"Adani Ports and SEZ Limited's Q2 & H1 FY'20 Results Update Conference Call"

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MODERATOR: **MR. SWARNIM MAHESHWARI – EDELWEISS SECURITIES LIMITED.**

Moderator: Ladies and gentlemen, good day and welcome to the Adani Ports and SEZ's Q2 & H1 FY'20 Results Update Conference Call hosted by Edelweiss 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 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 Swarnim Maheshwari from Edelweiss Securities Limited. Thank you and over to you, sir.

Swarnim Maheshwari: Good evening, everyone. On behalf of Edelweiss, I welcome you all to Adani Ports Q2 & H1 FY'20 Results. From the management, we have with us Mr. Karan Adani – CEO and Whole-time Director and Mr. Deepak Maheshwari – CFO and Head of Strategy.

I will request Mr. Karan to give his "Opening Remarks" first, post which we will have a "Q&A Session." Thanks and over to you, Karan.

Karan Adani: Good evening, ladies and gentlemen. Welcome to the Conference Call to discuss H1 FY'20 Operational and Financial Performance of Adani Ports and SEZ Limited. We have uploaded our presentation on website and hope you had sufficient time to go through the same. In H1 FY'20, we created another record of handling highest cargo throughput in a half year. During this period, our ports achieved a throughput of 109 MMT translating into YoY cargo volume growth of 9%. This is against 5% cargo volume growth registered by all India ports. Similarly, in container, our ports handle 3.1 million. TEUs, registering a growth of 10%. This is against 7% in container growth registered by all India port. Our market share in H1 FY'20 has increased by 100 basis points to 22% of all India cargo volume and to 35% of all India container volume. The consistent gaining of market share reflects our resilience and ability to grow across all our operating ports. Ports revenue during the half year grew by 13%. Similarly, ports EBITDA also grew by 13%. We have not seen any pressure on our realization and have been able to maintain ports EBITDA margin of 70%.

Deepak will take you through the details of the financials in the later part of the presentation.

We continue to focus on environment, social and governance aspects of the business. Efficient use of water and energy from cleaner sources, reduction of emission level and zero tolerance for fatalities at our ports continues to be our top priority. Details of progress made in H1 FY'20 are shared in our presentation.

In H1 FY'20 APSEZ successfully completed its first buyback of 3.92 crores equity shares at an offer price of Rs.500 per share. This payout was in addition to the 10% dividend paid to the shareholders for FY'19. Thus the total payout to the shareholders for FY'19 was 50% of PAT compared to 11% of PAT in FY'18.

Our focus on diversifying and strengthening our ports by inducting professional from diverse fields continues. I am happy to announce that we have inducted Mr. Bharat Sheth as an independent director w.e.f. 20th October 2019. As you all know, Mr. Bharat Sheth is the M.D. of Great Eastern Shipping company which is the largest shipping company in India with a rich history of 72-years. He has been inducted in place of Mr. Sanjay Lalbhai who retired on completion of its term. Going forward, we have set in motion process for formal board member evaluation, establishment of disclosure committee and establishment of global code and policy committee and these will be completed before March of 2021.

Let me now share some updates on “Operational Aspects.” Mundra Port commissioned a new container terminal with an initial capacity of 0.5 million. TEU, and we expect to expand this to 1 million. TEU in next one year. We also commenced LPG operations at Mundra port in October 2019 with the initial capacity of 3.2 MMT.

As part of further diversification, I am happy to announce that Kattupalli port has commissioned liquid terminal with an initial capacity of 60,000 KL. At Haldia port additional liquid tank pump with the capacity of 24,000 KL was operationalized and a new container service “Indian West Coastal” was commenced. We continue to diversify and handle different types of cargo, for instance, Dhamra port has started handling project cargo and steel billets. Similarly, Mundra Port has started naphtha exports. Dahej port has entered into a medium term contract to handle coal for Grasim and we continue to explore similar opportunities and add new customers to our fold. This makes us more resilient and not dependent upon any single type of cargo.

Now, I would like to share some information on Dhamra, Hazira and Mundra Ports. Coming to Dhamra port, our strategy to focus on improving evacuation by road and rail at Dhamra port continues to yield positive result. As a strategy, we invested in general purpose wagons investment scheme to increase rake availability. As a result, Adani Logistics Limited is operating six rakes under the scheme for Dhamra port. In H1 of FY’20, Adani Logistics Limited has transported 500,000 MT of cargo through these rakes. During H1 of FY’20, Dhamra port registered a growth of 46%. In H1 FY’20 Dhamra port handled 13 mt Vs 9 mt in H1 of FY’19. All types of cargo registered a double-digit growth. The port continues to focus on adding new types of cargo. Fertilizer and clinker import is now handled through road. As guided earlier, from FY’20 onwards, we expect Dhamra port to grow by at least 20-25% every year.

Coming to Hazira port, during H1 FY’20, liquid handling at the port increased by 23%. This resulted in port reporting a higher EBITDA of 77% in H1 FY’20, an increase of 200 basis points year-on-year. We expect Hazira to continue to have similar margin in future as well. In FY’20, cargo volumes at Hazira is expected to grow in the range of 10%-15%.

Coming to Mundra Port, in Q2 FY’20, coal and crude volume were lower than anticipated. However, container volumes at Mundra rebounded in Q2 of FY’20. In Q2 of FY’20, we saw a 10% growth in container volume versus 3% in Q1 of FY’20.

I am also really happy to announce that in September 2019, Mundra port for the first time became the largest container handling port in the country. We were able to surpass JNPT in terms of monthly handling of volume. Coal volume was lower due to lower import of APL, CGPL and Adani Enterprises Limited. Crude volume was lower due to shutdown of refineries by IOCL and HMEL for upgrading to BS VI norms. We expect both coal and crude volumes to recover in H2 FY'20. We are focused to our long-term coal customers and we are confident of higher volumes in H2 FY'20. Similarly, crude volumes will be higher as IOC and HMEL refineries are now fully operational. In Q2 FY'20, one coastal container line service which we had lost to Kandla has been reinstated. In addition, from Q3 FY'20, three more EXIM services, mainly MIAX which is West Africa service, FGSI, and MBX Middle East service, will start calling Mundra terminal. These services will bring an additional container volume of 70,000 TEUs for H2 FY'20. With the commissioning of T2 container terminal and new services added, container volumes at Mundra is expected to grow in H2 FY'20. By end of FY'20, Mundra would become the largest container handling port and surpass JNPT. Thus, Mundra port will register a high single digit growth in FY'20.

Coming to logistics, operations on year-on-year basis for rail volume handled by ALL registered a growth of 79% and revenue registered a growth of 43%. Rail volumes were lower due to additional rig capacity, new routes and acquisition of B2B logistics. Adani Logistics Limited is currently operating 50 rakes. This includes 37 container rakes and six bulk cargo rakes. It also operates seven grain trains under own your wagon scheme through its subsidiary, Adani Agri Logistics, acquired in March 2019. During H2 FY'20, ALL has ordered 11 new container rakes and 2 rakes under GPWI. Thus, Adani Logistics Limited is on track of operating 60-plus rakes by end of FY'20.

Coming to operations of Adani Agri Logistics Limited, it handled 0.6 MMT of cargo in H1 of FY'20, registering a year-on-year growth of 26% and is on track to a target of 1.3 MMT in FY'20. Currency AALL has eight silo units under implementation. It has participated in tenders floated by FCI in seven locations in West Bengal. It will also participate in upcoming tenders to grow its market share, one of which is upcoming in Q3 of FY'20 in U.P.

Coming to update on Logistics park, two more logistics parks are under construction at Bangalore and Nagpur. Thus by end of FY'20 Adani Logistics will operate six logistics park. This is in addition to ALL developing warehouses at Kattupalli, Taloja and Mundra.

To conclude, Adani Logistics is on track towards its strategy of expanding logistics footprint across India, building multi-model logistics park, warehousing, rail network and distribution in order to be a leading integrated logistics service provider in India. ALL continues to explore opportunities for acquisition of similar nature in India.

Coming to SEZ, in H1 FY'20, we have earned an income of Rs.28 crores in SEZ. This includes land lease and upfront fee. In H2 FY'20 we will be leasing LNG terminal at Mundra and Dhamra and earn port infrastructure development income of Rs.800 crores to Rs. 1,000 crores, thus achieving our guidance for FY'20.

In conclusion, our pan India presence and ability to handle multi-cargo at our larger ports enables us to gain market share in India and achieve 1.5x of all India cargo volume growth on a consistent basis. For FY'20, we expect cargo volumes to be around 224 to 228 MMT. We expect our port revenues to grow by 12% to 14% and port EBITDA to grow by 12% to 14%.

Now, I request Deepak to take you through the financial numbers:

Deepak Maheshwari: Thank you, Karan, and welcome to all the participants. During H1 FY'20, consolidated revenue grew by 12% to Rs. 5,616 crores from Rs. 5,019 crores and consolidated EBITDA grew by 10% to Rs. 3,634 crores from Rs. 3,292 crores. Our consolidated EBITDA margin continue to be at 65%. Port revenue has grown by 13% on account of 9% cargo volume growth and improvement in realization. Port EBITDA margin is maintained at 70%. This has resulted in the profit before tax increasing by 31% to Rs. 2,248 crores and PAT by 58% to Rs. 2,055 crores. Depreciation has increased by Rs.127 crores due to the capitalization of assets at Mundra, Dhamra and Kattupalli in addition to acquisition of B2B logistics and AALL. During H1 FY'20, we raised two US-dollar denominated bonds. Both the issuances received overwhelming response from institutional investors. The successful issuance is a testimony of the continued trust of investors in APSEZ's strong business model and financials. During H1 FY'20, the gross interest cost increased due to the premium paid towards refinancing of US$650 million bond and additional interest on account of the new bond issuance of US$750 million.

Further to recent amendment made in taxation law from April 1st 2019, domestic companies have the option to pay corporate tax rate at 22% plus applicable surcharge and cess subject to condition. APSEZ has chosen to exercise the option of new tax rate for the certain subsidiary companies and to continue with the existing tax structure for the rest of the companies until accumulated minimum alternate tax credit is fully utilized. APSEZ has remeasured the outstanding deferred tax liability that is expected to be reversed in the future. Accordingly, an amount of Rs.304 crores has been written back in the consolidated statement of profit & loss.

During the year, we have spent an amount of Rs. 2,117 crores towards capital expenditure. Our capital expenditure program for FY'20 will be within our guided amount of Rs. 4,000 crores. Free cash flow from operations after adjusting for working capital changes and investing activities was Rs. 1,641 crores in H1 FY'20 as compared to Rs.957 crores in H1 FY'19 and Rs. 1,570 crores in FY'19. In Q1 FY'20, a provision of Rs.59 crores was taken towards storage charges claimed by Mormugao Port Trust. We are in discussion with the port trust for waiver of such charges.

Trade receivables have come down marginally and APL receivables continue to be approximately Rs.450 crores. Our gross debt as of 30th September 2019 stands at Rs. 31,262 crores. The change is on account of the restatement of the FOREX debt, additional debt on the books on account of B2B acquisition and the US$750 million bond issuance. The total cash and cash equivalents as of 30th September 2019 is Rs. 8,779 crores. This cash balance reflects proceeds from US$750 million bond issuance as well as liquidity for probably acquisitions. The net debt as of 30th September 2019 is Rs. 22,483 crores and a leverage ratio of 3x continues to be within our desired range of 3x to 3.5x. Subsequent to the recent bond issuances, the average long-term debt maturity has elongated from 4.08-years in March 2019 to 5.92-years in September 2019.

Corporate guarantee given by APSEZ for Abbot Point has been released.

To conclude, let me also give you an update on "Recent Acquisition." Myanmar, the project is on track and construction has commenced post receipt of all approvals. First phase expected to be completed during FY'22. For Dighi, the company has been selected as a preferred bidder by the committee of creditors, the acquisition can be completed after ongoing proceedings at NCLT and NCLAT are completed. With this we open the lines for questions- and-answers.

Moderator: Thank you. Ladies and gentlemen, we will now begin with the question-and-answer session. The first question is from the line of Paras Jain from HSBC. Please go ahead.

Paras Jain: I had two questions; first for Karan and then subsequently for Deepak. Karan, given the recent slowdown that we have seen which is reflected in the throughput as well, I hear what you talked about, diversified cargo, I presume, does your near-term forecast in terms of growth rate do make an adjustment on these accounts? And about the corporate tax reduction, are you getting some sort of reception from the manufacturer showing some pick up in activities which at some point eventually will turn into port throughput or your customers for your SEZ? And for Deepak regarding the maturity profile for long-term debt, what is the ideal age profile that you have in mind, I mean, you are approaching close to six years now and this is the ideal years of maturity that you have in mind or we can see this to further elongate in the coming years?

Karan Adani: In terms of near-term growth forecast, as you know, start of the year we had said 10% to 12% growth, but I think looking at the recent slowdown we are expecting the year to end more or less it will be in the higher range of 8% to 10%. That is where the revised guidance that we have given up to 224 mt to 228 mt, that is where it comes from. October has been similar volumes in terms of what we saw last year, but November, we are seeing a significant upswing. So, we are confident and hopeful that we would reach on the higher side of that 8% to 10%. In terms of your second question due to tax cut, to be honest with the tax cut we have not seen any new activity happening in terms of manufacturing. I think the tax cut has more or less helped in terms of the liquidity cycle of the MSME, but no new investment has started because of the tax cut. We have not seen increased interest in terms of SEZ because of the tax cut.

Deepak Maheshwari: Paras, if I could supplement what Karan mentioned on the tax, I think one has to wait for a little while to see as to how it plays through in the economy. Amendments which have been made are quite recent and uptick should be there, but I think we have to wait for another three to six months to really see the impact of the tax cuts making its way in investment decisions for a number of companies. On the maturity profile, as you mentioned, yes, clearly we are on a journey of extending the long-term maturity profile that we have and over the last five years the company has accessed the international bond markets and has elongated the maturity profile which used to be around five years when we started and it come down to four and now it is once again over six, and we have been able to do that while continuing to maintain the overall cost to be at the same level as we first started. Our endeavor is to elongate the maturity profile, which enables us to have more cash flows which are available either for investments or for return to shareholders. So in that context, we do not have a specific number in mind, but clearly, the endeavor is to elongate it to the extent possible, and with that in mind we always are considering as to what are the newer options that we could consider in order to raise longer-term maturity financing.

Paras Jain: Deepak, on this would the preferred route continue to be the US dollar bond or you will continue to pair it with your dollar revenue contribution and where does that stand and does it mean that if you need to elongate it further, you may have to look within Indian market to raise that?

Deepak Maheshwari: So as you are aware we have natural hedge and we have more than $500-odd millions of income which comes through which is a dollar-denominated, and so from overall perspective our approach has been to balance that risk from a long-term perspective, and using that we would like to continue to access the international bond markets because we do think there is still certain amount of flexibility which we have in order to maintain our overall hedging as well as being able to access the dollar market.

Moderator: Thank you. The next question is from the line of Ankur Periwal from Axis Capital. Please go ahead.

Ankur Periwal: First question in terms of the overall volume growth. Now given the macro, the slowdown is pretty evident, but where I was coming from was that the other cargo segment has still grown, now where in the management commentary also stays intact that we will keep diversifying the cargo mix. Now any thoughts on the LPG, LNG volume that we can see incrementally over the next may be one to two or three years perspective, what incremental contribution can we see on that side?

Karan Adani: As you know, we commissioned the LPG terminal in Mundra. The initial capacity is 3.2 mmt. We expect this financial year LPG to handle half a million tons by this financial year and next year our target is around 1 mt and basically the idea is to take it up to 2 mmt in next two years time. In terms of LNG at Mundra, will be commissioned by end of December or first half of

January and we expect on a medium-term basis that is one to two years LNG volumes to be around 2 to 2.5 mmt out of Mundra.

Ankur Periwal: On the Dhamra side, that is still two years…?

Karan Adani: We expect Dhamra LNG terminal to be commissioned by end of 2021. So early 2022 is when the Dhamra LNG volume will start coming.

Ankur Periwal: The second question is on the balance sheet side. Now we do see there is slightly increase in debt, but on the receivables side, if you can help us to understand the SEZ receivables which was pending earlier, have we received any cash flow from that side or that is still what it was in the March?

Deepak Maheshwari: The receivable that we are expecting to receive from Mundra LPG as we had mentioned in our quarter results after June, that have already been received by the company.

Moderator: Thank you. We will move on to the next question that is from the line of (Ajinkya Bhat) from Macquarie Group. Please go ahead.

Inder: This is Inder here. Couple of questions. First one for Deepak. If you look at the numbers, other income seems to be kind of gone up very significantly in this quarter and another thing is now debt is lot of moving parts in terms of FOREX and those kind of things. If you could just break that down in terms of what is the net increase adjusted for all that increase in debt and reasons for that?

Deepak Maheshwari: Let me address the second one first. As I mentioned in the introduction and you will see it on the presentation as well we have tried to map the increase between the debt numbers and you will see that the increase in the debt is because of certain amount of restatement of the FX which is around Rs.480-odd crores plus the debt which is because of B2B acquisition and the debt which is because of $750 million bond that we have taken. So, if you were to add all of these, you will largely come to a number which is very similar to the amount of debt that you would see right now. Adding to which, as we mentioned earlier, on that we have kept certain external amount of liquidity because there are probable acquisitions that we are looking at. Coming to your question about other income, as it normally is a part of the treasury operations and its interest and dividend income which we have from the various investments.

Inder: Just an extension, what is the new tax rate that we should work with on a full year basis for consolidated entity?

Deepak Maheshwari: I think for the next couple of years we should assume at 23, and if we have any further update, then we will pass it through Bala.

Inder: Second question is for Karan. Given that there are number of some significant chunky opportunities in the market either from the government side or on the private side, is there a size of balance sheet that you want to kind of talk about where you are comfortable with as to how much more debt you want to kind of take for these opportunities or any kind of broad color on that would be appreciated?

Karan Adani: The guidance that we can give is that we would at any cost maintain our investment grade rating. So we would not breach any covenants that we have given to maintain our rating of investment grade. Second is obviously we would look at investments which would give us a minimum of 16% return as we have stated in our capital allocation policy. So, these are the two things that we would look at and based on that we would take a call.

Moderator: Thank you. The next question is from the line of Shirish Rane from IDFC Securities. Please go ahead.

Shirish Rane: My question is on acquisition, Karan. There are lot of opportunities in the market especially divestment of CONCOR and there are lot of logistics companies which are on offer in the market. Would you be looking at all of them and evaluating them for acquiring or you have a particular focus area which you would be focusing on?

Karan Adani: In terms of logistics, obviously, the first preference is to acquire companies which have hard assets. We would not be looking at 3PL players and just acquiring customers. In terms of opportunity, as I said, Shirish, in the earlier question also, the idea is that we would look at some of them which are strategic in nature and we would look at the one which would give us the highest stake to fulfill our strategic intent of being pan India logistics player.

Shirish Rane: You are open to looking at other port companies which may be on offer barring those on NCLT like you said about Dighi port?

Karan Adani: As you know that in terms of our port footprint, Andhra Pradesh and Maharashtra are the two places where we do not have any substantial footprint. So, yes, we would look at those opportunities which would fall under that. And as I said earlier we would evaluate it from growth, we would evaluate it from return, and we would evaluate it from a risk point of view how much diversification we can create out of these assets, but, yes, to answer your question sure, we would look at it proactively.

Shirish Rane: Finally, just on Dighi, how long will it take before the whole process gets completed and do you have to spend money on it to make it operational and if yes, what amount you have to spend basically?

Karan Adani: Dighi is a good question you asked. We are also fighting to get it as soon as possible. It is hard to give a timeline when it would be, but I think conservatively it would be in March, April is what we would expect this thing completely to come into possession. In terms of further investment, we are going through the whole investment paper, and I think we would come back to you with a more detail note in terms of how much investments and what kind of cargo projections we would be looking at?

Moderator: Thank you. The next question is from the line of Priyankar Biswas from Nomura Securities. Please go ahead.

Priyankar Biswas: Two questions from my side. So since you are talking about the acquisitions part and you had said that you would want to maintain investment grade ratings. So, what is the maximum net debt-to-EBITDA that is possible for an investment grade rating, that is how much the balance sheet can possibly stretch?

Karan Adani: Desired net debt-to-EBITDA is within 5x.

Priyankar Biswas: So that is how much flexibility you have essentially that you targeted is 3 to 3.5. The second part is I wanted an updated number. What I see from your presentation that your FOREX denominated debt has gone up. So, what I would like to know is what is the updated numbers for FOREX sensitivity of EBITDA on an annual basis and also the debt for a translation basis let us say Re.1 change versus a US dollar?

Deepak Maheshwari: The total FX debt that we have on the balance sheet now is around $2.7 billion dollars, and as we have indicated in the past, of course, with the new debt therefore number on a per rupee change will be different, per rupee change will now have an impact of around Rs.250-odd crores.

Priyankar Biswas: But what about the EBITDA on an annual basis?

Deepak Maheshwari: This is the debt side, correspondingly as we have always mentioned that any change which takes place in the currency will have an automatic impact of $500 odd million revenues that we have. We will similarly see an increase coming into our revenues because of the reevaluation of the rupee as well. On revenue side, you will see a benefit of around Rs.50 odd-crores, on the balance sheet debt side you will see an impact up around Rs.250 crores.

Priyankar Biswas: What I was observing that in 2Q both in major ports as well as Mundra, we had fairly soft coal volumes. And again in October it seems that at least in the major ports the coal volumes were down almost by 9% to 10%. So when I see the water fall that you have presented for the volumes for the full year, it seems some incremental coal volumes that is 3 to 4 mt are there. So, how comfortable are we with it because even it seems that at the present the power PLFs are quite low across the country, so is it not there some risk to a number at least on the coal front?

Karan Adani: No, on the coal side we are very confident because if you see, Mundra coal volume is through APL and CGPL, and if you see their particular power plants PLF, they are running at quite high. In terms of other coal volume, as we said that we are targeting some of the long-term customers as well at other ports. The third one is through Dhamra; Dhamra we are seeing much higher uptick in terms of volume and what we have even performed in Q2. So I think with those three, we do not see any risk in terms of our coal volumes.

Priyankar Biswas: So Dhamra will be coking coal, right sir?

Karan Adani: It is a mix of coking coal as well as thermal coal.

Moderator: Thank you. The next question is from the line of Prateek Kumar from Antique Stock Broking. Please go ahead.

Prateek Kumar: I was just referring to Slide #48 of your presentation. In some ports we have seen like sharp decline in margins up to like 400 bps or 10% points and in some ports we have seen increase to that extent. So any specific reason like for example Mundra we have seen like 400 bps decline. These are related to volumes negative operating leverage or anything else?

Karan Adani: If you see Mundra we have had lower EBITDA margin because of crude volume not being there. As you know, crude gives us a higher margin. And second obvious also is we did not have any SEZ revenue in Q2 of '20 versus SEZ revenue in Q2 of FY'19. At Hazira If you see we are higher because of liquid volumes being higher. Dahej is little lower because of coal volumes being very low. Dhamra is higher because of mix change. Rest of the places I see it is higher only.

Prateek Kumar: And this terminal data is for other four terminals where we have done like 3 mt volumes?

Karan Adani: Tuna, Goa, Ennore and Vizag.

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

Ashish Shah: Just wanted to know on the development status of LNG and LPG at Dhamra. Although we would not be incurring the CAPEX towards it, but generically where are we on the development of these two assets?

Karan Adani: Dhamra LNG is under construction. November 2021 is what we expect Dhamra LNG to be ready and Dhamra LPG right now, no work has started, we are still under evaluation stage in terms of volume and the possibility of tying up long-term volumes. Once we have that, then we would start the construction of LPG at Dhamra.

Ashish Shah: So LPG at Dhamra would fall under APSEZ or that would not be on our balance sheet?

Karan Adani: It would follow the same route as Mundra LPG where we would construct and then transfer it.

Ashish Shah: What part of LNG would fall under APSEZ which you might construct and then transfer or that would entirely not flow through our balance sheet?

Karan Adani: That would entirely not flow through our balance sheet other than the marine facility which we construct and remains in our balance sheet, we do not transfer, and against which we get the port development income.

Ashish Shah: Also on the SEZ at Dhamra and Kattupalli, so where are we in that process, how much have we acquired, how much have we spent, if there is anything you could share on that?

Karan Adani: On Dhamra SEZ side we have acquired almost 400 acres of land. We are in talks with government to acquire another 400 acres of government land. And in Kattupalli, we are in talks with government to acquire 2,000 acres of land, but we expect in Kattupalli the land to be available by March or April of next year, and in Dhamra it is an ongoing process.

Ashish Shah: So when we talk about the CAPEX levels that we have indicated, that would include the money we need to spend towards the land or that land might just be over and above what we have indicated?

Karan Adani: No, that includes the land also.

Ashish Shah: Lastly in Kattupalli on the liquid side, what is the kind of storage capacity or what is the kind of CAPEX we are doing on that front?

Karan Adani: Kattupalli, right now, we have commissioned 60,000 KL, another 20,000 KL will be operational by end of this month. All the full 80,000 capacity has been tied up on five-year take or pay basis. We are going to the environment clearance for hazardous cover. Once we have that which will take another 18-months then we will start construction of further 10-months. We expect Kattupalli in the master plan to have approximately 400,000 KL of capacity which is equivalent to what we have in Hazira and Mundra. Right now, the CAPEX spend on liquid is approximately Rs.100 crores is what we have spent right now for creation of 80,000 KL.

Ashish Shah: And further creation will only be after the environment clearance which might take about 18-months?

Karan Adani: Yes.

Ashish Shah: As of now at Kattupalli, we have broadly done except for the land that we will acquire?

Karan Adani: Yes.

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

Ankit Panchmatia: Sir, this is regarding the new services which had been added for the newer terminal at Mundra. And what capacity that could be skilled up in the next year, and any news on the same would be helpful?

Karan Adani: New services which we are adding for half year, they are giving us 70,000 TEUs, I mean for full year it would be almost 140,000 to 150,000 TEUs additional volume we will add and from Kandla what we have shifted is coastal volume, so it would be additional around 50,000 to 60,000 TEUs.

Ankit Panchmatia: I missed the numbers regarding the LPG in Mundra. Can I get some numbers?

Karan Adani: LPG in Mundra for this year it will be 0.5 mt and then 1 mt next year and 2 mt the year after is what we are expecting.

Moderator: Thank you. The next question is from the line of Lokesh Garg from Credit Suisse. Please go ahead.

Lokesh Garg: My question relates to the Dighi port. Basically you said that you do not have a port asset in Maharashtra, and which is one reason making you go for this and obviously it is NCLT, so we know the bid amount. But just want to ask you, this port has been under development for a very long period of time and it has not taken off, in which case obviously there are constraints related to acquisition that we know. It clearly does not have rail linkage and may be even road linkage is limited by the Western Ghats. In which case do you really think it can fit your long-term strategic objective of becoming nucleus of big long-term growth?

Karan Adani: Yes, Lokesh, I think if you see actually not a lot of work has been done in the last whatever years, that the existing promoters have been trying to develop the port. But we are very confident that with the railway line and the road coming in it can be a big up for not just container volumes, but multi-purpose cargo volumes and especially bulk volumes from Maharashtra. And if you see the connectivity, though it is passing through ghats, it is not that difficult in terms of creating that connectivity and that is the reason why we are going for this port and the existing bid amount reflects the sort of work which has been undertaken by the existing promoter.

Lokesh Garg: Also, wanted your subjective perspective on another public acquisition opportunity which is Container Corporation. Now, you have made good amount of progress as this result also shows on Adani Logistics. Do you think it is pertinent for you to actually acquire that in the market price sort of manner as opposed to build it Greenfield yourself?

Karan Adani: I think Lokesh, the way we look at it is you are getting a platform over here. Yes, building it out Greenfield will be cheaper, but when you put the time value of it the sort of the network that CONCOR has created, if we try to build it out on a Greenfield it will take anything between 15 to 20-years. When you add that I think it definitely strategically makes sense to look at acquiring the platform.

Lokesh Garg: One more subjective high level question that I wanted to ask you. Obviously, CONCOR has probably 80 operating terminals as of now, but may be something like 70% to 80% of the volume that is done on somewhere like 10 to 15 terminals, in which case you already have five or six operational thing for yourself, in which case it may sound much bigger thing that what it actually is because you do not actually need rest of the 65 terminals as much to do to target 80% of the market. Is that a correct perspective or you want to correct that?

Karan Adani: That is not a correct perspective because what CONCOR handles today is only EXIM volume, whereas with the 80, 85-odd terminals that they have, you can definitely do much more domestic volume as well, and with the kind of infrastructure that they have in terms of the rakes, they can do definitely much more. I would not put that as a necessary correct assessment of how that assets can be run.

Lokesh Garg: They are essentially also sharing that there may be some underutilization right now which can be corrected by much more dynamic business plan?

Karan Adani: Sure.

Moderator: Thank you. The next question is from the line Ankita Shah from Elara Capital. Please go ahead.

Ankita Shah: I wanted to check the margins for the Logistics segment at 28%, 29%, is this a sustainable number going forward or how should we look at the EBITDA margins for the Logistics segment?

Karan Adani: Sure, I think on a longer-term basis, this margins will go up a little bit more because as Adani Agri Logistics volumes increases, and as their new capacity gets added, you will see margin increase. So I think on a sustainable basis, logistics, you should see ranging between 30% to 35% EBITDA margins.

Ankita Shah: How much is the contribution of Adani Agri Logistics in the numbers?

Deepak Maheshwari: In the first six months period, the Adani Agri Logistics is in the range of around Rs.61 crores, B2B is around Rs.43 crores and ALS standalone is around Rs.335 crores.

Ankita Shah: How much was the rig availability at Dhamra? I mean, we have seen that that has improved on YoY basis, so same time last year we had around 12.75 and Adani Agri Logistics has also operated with six rakes a quarter. So how much was the total rig availability at Dhamra?

Deepak Maheshwari: The rake availability at Dhamra has been in the range of around 13 to 14 rakes on a daily basis and any further operational details if you need, I am sure Bala will be happy to give you.

Moderator: Thank you. Ladies and gentlemen, that was the last question. I now hand the conference over to the management for the closing comments.

Deepak Maheshwari: Thank you very much to all the participants for having participated in this conference call. Do reach out to us to the investor relations team if there are any other specific questions that you might have or you might need to seek any more clarification. With that, thank you very much.

Moderator: Thank you. Ladies and gentlemen, on behalf of Edelweiss Securities Limited that concludes today's conference. Thank you for joining us and you may now disconnect your lines.