Management Discussion

Manish Agnihotri - Company Secretary & Compliance Officer, Gujarat Pipavav Port Limited
So good morning, everyone. This is Manish Agnihotri and we are -- welcome to Q1 FY '27 Earnings Call of Gujarat Pipavav Port Limited.

We have Girish Aggarwal, Managing Director; and Santosh Breed, CFO. Girish will start with the opening remarks, the financial performance of the company and overall business, and then we'll open the floor for Q&A.

Over to you, Girish.

Girish Aggarwal - Managing Director, Gujarat Pipavav Port Limited
Thank you, Manish.

The company delivered a strong financial performance this quarter. Year-on-year revenue for the quarter was higher by 33%. EBITDA was higher by 45% with margins at 64%. EBIT was higher by 58% and net profit was higher by 46%. This includes duty benefit scrips that -- of FY '15-'16, '16-'17, totaling at INR31.6 crores. Excluding this, the underlying performance revenue was higher for the quarter by 20%, EBITDA was higher by 25%, with margins at 61%, which is a 200 basis point expansion, EBIT was higher by 31% and net profit was higher by 24%.

In terms of volumes, containers were up by 3%. This is in spite of the Middle East conflict. RoRo was up by 53%, dry bulk was down by 7%, largely minerals and liquids was down by 47% with a significant 63% decline in LPG volumes.

In terms of overall financial year outlook, we now are looking at an overall EBIT growth between 20% and 24% year-on-year. RoRo is expected to have a volume of about 260,000 to 270,000 cars. Liquids is expected between 1.3 million to 1.4 million metric tons. Bulk is expected between 2.4 million to 2.6 million metric tons and containers is expected to have a 4% to 5% increase at approximately 700,000 TEUs.

I will pause here and then answer any questions that you may have.

Questions & Answers

Manish Agnihotri - Company Secretary & Compliance Officer, Gujarat Pipavav Port Limited
Thanks, Girish. So the floor is open for Q&A. Deepak, please go ahead with your questions.

Deepak Maurya - Analyst
Hi, good morning, management. Thank you very much for the guidance over here. Could you please repeat the guidance again because you were a little fast and it's very difficult to grasp over the line?

Girish Aggarwal - Managing Director, Gujarat Pipavav Port Limited
EBIT growth of 20% to 24%. Containers approximately 700,000 TEUs, about a 4% to 5% increase; RoRo at 260,000 to 270,000 cars; liquid between 1.3 million to 1.4 million metric tons; and bulk between 2.4 million to 2.6 million metric tons.

Deepak Maurya - Analyst
Okay, thank you very much. Now coming back to the container performance, right, I recall that during the last call, you had guided somewhere around 5% to 7% growth during the first quarter. Volumes did grow by about 3%, but just wanted to understand where was the gap? And do you think

that the new service, which is coming through from the July quarter, and also, what is the situation with respect to normalization of services? Any comments around that would be helpful with respect to the container cargoes. And then I'll move on to the other questions.

Girish Aggarwal - Managing Director, Gujarat Pipavav Port Limited
So container essentially -- I mean it's been a difficult quarter with the Middle East conflict. We have one service, Shaheen, which is a Middle East service between us and Jebel Ali, which has remained suspended so far. We are now assuming it will remain suspended for the full financial year or the remainder of the year. And that is a substantial 70,000 to 80,000 TEU kind of volume that we will lose this year because of Shaheen. But what has helped is the growth from the new service, which started towards the end of June. So we believe, of course, the full year impact will be in the next 9 quarters. FH2, this is a Maersk service.

What we have also done now is multiple opportunities of transshipment that are available. We're going and we have captured some of that proactively, and we expect that to kind of stay with us for at least the next 3 to 4 months, and then we'll see how that progresses. So overall, the guidance is still around 4% to 5% growth on the container volume for the financial year.

Deepak Maurya - Analyst
Okay. And for this FH2 service with Maersk, which has started since June, what is the contribution of this particular service? If there's some information available on that?

Girish Aggarwal - Managing Director, Gujarat Pipavav Port Limited
Yes. So I mean, It's early days, right? So it's about 4 calls that have happened so far. Usually, the services start small and then they start to grow. But I would expect that -- I mean, not -- Shaheen will be gone for 12 months and assuming 9 months of this. But like-to-like basis, it will eventually turn out to be similar to Shaheen volume on a weekly basis.

Deepak Maurya - Analyst
Okay. Okay. And with respect to the gas outlook, right, now 1.3 million metric tons to 1.4 million metric tons is somewhere about 8-odd percent decline year-on-year. Now this implies that there's sequential improvement during the rest of the quarters compared to where we were in the first quarter. What are the trends which you have seen so far in July and middle of August? How -- if you could allude to how the second quarter is performing with respect to liquid particularly? And if you can, about the rest of the cargoes as well.

Girish Aggarwal - Managing Director, Gujarat Pipavav Port Limited
So I will not comment on this quarter's how we are doing from an overall volume perspective. I can give you overall guidance. Roughly a 0.3 million decline over last year is 1.6 million gives us an overall decline of about 18%, right? So we expect a 15% to 20% decline in volumes as -- on the overall liquids side. Liquids is -- obviously the first quarter is difficult, but now LPG started to come from the US. So we do expect some catch-up happening in the remainder of the year.

Deepak Maurya - Analyst
Okay. Okay. And if Santosh can help us with the realizations because it seems that on a like-for-like basis, excluding the scrip the duty reversals, right, the realization seems to be on the higher side. So if you could run us through the typical number which you help us with, right, that will be insightful.

Santosh Breed - Chief Financial Officer, Gujarat Pipavav Port Limited
Sure, sure. So the realization for container is around INR9,500 to INR10,000 per TEU. Now this change, which has happened as compared to the previous quarter, driven mainly by 2 things. One was the favorable exchange rate, benefiting in this quarter? And second is the tariff increase what we have taken in January. Some of those have started materializing based on the contextual arrangement with the customers from this quarter. So those 2 are the reasons for the change in the realization.

Having said this, what you see in the numbers are substantially higher. So one is the SEIS or the duty scrips what we have mentioned. But apart from that, we also had some one-offs on the provision reversal as well as opportunities what we got -- the ad hoc opportunities what we've got for transhipment volumes. The storage revenue on those also helped us to push the revenue up. So that one-off is also sitting in this number. And that's why you see the realization on the higher side.

Deepak Maurya - Analyst
Okay. And then for the bulk liquid, is it the same run rate as what we saw last quarter? Or you're seeing...

Santosh Breed - Chief Financial Officer, Gujarat Pipavav Port Limited
That's right. For bulk and -- so bulk remains at INR650 to INR750 per metric ton and liquid remains at INR650 -- sorry, liquid is a bit better I mean with the cargo mix for this quarter, around INR650 to INR700 per metric ton.

Deepak Maurya - Analyst
Okay. Okay. That's very helpful. And Girish and Santosh, both of you, if you can help me with -- we have been seeing a lot of news flow about containers being backlogged in most ports in India, be it Mundra, be it Nhava Sheva, right? And then there are even reports of carriers having to skip calls because they cannot load or offload because of the excessive waiting times. So if you could help us understand what kind of congestions, if at all, there are any in your port? And if there's no congestion or if it is a management level, are you seeing an opportunity to capture ad hoc calls because your peers are unable to handle those vessels?

Girish Aggarwal - Managing Director, Gujarat Pipavav Port Limited
No. So currently, there are no congestions in Pipavav. Monsoons, of course, always remains -- I mean, at times is difficult. But in general, our port is fully functional, no birthing delays largely for any vessels, which is the situation in being -- and that's why I said, in spite of the fact that we are going to lose Shaheen, we are aggressively looking at tapping opportunities of transshipment, which we've done this quarter. We see that continuing to happen. So yes, so that's going to happen. This is also, of course, subject to the draft and the vessel requirements, et cetera.

Deepak Maurya - Analyst
Okay. So is it fair to conclude that you might get some opportunities because...

Girish Aggarwal - Managing Director, Gujarat Pipavav Port Limited
Yes, yes, we're already getting that.

Deepak Maurya - Analyst
You're already getting that. Okay. Okay. That makes sense. And then the standard question with respect to the concessions, any developments since we last spoke 3 months back?

Girish Aggarwal - Managing Director, Gujarat Pipavav Port Limited
Yes. I think things are progressing positively with the Gujarat Maritime Board. Again, there are no red flags, also nothing further to report where we are today vis-a-vis 3 months back, but I will be coming back to you as soon as we have something from the GMB, but things are moving in the right direction.

Deepak Maurya - Analyst
Okay, thank you. And my last question is, what is the capex outlay for this year, if you could help us understand that. Any changes since we last spoke? And if you can put a number to what you expect the capex to be for this year, including the expansion which you're doing in the liquid jetty.

Santosh Breed - Chief Financial Officer, Gujarat Pipavav Port Limited
Yes. So no major changes what we spoke from last, but we expect around -- close to around INR200 crores to be spent. And again, major spend is happening on the liquid jetty what we are going to commission in this financial year.

Deepak Maurya - Analyst
Okay, thank you, gentlemen, and good luck with the recovery in liquids and containers.

Manish Agnihotri - Company Secretary & Compliance Officer, Gujarat Pipavav Port Limited
Thank you. Mr. Rajeev Rupani, please go ahead.

Rajeev Rupani - Analyst
Yes, sir, thank you for the opportunity. Yes, sir. This is my first call, and I'm new to the company. And I have a follow-up question on the concession agreement. So you have said that the talks are progressing well. So I mean, when do we come to know -- I mean in -- because the concession agreement expires in September '28. So we will come to know in the year '28 only or 1 year before or what? This is my first question.

Girish Aggarwal - Managing Director, Gujarat Pipavav Port Limited
So, it's difficult to answer that question. It entirely depends on the Gujarat Maritime Board and Government of Gujarat. So what I can confirm as soon as we get to hear, we will disclose it.

Rajeev Rupani - Analyst
Okay. My next was a follow-up question. So once we get the approval, right, you have mentioned that a parent APM will invest about INR17,000 crores for expansion. So this total investment will be made by the parent only or GPPL will make investments? Could you clarify?

Girish Aggarwal - Managing Director, Gujarat Pipavav Port Limited
This is a GPPL investment.

Rajeev Rupani - Analyst
So the whole investment will be made by GPPL?

Girish Aggarwal - Managing Director, Gujarat Pipavav Port Limited
Yes.

Rajeev Rupani - Analyst
Okay. And could you also guide us how much will be invested in phases? And how much time will it

take? What will the capacity afterwards? Some brief idea, please?

Girish Aggarwal - Managing Director, Gujarat Pipavav Port Limited
I cannot give that brief idea today, Rajeevji. It is not possible. There's a lot of things that will go before we get to that discussion. I think the overall contours of INR17,000 crores are broadly known. But we're still working with our master plan, business plan. We will discuss this with Gujarat Maritime Board. Whenever they want us to have that discussion, agree with them and then come back, right? At this point in time, it is very premature.

Rajeev Rupani - Analyst
Okay. And my next question was this capex for the liquid cargo and our capacity is going from 2 million metric tons to 5 million metric tons. So when does it get complete? And how much will it add to our revenues approximately?

Girish Aggarwal - Managing Director, Gujarat Pipavav Port Limited
Yes. So current closure is March 2027. So no impact this financial year. And then it will progressively grow. So I don't have ready information to give you in terms of what's the revenue additive in '27-'28. Are you looking at '27-'28 or...

Rajeev Rupani - Analyst
Yes, '27-'28, approximately.

Girish Aggarwal - Managing Director, Gujarat Pipavav Port Limited
Okay. But that we can get back to you separately.

Rajeev Rupani - Analyst
Okay. And what will be the capacity utilization you expect of this 5 million metric tons, approximately, once it's complete?

Girish Aggarwal - Managing Director, Gujarat Pipavav Port Limited
This will be phased over a period of time, right, in terms of growth, not the entire thing will come -- I mean we will not fill the jetty up immediately as it gets commissioned, right? So it will progressively improve. But we expect over the next 3 years, we should be back to -- 3 to 4 years, we should be back to full.

Rajeev Rupani - Analyst
Thank you. That's the promise.

Manish Agnihotri - Company Secretary & Compliance Officer, Gujarat Pipavav Port Limited
Thank you. Neelotpal, please go ahead with your question.

Neelotpal Sahu - Analyst
Hi sir, good morning, and congratulations on a great set of numbers. Just wanted to harp on this additional revenue that we have secured aside of the duty scrips, these one-off provisions and ad hoc opportunities, can you quantify approximately how much did they contribute additionally to the revenue? And secondly, is that something we should assume at a sustainable rate for the year?

Santosh Breed - Chief Financial Officer, Gujarat Pipavav Port Limited
So first of all, these are very ad hoc, right? So these are not something which we can say is

sustainable. The opportunities will keep on coming on transshipment and then, of course, we'll use those opportunities. And we will have some additional revenue, but it is difficult to quantify what those revenues will be. And even on the provisions, again, these are one-offs. So I would not like to quantify anything on that front as well.

Neelotpal Sahu - Analyst
And just a clarification. Our realizations on the transshipment volumes compared to non-transshipment would be lower? Or how does that mix move if they're lower?

Girish Aggarwal - Managing Director, Gujarat Pipavav Port Limited
They are lower. However, what also is happening and there was this question also on the congestion, et cetera, in the other ports that there is additional -- it comes with additional storage. It comes with additional -- even a lot of these transshipment is also refurb. So that also comes with additional charges. So in general, I think, we've been able to -- there's not too much of a difference at least what we saw this quarter. Let's see how that goes the next quarter.

Neelotpal Sahu - Analyst
Got it, sir. And my second question was with respect to the Kandla-Gorakhpur pipeline. Is that now complete? On the last call, I think you mentioned around 8-odd kilometers was pending.

Girish Aggarwal - Managing Director, Gujarat Pipavav Port Limited
Yes, 7-odd kilometers, which we are now expecting October this year. That's the current time line that I have.

Manish Agnihotri - Company Secretary & Compliance Officer, Gujarat Pipavav Port Limited
Mr. Rajeev Rupani, you have some more questions? You have your hand raised.

Neelotpal Sahu - Analyst
A follow-up question. This -- what will be the dividend policy going forward?

Girish Aggarwal - Managing Director, Gujarat Pipavav Port Limited
Yes, sorry, the Board will decide the dividend policy. As of now, there's no change to the policy. As and when the Board decides a change, we would communicate that.

Neelotpal Sahu - Analyst
Thank you.

Manish Agnihotri - Company Secretary & Compliance Officer, Gujarat Pipavav Port Limited
Thank you. Mr. Parimal Mithani, please go ahead with your questions.

Parimal Mithani - Analyst
Can you hear me?

Manish Agnihotri - Company Secretary & Compliance Officer, Gujarat Pipavav Port Limited
Yes, please go ahead.

Parimal Mithani - Analyst
Yes. Sir, recently, the parent has made a lot of statements regarding the Indian markets? And is there any thought process how do you see your business over the next 3 to 4 years?

Girish Aggarwal - Managing Director, Gujarat Pipavav Port Limited
Sorry, I -- what were you talking about the parent, I'm sorry, you're not very clear.

Parimal Mithani - Analyst
A.P. Moller has made a substantial commitment about India growth prospects and about investments in terms of ports and all. Can you give -- if there's any guidelines, how do you see your business going for the next 3 to 4 years from here, sir?

Girish Aggarwal - Managing Director, Gujarat Pipavav Port Limited
No, no. So the guidelines, et cetera, guidance given by A.P. Moller I cannot comment. I can only comment only on -- from a GPPL matter perspective. If you're saying what is the GPPL's outlook for the next 3, 4 years? Is that how I should see your question?

Parimal Mithani - Analyst
Yes, if you can.

Girish Aggarwal - Managing Director, Gujarat Pipavav Port Limited
Yes, yes. I mean I think, of course, a lot is dependent on the concession extension. So hence, we do not go out and give our overall guidance for the next 3 to 5 years. So the right thing would be that we secure the concession and then we should come back to what we plan to do. I mean there are a lot of questions about the investment, et cetera, et cetera. So as the business plan unfolds, then we can talk about it. It's again, as I said, a little premature. Let the concession thing get closed out first.

Manish Agnihotri - Company Secretary & Compliance Officer, Gujarat Pipavav Port Limited
Thank you. Any question from anybody else? Yes, Koundinya, please go ahead with your questions.

Koundinya Nimmagadda - Analyst
Hi sir, Thanks for the opportunity. Couple of questions. Firstly on the realization side, right, even bulk looks slightly higher, if I understood the number. Is there anything that we should note there? I mean...

Girish Aggarwal - Managing Director, Gujarat Pipavav Port Limited
The question is on bulk realization?

Koundinya Nimmagadda - Analyst
Yes, yes.

Santosh Breed - Chief Financial Officer, Gujarat Pipavav Port Limited
The realizations have been maintained, so there is no impact on the realization. The changes what you see is mainly because of cargo mix that has been handled.

Koundinya Nimmagadda - Analyst
Understood, sir. And sir, secondly, on the concession agreement, what is the kind of conversation that is happening with the Maritime Board. Is it that they'll call for your bidding and then there will be kind of ROFR thing? Or is it some methodologies being discussed? Or is it like a one-on-one negotiation, what is the -- what are options that are happening there?

Girish Aggarwal - Managing Director, Gujarat Pipavav Port Limited
So that cannot be discussed here, Koundinya. I think it is suffice to say that we are progressing well

with our discussions with Gujarat Maritime Board. And anything that comes up, we will then disclose. I mean at this point in time, there is nothing to disclose. Neither there is any red flag that -- we are at least at the management level, worried about.

Koundinya Nimmagadda - Analyst
Okay, so good to hear that. Thank you very much and all the best.

Manish Agnihotri - Company Secretary & Compliance Officer, Gujarat Pipavav Port Limited
Thank you. Udeesha Agarwal, please go ahead.

Udeesha Agarwal - Analyst
Yes, sir. I just had one question on the bulk side of the business, sir. In the last con call, we had a guidance of a decline of 8% to 10%. While we see actually that we have seen a 15% rise in the bulk side of the business, which is entirely led by the minerals and others when the fertilizers stayed flat. So my question would be, is it because of coal -- was coal the primary driver of it? Or was it iron ore cement or steel? If you could guide on -- if you could just put some light on this.

Girish Aggarwal - Managing Director, Gujarat Pipavav Port Limited
No, no, no. So I think -- I don't know what numbers you're talking about, but just from a numbers-numbers perspective, there is a 7% decline in the total dry bulk volume, April-June '25 versus April-June '26, which has a 2% decline on fertilizers, largely flattish. And when we spoke last time, I think the government came out with additional tenders and there is a strong push from the government to increase the fertilizer in the monsoon season, and that is something that we are seeing. The large decline that we see in dry bulk is essentially owing to limestone decline, which again also comes out of the Hormuz.

Udeesha Agarwal - Analyst
Okay, so that works. Thank you so much.

Manish Agnihotri - Company Secretary & Compliance Officer, Gujarat Pipavav Port Limited
Thank you. Neelotpal, please go ahead with your questions.

Neelotpal Sahu - Analyst
Sir, just a follow-up on this SEIS income front. Are there any more claims -- any more amounts that we have claimed and could potentially receive over due course of time?

Santosh Breed - Chief Financial Officer, Gujarat Pipavav Port Limited
Yes, we have one scrip, which is still pending and -- but there's not a substantial amount within -- for last financial year. So nothing major coming now.

Neelotpal Sahu - Analyst
Understood. And has this been paid out in cash as well? Or this is something that has been accepted and like not credited by the government yet?

Santosh Breed - Chief Financial Officer, Gujarat Pipavav Port Limited
So this is a duty scrip, which are tradable. So you can go and monetize it in the market, which has been done.

Neelotpal Sahu - Analyst
Understood? Understood. Thank you sir.

Manish Agnihotri - Company Secretary & Compliance Officer, Gujarat Pipavav Port Limited
Any follow-up questions with anyone else? Any last questions? Yes, Kartik, please go ahead.

Kartik Kohli - Analyst
Just to understand that realizations are a bit better. Can you highlight other factors that are supporting this about 20%, 25% increase in Y-o-Y realization on a per tonne basis? Some more color on how much of this we should build in for the upcoming quarters?

Santosh Breed - Chief Financial Officer, Gujarat Pipavav Port Limited
So as I mentioned earlier, right? So if I look at container to container realization, we give per TEU. And that has changed from INR9,500 to INR10,000 as compared to the previous quarter, an increase. And this increase is mainly coming because of one we've taken tariff increase in January, but some of the contracts, which were effective April so that increase got implemented in April. And also because of the favorable exchange rate as our container tariff is in dollars. So that is helping to improve this realization. Non-container more or less remains as there's no major changes in the non-container realization. And I also don't see any major changes happening in the coming quarter as well because the tariff increase now has been taken in and has been built-in, in these numbers.

Kartik Kohli - Analyst
Can you just help us separate whatever the one-offs are in terms of the simple realization? How much of the realization Y-o-Y increases coming from the structural factors and the mix and whatever is coming from the one-off that you meant.

Santosh Breed - Chief Financial Officer, Gujarat Pipavav Port Limited
So we don't really quantify the one-offs. But on a very high level, just for -- right, on the total revenue excluding the SEIS, you can say around 5% is the impact.

Kartik Kohli - Analyst
Thank you so much. That's all.

Manish Agnihotri - Company Secretary & Compliance Officer, Gujarat Pipavav Port Limited
Shrikanth, please go ahead with your questions. Shrikanth, can you hear us? Please go ahead with your questions. Maybe Deepak, you can go ahead.

Deepak Maurya - Analyst
Are you able to hear me?

Manish Agnihotri - Company Secretary & Compliance Officer, Gujarat Pipavav Port Limited
Yes.

Deepak Maurya - Analyst
Okay. Good. So given that the cargo mix has -- or revenue mix has changed over the past couple of years with liquids and RoRo coming back on stream, right? And containers being flattish or slightly declining versus a couple of years ago. Could you help us remind what is the US dollar exposure in terms of your revenues? What contribution it is for the overall revenues?

Santosh Breed - Chief Financial Officer, Gujarat Pipavav Port Limited
So almost 60% to 65% of the top line is for container business, right? And that container business is in US dollars. The rest are dry bulk contracts, handling contracts, everything is in local currency.

Deepak Maurya - Analyst
Okay. So liquids, RoRo are all in local currencies?

Santosh Breed - Chief Financial Officer, Gujarat Pipavav Port Limited
That's right.

Deepak Maurya - Analyst
Okay, thank you very much. That's very helpful. That's it for me.

Manish Agnihotri - Company Secretary & Compliance Officer, Gujarat Pipavav Port Limited
Any more questions from anyone? Doesn't seem to be the case. Sorry, Udeesha, please go ahead.

Udeesha Agarwal - Analyst
Just one follow-up question on the liquid jetty. So for the past few quarters, we have been continuously seeing a decline on the liquid side of the business. Although it was all guided, but we are also coming up with the liquid jetty. So do we already have some customers or contracts signed? Any guidance on that? Because then the kind of guidance that we have for the year end, for that, we'll have to cover up a lot. So do we have any guidance on that?

Santosh Breed - Chief Financial Officer, Gujarat Pipavav Port Limited
Sorry, Udeesha, are you saying liquid volumes are declining every quarter?

Udeesha Agarwal - Analyst
Sir, just 1 second. Yes. So we've seen -- we've been seeing a decline in the liquid side of the business, if I'm correct.

Girish Aggarwal - Managing Director, Gujarat Pipavav Port Limited
That's not really how we see it, Udeesha. Fundamentally, the liquids have grown over the last 3 years from a little less than 1 million metric tons to last year financial year, 1.6 million metric tons. So that's sort of a 60% growth over the last 3 years. This quarter, I mean there are minor variations quarter-on-quarter, 417,000 to 388,000 to 404,000 to 383,000, which is part and parcel of the business. But fundamentally, if you look at liquids business has steadily grown, and we sort of topped our capacities, and that's the rationale why we went ahead with an additional jetty as our customers continue to ask for more volume.

Yes, this quarter has been a fundamental decline, but that's because of the Middle East conflict. We do see now some parts of the LPG now coming back through the US channels, let's see how that develops. We are now also -- Aegis is also busy commissioning their ammonia, 36,000 metric ton ammonia tank, which we expect to start work sometimes in September, October. So that will add additional volume -- an additional liquid stream to the Pipavav Port. So, we do see continuous improvement and growth on the liquid side from a fundamental business perspective.

Udeesha Agarwal - Analyst
Right. So that really helps. Thank you so much.

Manish Agnihotri - Company Secretary & Compliance Officer, Gujarat Pipavav Port Limited
Thank you. Aditya, please go ahead with your questions.

Aditya Mongia - Analyst
Thanks. Apologies if I'm repeating something here. I ended up coming late on the call. That being said, just some clarification. When you say that you will see the Middle Eastern line remaining close, the Shaheen one remaining close for the remainder of the year. Why would that be the case and why would then -- is there a risk that it never comes back next year?

Girish Aggarwal - Managing Director, Gujarat Pipavav Port Limited
So sorry, this is an assumption we've made. We haven't seen Shaheen coming back since March. So March still -- now we are ending August, we don't see it in September as well. So at this point in time, we have made that assumption that the conflict may continue for a little longer period of time, and hence, Shaheen will not come back. Of course, if Hormuz opens up, it is highly possible that it will come back again in its same shape and form. I mean, definitely possible. But that's the assumption when we are giving the guidance.

Aditya Mongia - Analyst
Understood. So how much will you end up gaining once the scenario on this Middle Eastern line normalizes and you've added the new line that you had to add, on an aggregate basis on these 2 things?

Girish Aggarwal - Managing Director, Gujarat Pipavav Port Limited
How much it depends entirely on when it starts, if it starts, there are just too many questions. It's best from a prudence perspective to assume at this point in time as we do not see it coming in the financial year. When it starts, of course, we will come back and talk about it.

Aditya Mongia - Analyst
Understood. On the liquids front, where you are and where you can be this is your capacity expansion. If that gap is 100, what is the visibility that you have today from customers already? And how many more customers do you need to fill that gap in some sense of the time line?

Girish Aggarwal - Managing Director, Gujarat Pipavav Port Limited
There's no point talking about at the customer level. This is -- I mean, in general, if you look at India, in general, if you look at the growth, in general, if you look at how much LPG is imported into India and what it will be imported as we keep moving forward, putting up the ammonia tankage, et cetera. We believe we would be needing additional jetty and that is why we built the additional jetty, which also is fully VLGC compliant. I would argue that this 3 million we would fill over 3 to 5 years.

Aditya Mongia - Analyst
Understood. Those are my two questions. Thank you.

Girish Aggarwal - Managing Director, Gujarat Pipavav Port Limited
Thank you. Mr. Rajeev Rupani, please go ahead.

Rajeev Rupani - Analyst
Yes, sir. I have a follow-up question. So the RoRo units have scaled up well from 42,000 units to 65,000 units. What kind of volumes do you see over next, let's say, after 2 to 3 years, how much can this be scaled up further? Thank you.

Girish Aggarwal - Managing Director, Gujarat Pipavav Port Limited
Yes. So the guidance for this year, we've already given. We do not give guidance beyond this at least at this point in time. A lot will depend on concession extension. So I've already given a guidance for 260,000, 270,000 cars for this financial year, and we'll stick to that.

Rajeev Rupani - Analyst
Thank you.

Manish Agnihotri - Company Secretary & Compliance Officer, Gujarat Pipavav Port Limited
Thank you. Thank you. Neelotpal, you have a follow-up question?

Neelotpal Sahu - Analyst
Sorry, sir, I missed the figure of where you mentioned that on an underlying basis, your total realization growth ex SEIS should be, did you say 5% around?

Santosh Breed - Chief Financial Officer, Gujarat Pipavav Port Limited
Yes, that's right. On an overall revenue basis, what I mentioned was that because the question was the impact of these one-offs on the revenue. So that's why I tried to give a high-level quantification. The total revenue what we see roughly around 5%.

Neelotpal Sahu - Analyst
So 5% would be the underlying realization growth or 5% is the total quantum of the one-off?

Santosh Breed - Chief Financial Officer, Gujarat Pipavav Port Limited
It's quantum of the one-off.

Manish Agnihotri - Company Secretary & Compliance Officer, Gujarat Pipavav Port Limited
Mr. Mohit Vijay, please go ahead.

Mohit Vijay - Analyst
Hello?

Manish Agnihotri - Company Secretary & Compliance Officer, Gujarat Pipavav Port Limited
Yes, please go ahead with your question.

Mohit Vijay - Analyst
[Indecipherable]

Manish Agnihotri - Company Secretary & Compliance Officer, Gujarat Pipavav Port Limited
Sorry, your line is not clear, Mohit.

Mohit Vijay - Analyst
[Indecipherable]

Girish Aggarwal - Managing Director, Gujarat Pipavav Port Limited
Sorry, Mohit, we can't hear you.

Manish Agnihotri - Company Secretary & Compliance Officer, Gujarat Pipavav Port Limited
Can't hear you, Mohit. Aditya, please go ahead with your question.

Aditya Mongia - Analyst
Yes. Just a follow-up question as -- so your margins have been steady at 60% if I take SEIS out. And obviously, there are one-offs in revenue. So some of the costs also have gone up meaningfully. Our sense is that this other expense item is now looking fairly vivid. Could you give us a sense of what is driving the growth in other expenses? And what should we a directory increment? Is there any one-offs inside?

Santosh Breed - Chief Financial Officer, Gujarat Pipavav Port Limited
Yes. So in other expense, of course, we have -- so we have some -- in the current quarter, some additional CSR expense, which was done as compared to previous quarter. And we also had made some provisions which has resulted to this increase. But apart from this, there is no major change as such in other expenses. Otherwise, everything is as per the business. So this variation, we'll see depending on what activity we have undertaken. We have taken some activity for repairs and maintenance this quarter. So those variations will be there, but no significant increase in cost as such. So this is mainly the quarterly variations.

Aditya Mongia - Analyst
Understood. So if I have to put it simply, your ability to maintain and go beyond 60% margins as things normalize, SEIS goes out and -- we're just seeing operational numbers, it's pretty much there. That does not change.

Santosh Breed - Chief Financial Officer, Gujarat Pipavav Port Limited
Yes.

Aditya Mongia - Analyst
Got it. Thank you. That will be only question on my side.

Manish Agnihotri - Company Secretary & Compliance Officer, Gujarat Pipavav Port Limited
Thank you. Koundinya, go ahead.

Koundinya Nimmagadda - Analyst
Hi sir, thanks for the follow up. Just one question. I think a couple of quarters back if I recollect correctly, you spoke of some dredging-related activity, which you need to incur. Can you please remind us on what is it about? And then is it still on and therefore, what is the cost that you may need to incur?

Santosh Breed - Chief Financial Officer, Gujarat Pipavav Port Limited
You mean dredging, is it?

Koundinya Nimmagadda - Analyst
Yes.

Santosh Breed - Chief Financial Officer, Gujarat Pipavav Port Limited
No, no. Dredging cost for what?

Koundinya Nimmagadda - Analyst
So I think you spoke that you will need to do incur some dredging-related expenses in FY '27, '28, if I recollect correctly, about a couple of quarters back. My mobile resource, I'm just trying to understand is that on? Or is it something -- I mean it is currently under way or is it something that we

need to incur, if you can help me understand that.

Girish Aggarwal - Managing Director, Gujarat Pipavav Port Limited
I'm unclear. Did we talk about capital dredging? Did we talk about maintenance dredging?

Koundinya Nimmagadda - Analyst
Maintenance, I think. I think maintenance.

Girish Aggarwal - Managing Director, Gujarat Pipavav Port Limited
So maintenance dredging, difficult to say. I mean this is an evaluation that we do every year. And based on the evaluation that comes out, we then take the dredging activity if needed.

Koundinya Nimmagadda - Analyst
Okay. Okay. Understood, sir. And any capital dredging activities planned, sir?

Girish Aggarwal - Managing Director, Gujarat Pipavav Port Limited
We've just done it for the liquid jetty.

Koundinya Nimmagadda - Analyst
Understood, sir. Thank you very much. That's it from us.

Manish Agnihotri - Company Secretary & Compliance Officer, Gujarat Pipavav Port Limited
Thank you. Any last questions from anyone? Doesn't seem to be the case. Thank you very much for joining, and have a good day.

Girish Aggarwal - Managing Director, Gujarat Pipavav Port Limited
Thank you. Thank you. Appreciate it.

Santosh Breed - Chief Financial Officer, Gujarat Pipavav Port Limited
Thank you. Thank you very much.