Having said this when I look at the April quarter as compared to the immediate preceding quarter then our realizations have improved because you have taken a tariff increase effective April and because of the cargo mix which I have mentioned that an 8% increase in the EXIM volumes so because of that also this help to improve our realization in the current quarter.

Paras Jain: Just a clarification on PRCLs, now we will see this dividend quarterly here?

Santosh Breed: No it is not a dividend. It is the quarterly consolidate account which is published.

Paras Jain: So it will be quarterly going forward right?

Santosh Breed: It is not dividend. We are referring to quarterly financial where we are actually consolidating on the equity basis, where the profits are being consolidated, so that will be published every quarter.

Paras Jain: Thank you.

Moderator: Thank you. The next question is from the line of Sriram Kumar from Spark Capital. Please go ahead.

Sriram Kumar: Thanks for the opportunity Sir. Sir in terms of transshipment we have seen higher volume growth so if you could provide what is the percentage of transshipment volume in the overall volume sale registered that would be great?

Santosh Breed: So we of course have not been splitting it in that way and we are not doing it for some commercial reasons but I can only share about the EXIM, which I have mentioned had 8% growth quarter-on-quarter.

Sriram Kumar: But the share of ICDs to EXIM still at 70%?

Santosh Breed: Can you repeat what is the question.

Sriram Kumar: Share of ICD to EXIM in coastal volumes, is it still 70%?

Santosh Breed: Yes that is right.

Sriram Kumar: Sir in terms of tariff increase that you have taken how much is the tariff increase you have taken Sir?

Santosh Breed: Roughly on the revenue if you look at the impact it is around 4% increase on the revenue because of the tariff.

Sriram Kumar: Sir in terms for the EXIM volumes growing by 8%, so this is sustainable is it from which geography is it majorly the import.

Santosh Breed: Yes if you look at Pipavav services is what we have are mainly is the Far East and we have seen this increase in imports from the Far East, and we hope this will continue.

Sriram Kumar: That is it from my side Sir.

Moderator: Thank you. The next question is from the line of Achal Lohade from J M Financial. Please go ahead.

Achal Lohade: Is it possible to share the mix from Far East like first on the import and export mix and then how much we are dependent on the Far East?

Santosh Breed: The export import which continues to be in the range of 40%-60% or 60% is imports and I think around 70%-80% comes from the Far East because as where our key focus is on the import side. On the export of course we also have a service to the US East Coast.

Achal Lohade: Got it. Sir my other question was you said we have taken about a 4% increase on a blended basis with respect to, actually only the container tariff, however we do not see that if I look on a blended basis, the blended realization wherein I am calculating based on the revenue x of other operating income and the total volume, it is still around Rs. 440 or so, quarter-on-quarter which are in flat so just curious to know when you say you have increased has it been effectively passed on or is that kind of offset by pre discounts or rebates?

Padminikant Mishra: No, it has been effectively passed on and I think the blended what you are looking at also to the non-container business, so the cargo mix within bulk also has some impact on the blended realization as well as the volume so when you see so that is the reason why you see that impact, but as for the tariff increase for container is concerned that has been fully passed on and there is no further discounting on that.

Achal Lohade: Got it please, help us with the realization for the quarter for container and bulk?

Santosh Breed: So on the overall realization for container has been in the range of around 5800 in the cargo mix what we have and if look at EXIM now so earlier range if you remember we have been in range of 6200 that we had seen and improved to around 6500 on the container, bulk continues to be in the range of around Rs.450 per metric tonne to Rs.550 per metric tonne, this is dependent again on the cargo mix, what kind of cargo we are handling. Liquid continues to be in the range of around 450 per metric tonne and those of course we are not giving realizations because of commercial issues.

Achal Lohade: Got it and just question with respect to any update you could share with respect to the extension of the concession agreement?

Padminikant Mishra: So of course we do not have update as such for this call, but we continue to engage in the Gujarat Maritime Board on this matter and we do not really see any red flags on this.

Achal Lohade: Got it, that is all from my side, thank you.

Moderator: Thank you. The next question is from the line of Atul Tiwari from Citigroup. Please go ahead.

Atul Tiwari: Thanks my question has been answered.

Moderator: Thank you. The next question is from the line of Aditya Mungaya from Kotak Securities. Please go ahead.

Aditya Mungaya: Thanks for opportunity. I had two questions. The first question was again on this concession agreement, wanted to discuss with you what are the potential outcomes that have been discussed right now in terms of the concession agreement?

Padminikant Mishra: Potential outcome I think we have mentioned it on earlier call. When we look at this entire process, we strongly believe that this is going to be more of a policy decision and Gujarat

Maritime Board and Government of Gujarat are already working on a revised policy a draft of that policy was also circulated to all the operators and as I mentioned earlier we have given our inputs on the extension, where the general trend has been in the port industry to extend it for another at least 20 years, so that is the inputs what we have given, so we wait for the policy to be finalized and we hope our inputs will be considered.

Aditya Mungaya: So the way one should think about it is that the input from your side are on the lines of it getting renewed at the revised terms and those revised terms being mutually decided upon?

Padminikant Mishra: So the commercial term of course is not clear and it is just one of our inputs to the draft policy.

Aditya Mungaya: GMB has not shared their opinion any such matter with this?

Padminikant Mishra: The policy still in process of finalization, we have to wait for that.

Aditya Mungaya: The second question what I had was if I were to compare on a QOQ basis, you broadly have the same quantum of volumes on the Far East and containers and you have taken a 4% price increase. From a margin perspective there has almost been no impact of that price increase if I take away the Ind-As impact. It means that consistently at about 55% on a QOQ basis, so just again for the kind of check with you as to how to read about this?

Santosh Breed: Your observation is right and as I mentioned it has to do with the cargo mix because when we look at the non-container business, as I mentioned, the revenue has been down for the non-container business that actually has hit the margins at the same level as compared to previous quarter excluding Ind-As impact.

Aditya Mungaya: If the mix was not to change from hereon we basically have the full impact for the full quarter of this 4% in and 55% EBITDA margin.

Santosh Breed: Yes.

Aditya Mungaya: Those were my questions. I will come back I have more. Thank you.

Moderator: Thank you. The next question is from the line of Parag Jain from HSBC. Please go ahead.

Paras Jain: I am sorry for the followup question. Can you tell us what is your capex run rate would be going forward assuming that we do not embark on the further expansion, on that how far are we given the current utilization level that where your container terminal is operating before you have to kick in further expansion plan. Last just looking at depreciation of 316, if you strip off 44 million, what is driving the decline in the quarter-on-quarter, I mean assuming the net asset value is shrinking how should we read that?

Padminikant Mishra: I will take your question on the capex first. So we are actually investing on the rail side to make our rail side compatible to the dedicated freight requirement of electrification so investment will be made and that will be around Rs. 70 Crores which is the investment amount, apart from that we expect the regular maintenance capex to continue in a similar range. In terms of the capex utilization we are in the range of around 60%-65%. Generally when we reach and touch closer to 75/80 that is the trigger for us so we can start looking for expansion, so that is where then the further investment will happen. Is there any question on this and then I touch base on the electrification?

Paras Jain: On the capex of 70 Crores, is it for this fiscal year or this will be cost for the entire project on electrification?

Santosh Breed: It is spread over into 2019 and 2020 if that is the question so it has been spread in two. On the depreciation you are comparing it with the immediate preceding quarter so we of course had some additional impact of around 50 million last quarter which was a one off adjustment and we are seeing we have covered that in our call as well, that is the one off adjustment which was made for requisition.

Paras Jain: Thank you.

Moderator: Thank you. The next question is from the line of Sriram Kumar from Spark Capital. Please go ahead.

Sriram Kumar: Sir in terms of looking at the business with parent Maersk having holistic approach doing business as an integrated single business in land logistics, container and warehouses to be a single business, how is it benefitting and going to benefit Gujarat Pipavav going forward?

Padminikant Mishra: We of course work closely with client just like any other shipping lines, but this collaboration will surely help us as a group to provide end point solutions to our end customers and create value for them and we as a port, been a part of the entire logistic chain will ensure we add much more value and that is what we are working along with Maersk on this.

Sriram Kumar: Sir in terms of capex supposed to 80% utilization, how much will be capacity we are planning for and how much in terms of cost that will be required?

Padminikant Mishra: It is very difficult to answer this question because we will have to look at it as we reach there and looking at the market demand and the potential growth and that is how we decide on that.

Sriram Kumar: That is all.

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

Bhavin Gandhi: Thank you for taking my question Sir. Sir firstly on the share of profit from associate that generally should be around 7 Crores to 8 Crores kind of numbers, that has dropped significantly this quarter, so any particular reason for this?

Santosh Breed: One of course this is the management represented number which has been issued, it is not an audited number or limited view by the auditors so based on certain assumptions and estimates taken by the Pipavav Rail Corporation management that is number . Second we had an adjustment pertaining to the earlier quarter which was related to dividend consolidation and that has been adjusted in this quarter.

Bhavin Gandhi: Sir just one clarification, this price increase that was taken, is it just relating to the rail evacuated containers or it is applicable for all the containers that we had?

Padminikant Mishra: It is applicable to the rail evacuated containers.

Bhavin Gandhi: Rail evacuated containers only. Thank you so much.

Moderator: Thank you. The next question is from the line of Achal Lohade from JM Financial. Please go ahead.

Achal Lohade: Thank you for the followup opportunity Sir. Just wanted to check with respect to DFC what is the timeline you think we will have the connection with and how much of this Rs. 70 Crores is spent in FY2019?

Padminikant Mishra: In terms of timeline we are of course working closely with PRCL on this and we are aligned with railways. The expectation is at we should be operational somewhere in Q2 or Q3 of 2020 calendar quarter of 2020. So the initial 2019 we will have very initial small spends so roughly in the range of around Rs. 20 Crores.

Achal Lohade: Balance is largely spent in FY2020

Padminikant Mishra: That is right.

Achal Lohade: Secondly with respect to the transshipment, for which region and is it more opportunistic or you think this is more sustainable business for us even in the coming quarters especially when you have an EXIM growing while your capacity is getting constrained now?

Santosh Breed: Number one of course transshipment is a function of trade. I think so far as it is EBITDA positive we surely like to handle this business and the way we also see this in fact is additional call and this also support to other services, so when I look at current movement which is happening, it is happening from the East African Ports to the Far East Ports where we have been connected. In terms of potential it all depends on the requirement of this empty transshipment in Far East, so we believe that will continue and we will continue to handle this as far as it is EBITDA positive. On the capacity again I do not see a major challenge because when you look at transshipment movements, these boxes do not stay in the yard for long, so it is a very quick turnaround, so in terms of the utilization of the space then it is limited utilization so we can surely handle this with the existing cargo.

Achal Lohade: Typically this transshipment will be significantly lower margin as compared to our EXIM like that will be half of the EXIM margin or something?

Santosh Breed: It is will be significantly lower and the reason for that this is an empty transshipment, this is the cost to the shipping lines. So that is why it comes at a lower realization, but as I mentioned and just to repeat that as far as we are earning out of this and it is a faster turnaround of containers then we do not have any challenge in handling. .

Achal Lohade: Just last question with respect to the post the tariff increase what is the price gap between us and the other peers on the West Coast?

Santosh Breed: We are still very competitive.

Achal Lohade: Are we like 4%-5% discount/ premium to the peers?

Santosh Breed: Well, we do not really look at it and do a comparison line by line but I think overall basis we are quite competitive on the West Coast.

Achal Lohade: Got it great thank you so much. Wish you all the best.

Moderator: Thank you. The next question is from the line of Nagraj Chandrashekhar from Laburnum Capital. Please go ahead.

Nagraj C: Thanks for taking my question**.** My question is you have mentioned that Q3-Q2 of FY2021 you would have the DFC operational, what is that mean for our relative competitiveness versus other large container ports on the West Coast in terms of cost for exporter and importers to move cargos, containers to the northern states?

Sanotsh Breed: In terms of advantage it will ensure a faster transit time, the efficiency will improve. In terms of commercials, we are still not very clear on how the commercials are going to work, but we hope that the railways can price aggressively to move the cargo from the road to rail but those things are not very clear as of now, so it is very difficult to comment on the commercial part. So still we believe strongly that we will have a good improvement in the efficiency and that is something what we are looking for.

Nagraj C: Thank you.

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

Ankit Panchmatia: Sir thanks for taking my question. Sir just wanted your perspective on macro level. Are we seeing global shipping liners realign the trade services or their vessels getting converted into a bigger size which is, are we seeing that kind of structural changes impacting our business or the way we carry out our business.

Santosh Breed: Ankit, we are not really seen that structural changes in our part of the world, but it is happening for containers moving from China, there are some changes happening there because of the trade war, but we have not really seen any structural changes in the services and the vessels India, the Far East and other sectors.

Ankit Panchmatia: Sir just wanted to view on the dredging side of it. So please correct me if am wrong as far as I believe that the siltation at Pipavav has increased at a faster pace, so it right to say that we will need dredging more frequently versus peers is this the right understanding?

Santosh Breed: Well again this is something depends on the survey which is regular process. Frankly speaking we have not seen significant increase in siltation, normally we have been doing the maintenance dredging every two years and I believe that is the trend will likely to continue, so we do not have any other indication.

Ankit Panchmatia: Sir last question on the liquid side of it. Sir the volumes in this quarter have kind of dipped so any update on that kind of how we see that shaping up going ahead for FY2020?

Padminikant Mishra: On the liquid, of course we have seen a drop in the volumes that is primarily happening due to the lower LPG volumes and as we have seen in this quarter on the pan India basis, the volumes have actually dropped 10% as we have imported more LPG in the first quarter but going forward of course we have full confidence in this business of course LPG would be a growing segment because we are seeing the imports last year going to 13 million tonne compared to the 11.4 million in the preceding year, so this would continue to grow and there would be attractive opportunities on the way.

Ankit Panchmatia: That is all from me Sir. Thank you.

Moderator: Thank you. The next question is from the line of Sriram Kumar from Spark Capital. Please go ahead.

Sriram Kumar: Sir in terms of capacity utilization, say when we reach 80% utilization of our 75% utilization, do we have the flexibility of reducing the transshipment volume and increasing the EXIM volume Sir? Is that possible in terms of considering the dynamics of container movement?

Santosh Breed: As I mentioned, we will of course like to handle the transshipment what we get at port, so we get 20% and we will prefer to and continue handle this volume rather than deselecting the volume as such, so our focus will be to handle all the volumes possible at the port.

Sriram Kumar: Thanks Sir.

Moderator: Thank you. The next question is from the line of Deepak Krishnan from Goldman Sachs. Please go ahead.

Pulkit Singhal: I am sorry I joined the call late so I am not sure if you have already discussed it but we have seen one of the largest competitors have guided a more cautious outlook on trade cargo going forward, we just wanted to know your thought as to how are you looking at cargo volume for the balance nine months of this year?

Santosh Breed: Yes the macro economic indicators are actually indicating towards slowdown and of course there are various parameters which indicate, so we are also monitoring progress on the volumes; however, when you look at our June quarter then we have seen actually 8% growth as compared to previous quarter so as of now we do not have any specific indication in drop in the EXIM volumes and we hope to continue to see growth in this sector and we are actually catering more to the Far East sector, so let us hope that trade continues to grow so that is what we are looking forward to.

Pulkit Singhal: Right, so basically more than the apprehension that we are seeing from data points around us there are no direct indicators why it would slowdown immediately because from your side shipping lines etc., there are no indications that they are going to slowdown, right is that understanding correct?

Santosh Breed: You are right. There are no direct indicators and I believe if the Indian consumption story continues then the imports are likely to continue so we do not have any indication for the shipping lines as such from this side.

Pulkit Singhal: Thank you Sir that is it from my side.

Moderator: Thank you. The next question is from the line of Inderjeet Bhatia from Macquarie. Please go ahead.

Inderjeet Bhatia: Thank you again. Can you throw some light on RoRo business and the opportunities there we have been working with principally one large customer, any likelihood of that getting diversified?

Padminikant Mishra: Yes Inderjeet that is a very good question actually. So RoRo we have seen a declining trend of course and that is also partly reflective of the industry and the situation the industry is in, so if you see the situation in the Indian passenger vehicles export market, then it has been dropping for the last two years, the last it dropped 10% and this is also because the outlook in the export markets are quite muted. There has been some protectionism where the countries have actually discouraged the exports from other countries, so overall the business is not looking very attractive as of now, but at the same time we continue to put our efforts to see how we can diversify the customer base.

Inderjeet Bhatia: There were earlier discussions with large manufacturers about shifting some of their exports from our ports after the new plant was opened in Gujarat any progress on that front because earlier you said that they could not save because of domestic demand, now domestic demand being soft, should not that shift be possible?

Padminikant Mishra: Yes, I mean the domestic demand is of course soft, but there is no indication as to that is translating into more exports, because of whole export also depend on the market conditions in the other geographies, which has actually not happened plus there is also this new emission standards which are kicking in and we do not know whether that would actually discourage or encourage exports, so that is not happening, having said that we continue to engage with other OEMs to see how we can translate that.

Inderjeet Bhatia: Currently should you work with that Q1 numbers as a run rate for the year or do you think it is downside risk is indeed are more?

Padminikant Mishra: I think more or less we would be able to continue with this.

Inderjeet Bhatia: Thank you.

Moderator: Thank you. The next question is from the line of Ashish Shah from Centrum Broking. Please go ahead.

Ashish Shah: First question can you give me the breakup of the bulk cargo please in terms of coal, fertilizer and other minerals?

Santosh Breed: Yes out of total 510000 metric tonne what we handled this quarter 135,000 metric tonne was coal, 317000 was fertilizer and others there are 58000 which mainly includes minerals.

Ashish Shah: Right so would you have the YOY numbers, the last year first quarter numbers handy by any chance?

Santosh Breed: Just give me a minute. Same quarter last year it was 620000 metric tonnes which we handled of which around 144000 metric tons was coal, 473000 metric tons was fertilizer and there is 3000 metric tonnes was others.

Ashish Shah: Sure thank you for this. Sir second we spoke about the fact that once we reach about 75% utilization we probably start looking at the next phase of expansion, we already at 65%, so even if we grow at maybe 8%-10% we may not be very far away from that decision on the expansion, so my question is that is this decision irrespective of the extension into concession or we would also want to keep an eye on when the extension happens before we take a call on investing a large sum into putting up an entirely new container terminal?

Santosh Breed: Again decision will be based on the demand and we look forward and we are also hoping that we can actually start expansion as early as possible and we do not really have restriction because of the concession period.

Ashish Shah: As the management thought process, we are open to scenario where we do not have the extension yet and yet we take up expansion of setting up a new container terminal because I believe the next phase will have to be entirely new terminal and which might have a significant amount of capex?

Santosh Breed: As I mentioned that as soon as we see this capacity reaching 75% then we will start thinking for expansion and there is no restriction because of a concession period.

Ashish Shah: That is helpful Sir. Thank you very much.

Moderator: Thank you. As no questions in the participants, I now hand the conference over to management for their closing comments.

Padminikant Mishra: Thanks for the good call and good questions. On the closing remark, I would like to just inform everybody in the Annual General Meeting held today where shareholders have approved the final dividend of the financial year 2019-2019 of Rs.1.8 per share, so this was recommended by the board last quarter and this has been approved now and dividend will get paid in due course. Thank you very much.

Moderator: Ladies and gentlemen, on behalf of IDFC Securities Limited that concludes this conference call. Thank you for joining us and you may now disconnect your lines.