"Adani Ports and Special Economic Zone Limited FY-16 Earnings Conference Call"

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MANAGEMENT: MR. KARAN ADANI – CHIEF EXECUTIVE OFFICER, ADANI PORTS AND SPECIAL ECONOMIC ZONE
MR. B. RAVI – CHIEF FINANCIAL OFFICER, ADANI PORTS AND SPECIAL ECONOMIC ZONE
MR. AMEET DESAI – GROUP CHIEF FINANCIAL OFFICER, ADANI GROUP
MR. RAJEEV NAIR – DEPUTY GROUP CFO, ADANI GROUP

Moderator: Ladies and gentlemen good day and welcome to Adani Ports FY16 Earnings Conference Call. We have with us today from the management Mr. Karan Adani – CEO and Mr. B. Ravi – CFO along with other IR colleagues. As a reminder all participants' 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 '*' and then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. B. Ravi. Thank you and over to you sir.

B. Ravi: Thank you, good afternoon everyone on the call. First of all, apologies for having delayed the call from the earlier timing to this. We had lot of items in the agenda, so we had to discuss it at length being the annual board meeting, so that is why it got delayed but now we are all together. So thanks for the patience.

I am going to be joined soon by our group CFO – Mr. Ameet Desai as well as The Deputy Group CFO – Mr. Rajeev Nair. So as and when they come in, I will introduce again but right now I have got Karan with me as already introduced you.

We have announced our results for the 4th Quarter as well as the full year. We are pleased to announce that the Adani Ports and Special Economic Zone has another good year and this has been contributed not only for the year but also for the quarter.

Let me start running through the operational highlights followed by a summary of the APSL financial performance and it will be concluded by Karan Adani on the strategic focus as well as outlook in the current year.

First the operation performance:

In terms of the total cargo – for the full year ended March 2016, on a consolidated basis we handled 151.5 million tons which is a growth of 5% over the corresponding period last year. On the other hand, the major ports of India excluding the terminals, we also have terminals at 3 places excluding the terminals operated by Adani Ports if you say, have handled 600 million tons of cargo registering a growth of 3.6%. If you see region wise which is right way to look at it as you would recall, we keep talking about the clusters. The volume growth in the Eastern Coast ports have outperformed the other Western coasts. This is for the first time we see such a trend. In the Eastern coast, Adani Ports grew by 23% with Dhamra, Vizag and part of the Kattupalli also which we had taken for 5 years' operations. While major ports grew by 4.8%, this indicates that the private participation in the coastal shipping of coal is increasing and especially through our new customers at Dhamra, this has increased in helping the volumes to grow faster than the rest. Growth in the Western Ports of ours are in line with the major port's growth.

In the 4th Quarter of the year, again on a consolidated basis, we have handles 37.5 million tons which is a growth of 3% compared to the corresponding period last year. During this quarter the major ports excluded again the terminals operated by Adanis have handled 157 million tons of cargo registering a 7% growth. So on the Western side because it was led basically by Kandla increasing by 8%, so the growth has been better.

On the container side we have done much better than our contemporaries. For the full year, on a consolidated basis, we handled 3.35 million TEUs inching very close to the largest Container Terminal that is JNPT. This is a growth of 17% over the corresponding period last year and this is very significant because all other major ports showed only a 3% growth with a total of 8.2 million TEUs. So our market share with 3.35 of the total 8.2 of the others is actually increasing. In the 4th Quarter is on similar basis, we grew by 24%. We almost handled a million TEUs which is about 0.9 and odd. This is again compared to the other ports, we have done much better because they have handled a total 2.1 million TEUs and that is the 7% growth, so 24% growth against 7%.

Mundra Ports' crude and container volumes grew while coal was a dampener. One good part is that the stable cargo in Mundra grew by 6%, in terms of stable cargo we talk about the long term; tied up cargo as well as the partnership cargo that grew by 6% that this now is 72% of total Mundra volumes.

Before I take you through the operational performance – I also want to give one good development and that is all of you had at various times asked us about the status of the dispute which was there with MICT, Container Terminal-1 at Mundra. Just to recall your attention, Container Terminal-1 had been served a notice through us by the GMB for the termination as well as they had served us a notice regarding the claim on the Phase-2 assets that is Container Terminal-2. MICT is run by DPW as you know; this entire dispute has been settled. So APSEZ, DPW, Gujarat Maritime Board have agreed to the settlement of all these and we have filed consent terms before The High Court of Gujarat and the order, the acknowledgement of that is awaited from The High Court of Gujarat. With that piece of news, let me now take you through the operational performance translating into numbers.

The total consolidated income excluding other income, increased by 18% to Rs. 7256 crores and this is as compared to Rs. 6152 crores in the corresponding period and thus as we have put out in our press release, our total operating income for the first time has surpassed the US $1 billion mark. Consolidated EBITDA again excluding other income increased by 19%, so corresponding to the total income to Rs. 4651 crores compared to the Rs. 3902 crores in the prior period. The consolidated EBITDA margins was up by 1% from 63 to 64. The consolidated PAT has increased by 24% to Rs. 2867 crores against Rs. 2314 crores in the previous year. Our balance sheet remains robust and we have maintained on a consolidated basis in spite of 3 or 4 ports just starting operations in the last year, we have a very strong debt-equity ratio of about 1.7.

Our net worth now stands at US $2 billion, our net debt is about Rs. 21,000 crores and the fixed assets has increased to Rs. 20,600 crores.

Just before I hand it over to Karan for the strategic outlook and the key developments, let me announce that Mr. Ameet Desai – the Group CFO as well as Mr. Rajeev Nair–The Deputy Group CFO have joined us on this call. Now I will hand it over to Karan for his take on the key development and the strategic outlook. Thank you.

Karan Adani: Good afternoon everybody. Let me just run through few strategic outlooks and developments that we are anticipating this year. In line with our ambition of building a fully integrated logistics business and of a significant scale, we have made considerable progress in increasing our transshipment and container volume at key strategic locations in India. Container movements continued to be strong and we have been taking the market share of North India bound cargo. We intent to be the largest container handling port in India this year surpassing JNPT. We are planning to operationalize one ICD in Punjab by end of this year. Mundra port which recorded highest container volume of 3 million TEUs. This port is now handling more North bound container cargo and post operationalization and ramp up of CT port which is our joint venture with CMA CGM, container volumes at Mundra should improve even further and even transshipment cargo at Mundra should improve much better.

Tuna Tekra, Hazira and Goa on the West coast and Dhamra on the East coast are gaining traction and are expected to see more capacity utilization this year. Fertilizers and Agro handling facility at Dharma, Kattupalli and Dahej will be operationalize thus improving our margins further at all these locations. During this year we are also going to start construction of our Hazira railway line which will help us in gaining more market share especially in container business and help us in taking more market from Central India. As you all know after taking over operations at Kattupalli, our container volumes has increased from 7000 TEUs per month to over 11,500 TEUs per month in just 4 months' time which is a significant achievement and I am very happy to announce that even in the month of April we have crossed 20,000 TEUs at Kattupalli and we expect this volume to keep on increasing further in the course of time.

As Sagarmala initiative of Government of India is focusing on seamless movement of cargo across long coast lines of India, Adani Ports today having Pan India presence will be able to capture this cargo much more and this coastal movement of coal which is increasing by almost 8% year-on-year, will help us in increasing our capacity utilization at Dharma as well as including our ports in South India, so that is Kattupalli.

Domestic imports and exports are expected to increase which would mean that increased logistics infrastructure in India will be required. We are moving towards a fully integrated logistic solution provider with one logistics sound that is logistics. This would help our customers with end to end solution and ensure higher revenue for us.

Overall, APSEZ has made significant operational progress over the past year and has delivered strong financial performance. We will continue to look at improving our margins and operational efficiency through use of technology and optimization of our cargo mix and reducing our financial cost. I am proud to say that APSEZ was awarded 1st prize in the consideration of Indian industry for 'Safety, Health and Environment' Excellence Award in 2015-2016 in service category.

For the current year, we are expecting a volume growth of 10% to 15% and a similar increase in our profitability.

Thank you and I will open up the call for any questions.

Moderator: Thank you sir. Ladies and gentlemen we will now begin with the question and answer session. Our first question is from the line of Atul Tiwari from The Citi. Please proceed.

Atul Tiwari: What is the current maturity of long-term debt on the consolidated basis which you included in the current liabilities? And the second one is – from the consolidated balance sheet, your long term loans and advances in last 6 months compared to the September quarter balance sheet have more than doubled, from raw Rs. 32 billion to Rs. 76 billion and within that there is a loan item which has gone from Rs. 1 billion to almost Rs. 30 billion. I do understand there is MAT re-entitlement, etc. also but the loan amount has increased very sharply and similarly there is a deposit amount which has gone up from Rs. 6 billion to Rs. 18 billion, so why these amounts have increased so much and where this money is employed, if you can give some color on that? So these are the two questions I have.

B. Ravi: Yes sure. First of all, the current maturity is about Rs. 2000 crores which you have talked about on the long term borrowings, so that mount is around Rs. 2000 crores. Now regarding the loans and advances, you will have to see not just long term but short term put together because there has been a re-classification; what was there in the short term would have gone to long term and vice versa because of the maturities of these loans. So if you try to put that together, it has not increased the way you have seen it. It has not increased by Rs. 2 billion, consolidated increase is Rs. 973 crores, this is only because of the one particular loan which is there to our Mundra Solar Park which we are the sponsors of that and therefore there is a loan there of about Rs. 350 crores or so and the others are interest accrued on the existing ones and other than that there is absolutely no increase in any of the loans and advances and therefore you do not have to club these things together, long term loans and short term loans. That is the answer to it that is the right way to look at it.

Atul Tiwari: So Sir just to get the numbers right, I am sorry to pester on this a little, so your short term loans and advances have gone down from Rs. 39 billion to Rs. 23 billion seems a reduction of Rs. 16 billion, while the loans under long term loans and advances have gone up by about Rs. 28 billion and deposits have gone up by ….

B. Ravi: I am coming to deposits. First of all, we will first….

Atul Tiwari: These are about Rs. 40 billion on long-term side while on short term side the reduction is Rs. 16 billion. So there is a net increase of about Rs. 23 billion or Rs. 24 billion if we club both long term and short term together.

B. Ravi: Hence we will have to first take the loans and deposits because they are not of the same nature and that is the reason why I am trying to first put the loans as such which is again related and unrelated parties all that put together. So long term and short term put together, these loans have not increased the way it looks there, it is increasing by Rs. 973 crores and that is because of as I said, it is an interest accrued on the existing one otherwise some of them are regular, we have received interest and some of them are with accrued interest payable at the time of prepayment and then the Mundra Solar Park. So that addresses that part. As far as the deposits are concerned, these are all related to various business related deposits whether we talk about with Statutory Government Authorities, whether they are advances recoverable cash of kind or whether it is advance tax. All these things get under that but together with that we have had certain suppliers. There are the supplier advances have been given and equipment advances have been given so you need to really see in totality, the total deposits and others as well as the capital advances; these are the matters which are all relating to the businesses for purchase of certain assets and for these purposes for the suppliers. For example, we have got advances for the suppliers of spares and other consumables, we have got advances for our consultancy which we are exploring various new places. These are all the deposits which are related to businesses, so loans per se is what I have already explained to you. Atul this is the right way of looking at it. This is explanation for this entire thing.

Moderator: Thank you sir. Our next question is from the line of Shirish Rane from IDFC. Please proceed.

Shirish Rane: Is there any land income or project revenue booked in the 4th Quarter in total sales?

B. Ravi: Yes, there is this MSCPL the balance amount which was there Rs. 344 crores, you are talking about SEZ right? So that is there Rs. 340 crores.

Shirish Rane: Rs. 340 crores during the 4th quarter.

B. Ravi: Yes.

Shirish Rane: And this is on account of CT4.

B. Ravi: No, this is on account of the Mundra Solar Park.

Shirish Rane: Okay, so the part of it which was booked in the 3rd quarter, the part of it has booked in the 4th quarter.

B. Ravi: That's right.

Shirish Rane: And the second part which I wanted to understand was this MICT dispute which you spoke about has got resolved. So does that mean the ownership changes or it is only a commercial arrangement which has changed or what are exactly the dispute results?

B. Ravi: The ownership has been transferred to DPW that was what was challenged by the GMB that is now settled and they have accepted DPW to be the rightful owners of MICT. The second dispute was that MICT had filed a case on us claiming in terms of the sub-concession agreement, the rights on the second CT2 that is called as Phase-2 Assets, that is withdrawn. So now we are the owners without any disputes, we were always the owner but even the dispute relating to their claim on it is now settled.

Shirish Rane: So basically they are rightful owners of CT1 and they have taken away all the claims on CT2, so that is broadly….

B. Ravi: That is the conclusion that is right.

Shirish Rane: So just one clarification on the first point. You said Rs. 340 crores of revenue was booked, how much would be the EBITDA on that or the entire thing was EBITDA?

B. Ravi: What I would do is, because this is a question which was there if you recollect in September. So like in the September half year again we have got the full analysis of these three incomes from what is the PAT as per the books, what is the SEZ and what is the adjusted PAT; that is there. I will be sending it over to all the people so that you have the complete analysis available with you rather than discuss it on phone.

Moderator: Thank you sir. Our next question is from the line of Pulkit Patni from Goldman Sachs. Please proceed.

Pulkit Patni: On the previous quarterly call you had spoken about following a policy of consolidation. So could you just highlight what has been the action in terms of that, you know the twin port strategy, etc., and related to that how much is the expected CAPEX that you intent incurring over the next couple of years, if you could talk about port by port that will be useful?

B. Ravi: We have talked about giving consolidated results in the last quarter and we are giving consolidated results right now, so all the numbers which I have spoken in my opening remarks are all consolidated numbers. Now this follows the same twin port strategy put together; which is Mundra and Tuna Tekra, Hazira and Dahej that way happens to the Western Cluster and then there are Ennore of course not started, Kattupalli and Vizag as well as Dhamra. So these numbers are on consolidated. So if that is the question, this is what we have given.

Pulkit Patni: Sir my question is little different. What you had mentioned in the previous call was that the company will follow a policy of consolidation because you already have quite a lot of ports in the portfolio, so there is a renewed focus in terms of consolidation of the portfolio and you would be discussing that detail in the next quarterly call. So that is what I was referring to because you have been expanding your portfolio of ports over the last few years but you said that now because obviously the whole cargo volume expectation has changed and which is why you will follow a policy of consolidation. That is what I was talking about.

Ameet Desai: I think what we have said at call I may be saying the same thing which Ravi said in the last call that from now onwards; that is from the December onwards, we will share consolidated results of the port company as a whole. I do not think even in our own thought process we have ever thought about consolidation and therefore it is highly unlikely that we would have used the word consolidation, maybe it was understood by you as consolidation but I am re-clarifying that we said at the last call is rather than giving cargo details port by port because we have now about 10 ports operating, it is not really possible to discuss each and every port's cargo separately which we will provide if somebody wants but we will follow consolidated results' approach. So it is consolidated approach that we will have been following.

Pulkit Patni: Okay sir, I will actually take it offline because my understanding was when you were asked question about what CAPEX you will be doing over the next few years, you said now the policy is more about consolidating the existing portfolio, I am trying to have…

Ameet Desai: I do not think so….

Pulkit Patni: Okay, I will separately take with you; that was what my understanding was.

Ameet Desai: I will take it online rather than offline in the interest of everyone on the call that there is no such strategy or even thought that we have even conceived so I am clarifying that we are only talking of consolidated numbers' reporting.

Pulkit Patni: Okay sir so what would be the CAPEX that one should expect over the next couple of years for the company?

B. Ravi: We do it year-on-year, so next year the CAPEX would be for the expansion of Dhamra Birth #3 and #3A which we had earlier also mentioned and that would be about Rs. 900 crores or so and then we have to start it off on Vizhinjam in a larger way, so there will be Vizhinjam CAPEX which is again online around Rs. 800 crores, including certain LC's that we maybe opening and then there is a third is on the acquisition which we have to do and that is Kattupalli, whenever that all the permissions and demerger happens, so I will have to pay for that acquisition, effectively we will add as an asset block, it is more of an acquisition and then the fourth one is at Hazira, Hazira for both tankages and as Karan had mentioned the railway line starting off, so tankages expansion is happening both this put together next year is estimated around Rs. 400 crores or so and we continue to do the LNG terminal building at Mundra for the GLL, so that is in full swing because next year end this is supposed to be operational, so there will be about Rs. 100 crores or so for that and then we are also building up the LPG facilities at Mundra, because that is the next thing as we had discussed in the last quarter which Karan had mentioned. So, we are doing that at Mundra that would involve a bit of CAPEX for next year, so if you talk about these matters, this is all expansion at the point where we are seeing the traction in the cargo and where we have capacity shortfall. We are not expanding anything at Mundra, we are not expanding anything at Dahej, there is no capital expenditure for Goa or Vizag, and Ennore is anyway getting completed this year by August or

October it will be starting thereabout Rs. 100 crores of CAPEX at Ennore. These are all the estimated CAPEX numbers.

Pulkit Patni: Understood sir and my second question is if you could just talk about the status of your related party loans and advances and receivables as of March compared to what it was in the previous year?

B. Ravi: So, as I had mentioned earlier on the call there is no increase in any of the loans and advances in the related party, in fact all the interest has been coming, if you see the amounts are stagnant, in terms of the principal amount all the interest has in fact come down, so that is status-quo, it is as per the terms of our loans till date.

Moderator: Thank you. The next question is from the line of Nishant Chandra from Temasek. Please proceed.

Nishant Chandra: Couple of questions – one is on the cargo split, can you give us a split by container coal, crude and others if possible at consolidated level and for Mundra standalone? And the second one was just on the loans and advances piece, what would be the statutory dues due to government and other entities of the total amount?

B. Ravi: I will first take the first question, you are talking about total cargo that would be better, so coal as for the whole year we have handled about 63 million tons, which constitutes 41% of our total cargo of 151.51. Containers we have handled 3.3 which is about 49 million tons, which is constituting 32% of our total cargo, crude is about 12% at about 19 million tons and then all the other cargo like steel and other products is about 21 million tons which is about 14% of the composition. So, what has decreased as compared to FY15 is only coal by 8% but there is an increase of 17% in containers and there is an increase in 35% in crude and petroleum product and a 5% increase in others.

Nishant Chandra: Understood. And just one other point on Hazira what exactly is the status with respect to the rail linkage, I understand that you are trying to commence rail CAPEX now but what exactly is the status there with respect to all the approvals?

B. Ravi: Yes, most of the approvals are in place and therefore we are confident that we will start the construction in this year, we will try to complete as early as possible. We have a good track record of early completion, so hopefully we will do it very fast.

Nishant Chandra: And just one last question, with respect to Kattupalli currently is there any sort of advance that you need to give to Larsen as part of the current arrangement of operations or would it all be done only after we get the requisite approvals from the government?

B. Ravi: No, the main principle amounts are all payable after we get the requisite approvals from the government, however because we are taking over the operations, we are paying what we call as lease-rentals to them because P&L is to our account so obviously we will have to pay lease-rentals and that amount is about Rs. 12.75 crores and that is one thing which is falling into our numbers and that is the one explanation I will be giving, I said I will be able to give you the detailed breakup that is what is going into one of our expenses which skews up the EBITDA margins a bit. Effectively, it is actually an acquisition funding but the accounting standards do not allow us to capitalize it and therefore it hits my bottom line.

Moderator: Thank you. The next question is from the line of Akshay Soni from Morgan Stanley. Please proceed.

Akshay Soni: This is actually to Karan Bhai just in terms of the growth that you are expecting on 10-15%, just wanted to understand where the growth would be, roughly where you would look for breakup because coal while down 8%, still continues to be fairly significant, would you mind talking about coastal a bit. You just touched on it but are you looking for coastal to ensure that this year around coal does not fall as much or even rises for that matter and where otherwise would you be expecting it to come from, containers, crude. Could you just clarify a little bit not in number terms, I understand that, just from a color perspective?

Karan Adani: So, we will definitely see maximum growth coming out from container because this year we obviously have Kattupalli also where we will get one full year of operations, plus Ennore will also come online for 6 months and obviously CT4 will also come online, so container a lot of capacity will be added at the same time, lot of market share will be taken over there as well as we do see a growth over there, so container will be one area. In terms of coal, we will see from Dhamra point of view we do see coking coal increasing, second thing we do see is coastal coal last year we did approximately 0.5 million tons of coastal coal from Dhamra, this year our target is 5 million tons, so that will be another growth area and third thing is we are going to start other commodities as I said in Dahej, Kattupalli and Dhamra, so fertilizer, agro, rock phosphate all those commodities which we were not handling over there due to not having enough capacities in those areas because coal volume and now with the coal volume drop, we will be substituting those volume with these high paying cargos and fourth area from coal point of view we have signed a long term agreement with Reliance Industries on take or pay basis for Hazira and Dahej which is 2-2 million tons each over there, so we will see those volume also coming in from this year. We have already started getting those volumes from November, but more volume we will get from this year point of view.

Moderator: The next question is from the line of Sumit Kishore from JP Morgan. Please proceed.

Sumit Kishore: My first question is related to the SEZ and the potential upfront and Lease income that could come from you know various projects that you are pursuing. So could you give us some sense from the timelines for you know whether we would have clarity on the Mundra and all the LNG Project in the terms of the upfront and the Lease income, similarly for CT4 & CT3 expansion which was earlier CT5.

B. Ravi: CT3, CT4 first let me start with that, because that is an immediate one. CT4 is getting completed this month end itself and it should be operational by month end or 1st of June and therefore, the CT4 SEZ income should be coming in partly in this quarter and the next quarter but definitely in this year and then comes the LNG. LNG we believe that the way it is going it would probably come towards the third or the fourth quarter. CT3 extension is anyway planned for and it is going to come in 2017 or 2018 because that is when it is supposed to get completed. However, there are likely of part realization from that also because there will be land given and there will be certain assets brought in all that. So there can be partially we may be able to recognize the CT3 extension income also. Apart from that yes there are regular, the Lease rentals which we were receiving and that has been on an average about 150 crores every year. That is being inching up with more and more such with CT4 addition and LNG and then CT3 extension that is expected in couple of years' time to go towards the 250 crore mark. Both not just for Lease rental but also the use of the infra structure which also is on a deferred basis partially so both these put together we should be having a recurring about 250 crores which is about 150 crores now in a year and a half from.

Sumit Kishore: So almost 100 crores was incremental Lease rental that you could earn from these 3 assets you will decided upon.

B. Ravi: Yes, it would be little more than that not lesser than that.

Sumit Kishore: Okay and also could you give us some sense on what sort of upfront income to expect broadly from these three.

B. Ravi: I think what I would want to do that is to address that one-O-one because there are, I will take you through that separately. As far as I have mentioned it earlier and now I would like see it as which period and all that so I will just work that out and tell you separately.

Sumit Kishore: Sure, sir second question is related to you know the Solar Techno Park, this 3.44 billion Rupee of income that you have booked through the P&L, I was looking through notes of accounts point no. 7, the amount 695 crores does not seem to have changed since second quarter and you are saying that the stake of the company in MSTPL has reduced from 49% to 11%, so I mean is there something, you know because of the stake reduction that you have accounted for the income, I did not understand that.

B. Ravi: That is exactly what we have disclosed and so you were understanding Sumit is absolutely correct. See we had earlier when we sponsored this and when we started off, we had a 49% stake in that and that is the reason why in September there was this on consolidation removal and as we grew forward we said that now we did not need to hold that 49 and I had if you recollect, I had mentioned that like in MITAP which we had done earlier we will be able to keep reducing and we have been able to reduce the stake to 11% at this point in time and therefore, the consolidation which have on consolidation whatever revenue could not be recognized last time that has come into on consolidation basis; however, on a standalone basis the numbers do not change if you see because that had anyway had come in there.

Sumit Kishore: My last question is for Mr. Karan Adani, in the previous conference call you had mentioned that the coastal opportunity for coal could be almost 100 million tons by 2020 and you aspire to corner the 25% market share, I mean it is heartening to know that you are looking at a pickup to 5 million tons by next year itself. So you know do you stand by the target is there any increase because we see the national perspective plan for Sagarmala which is out and there they are talking about a base case of 330 million tons by coastal shipping and inland transportation by 2025.

Karan Adani: No, actually we do stick to those target so we do see potential of 25 to 30 million tons in Dhamra of coastal volume and that is again with that belief only we are going at with expansion of Dhamra port, where we are building three new berths and we do stand by it by those number. I think we will be confident to reach those number by 2020.

Moderator: The next question is from the line of Chokalingam Narayana from Deutsche Bank. Please proceed.

Chokalingam Narayana: Hi Sir, thanks for the opportunity, sorry for this slightly naive question, but if I look at the port revenues that for the quarter 4, the number seems to be only 641 crores and EBITDA is 687 crores in port, how should we understand this Sir.

B. Ravi: As I told at the beginning itself, in order to clarify this because the SEZ and ports and there are certain storage income that we have taken in Dhamra, so we have prepared reconciliation chart like what we had done in the September results, so just allow me to finish this call that thereafter in about an hour time or less than that, I will circulate to everyone like what we did last time so you will be able to get a complete hang of it, rather than you know at length I describe, if you see it you will understand it with the remarks in detail.

Chokalingam Narayana: The second question is with regards the LNG terminal at Dhamra which the group is developing now is this part of Adani ports or is it part of any other group company.

B. Ravi: See any port development related initially always starts off with the port doing all the activity like what we did it at this place also, like in Mundra, so we are doing the entire development, the land, the reclamation and everything related to jetty and all that stuff. Now who will be partners, how it will be come, that will unfold during the year and we shall come back to you with whenever we have more details on it.

Chokalingam Narayana: So the CAPEX outlay this year may not be much with regards to that.

B. Ravi: Yes, there is not much CAPEX, absolutely correct, we are looking for scouting for partners and you probably would have read in the newspaper that IOCIL is also interested as well as ONGC, GAIL is interested. So I think we will let us see what unfolds in the coming quarters and we will come back to you with more information.

Chokalingam Narayana: And a slightly more basic question, we have a few dedicated coal terminals that we have, now how should we understand that this of decline and coal imports into the country, is there a way that we can handle any other cargo or the concession agreements allow us only to handle coal or you know how it should be understand.

B. Ravi: There only two terminals of very small capacity, one at Goa of about 6 million tons capacity, which is only coal import terminal and similarly Vizag with about 6 million tons. So in Vizag it is the only place where there is only thermal coal handling, but at Goa we can handle not just thermal coal but we can handle any kind of coal. So Goa already has done about 1.81 about 2 million tons last year being the first year of full operations actually and next year it is likely to do much better. So the question is that coal imports alone has you know really effected Goa as such, Vizag yes it has been effected. We are trying to work out how we can handle more cargo and what manner we can get thermal coal cargo because it is only a million tons last year, so we are seeing how what we can do about it. But if you can see both these things put together are a very miniscule percentage of our total volumes, you know, our total capacity also for that matter, it is just 5% so it does not really affected.

Chokalingam Narayana: My question was related to the 60-million-ton terminal at Mundra for coal.

B. Ravi: That is it is not just there is a both port berth also which is there, which we can handle multipurpose. It is not been mechanized, so we can handle that and it has got two basic long term contracts of power and also Adani Power that is CGPL that is TATA power, both put together are a 37 million tons requirement of which this year we have done significant number though there was the PLF numbers as you know in power was much lower, but still we have done a good handling of coal for these two power plant and that will go up to 37 million tons in the coming year or so.

Chokalingam Narayana: But is there a provision to handle other cargo out there at the 60 million tons.

B. Ravi: Yes, there is a flexibility in berth number 4 at the coal terminal to handle other cargo.

Moderator: The next question is from the line of Achal Lohade from J M Financial. Please proceed.

Achal Lohade: If you could talk about what is the operational cash flow for the year and what was the CAPEX number for FY16, Sir.

B. Ravi: Yes, CAPEX numbers are to the tune of about, just give me a moment, you have any second question while I gather the number.

Achal Lohade: Sir second, Sorry I did not understand this SEZ part, you said standalone obviously we have recognized fully about the SEZ income of 695 crores, have we recognized anything in the console for the 4th quarter Sir.

B. Ravi: Yes, Just to clarify that, in September when we have taken and on stand basis it is full income of about 690 crores but on consolidation it was only 49%, 51% of it because it was held by us by 49%. So it was above 340 crores, was still what was set off, that now we are not holding more than 11% and therefore in Q4 this income has come into our consolidated numbers but there is no impact on the stand alone numbers.

Achal Lohade: In that case, I was just wondering if I look at the port revenue it seems to have dropped by 6% YOY to about 15 billion rupees and EBITDA margin has come off to 57%, I am just curious to understand how we understand this drop.

B. Ravi: I will, therefore in that numbers which we are going to be talking to you about it is Q4 and year-on-year and again I will have to give the same answer that while I send out that further analysis of this it will be clarified it to you. I will just address that question of the CAPEX in the current year it is about 2900 crores.

Achal Lohade: And the operational cash flow sir.

B. Ravi: Yes, you go ahead, please go ahead what were you saying, what was your other question.

Achal Lohade: The other question I had is that, I read that we are seeking an approval for raising money through various roots up to 10000 crores. I am just curious, is it just the enabling resolution or I will be looking at any acquisitions or if you comment strategically on that Sir.

B. Ravi: Yes I would, there were two resolutions if you would have followed and one is an enabling resolution of the 10000 crores for GDRs, like last year though we had taken a similar kind of resolution we did nothing and therefore there is no plans of any specific ADR, GDR and those kind of equity raising but yes it is an enabling resolution. There is a second resolution with in that for NCDs that is Non-Convertible Debentures and that there are as you recollect last year also we have taken and for our financial structuring we had taken Rupee debentures. We will be taking that in the current year also as a part of our overall financing pan. And the cash flows as you said, and I will send it totally along with the analysis.

Moderator Thank you, our next question is from the line of Nitin Arora from Emkay Global. Please proceed.

Nitin Arora: Sir, can you give us the way you have given for FY16, the coal container crude and other numbers, can you give us for Q4 FY16 versus the growth number in the previous quarter of the previous financial year.

B. Ravi: Yes, I will give that to you; Q4 coal was about 15 million tons which is about 39%, container is about 931 thousand TUs which is almost a million TUs which is about 14 million tons that is 36% of the total, crude is 4.41 which is 12% of the total composition and others as I said were comprising of many products is about 4.76 million is 13% and this coal in the Q4 was down by

15% but it was more than offset by the containers which grew by 24%, crude which grew by 17% and other cargo which grew by 11%, therefore overall 3% increase in Q4-on-Q4.

Nitin Arora: Sir, with respect to the last quarterly presentation, where we reported our port revenues, the core port revenues about 4733 crores and this time the port revenues have been reported at 5374 crores, I understand sir you already said in the concall that you will be sending us the another analysis where it shows the comparable numbers, but sir, just want to understand that if 1850 crores is including the 344 crores SEZ, then sir after that all should be my port revenue.

B. Ravi: There will be, see when you talk about consolidated results, there will also be the Adani logistics revenues which get consolidated, so we will have to separate out the logistics revenue, we will have to separate out the SEZ revenue and there would be certain contract as you know there are those other revenues also which we keep on reporting quarter-on-quarter and therefore this numbers will be given in that kind of detailing so that each of this numbers can be separately understood and then you will come to the ports revenue and I can just saw that even while you wait for it, port revenues for the full year has grown as I said in the beginning and the margins are very stable at 67% which was about around the same time same amounts last year, so on the call I can at this point in time very reassure you that the port revenues and margins have been very-very steady in fact growing. In absolute numbers the port EBITDA margins have grown by 9% and the margins have been maintained and the revenues also have grown. Along with the cargo volume which have grown by 5%. If it actually in fact, the revenues have grown by 7% as compared to cargo volumes by 5%, because there was a prize increase also, so on the call I can give you this broad numbers for you to understand there is growth in the ports alone and there is not just the other growth and the detailing it will follow.

Nitin Arora: Yes, I completely respect that sir, because on a recurring basis our port revenue has always in the range of 1600 crores plus so that is why I was just asking this. Sir, with respect to the CAPEX as you already told 2900 crores for FY16, sir it includes the rupee depreciation and fluctuation that as well, right, it is a core CAPEX that we have done.

B. Ravi: Yes, okay, just one second. Yes because I think Amit bhai is leaving, and I will also have to probably in the coming 10 minutes or so conclude on this. You are right, actually the total CAPEX does include some impact on the FOREX fluctuation too which is capitalized as per AS11.

Nitin Arora: Okay, and sir any guidance can you give us for the FY17 CAPEX numbers.

B. Ravi: I had given you port-by-port detail earlier and so maybe you know I can separately give it out to you repeated but have already given it and it will come from the transcript.

Nitin Arora: Sir, just the last question from my side sir, though we have been growing very good in terms of our container and that has been the strategy for the group being told to us. You know many times, but sir in the system can you see the finally the pricing power coming back with the shipping liners and they are able to restore the rates with the customers which ultimately will give us also the you know a room to increase the prices at the terminals or at the ports.

Karan Adani: Actually if you look at it, the shipping freights are slowly increasing and I think if you look from March onwards the freights are increasing and I think the pricing power will come to shipping lines and at the same time you are also seeing consolidation happening at shipping line levels which will improve the pricing power over there but for regardless of that from terminal point of view we are seeing because of lack of capacity at other areas, other ports, we are seeing a premium being paid at our ports and I think those premiums and margins we do seek you know to maintain those, at least for the coming year .

B. Ravi: Nitin, I just to conclude yes you are right about the port you know logistics be in the vicinity of 1600. At this time also we are not very far off. Yes, there was a slight dip but I will give you those numbers in that but it is around that numbers.

Moderator: Thank You**.** The next question is from the line of Aditya Bhartia from Investec Capital Services. Please proceed.

Aditya Bhartia: Sir just wanted to check current portion of long-term debt of 2000 crores that you mentioned that is the consolidated balance sheet right?

B. Ravi: Yes it is.

Aditya Bhartia: Okay, great and Dahej and Hazira you spoke about 2 million tons of take or pay contract that you have signed with Reliance Industries.

B. Ravi: That's right.

Aditya Bhartia: It would be great if you could throw some more light on that.

B. Ravi: In what kind. I will give it to Karan but if you can just expand on what you want?

Aditya Bhartia: Sir basically this 2 million tons is it the guaranteed volume that Reliance is giving for every year and what are essentially the terms as and what would be the realization and in case they are importing lower than that then will it still mean that we will get paid for 2 million tons at both these ports?

Karan Adani: Yes, sir, they have signed the 25-year contract of 2 million tons, it's an MGT and it is a take or pay contract and margins are more or less, actually there is a little bit premium than what you are what we are handling right now and this is for their plant their petro chemical plants where they are converting their gasifiers from gas base to coal base. So, this contract we will see this for at least till the end of concessions.

Aditya Bhartia: So 2 million tons per annum for 25 years.

Karan Adani: Two million tons per annum for Dahej and 2 million tons per annum for Hazira.

Aditya Bhartia: For Hazira and incase volumes are lower than that we will still get paid for it.

Karan Adani: Yes we will still get payment.

Moderator: Sure, the next question is from the line of Nishant Chandra from Temasek. Please proceed.

Nishant Chandra: Just a couple of quick questions on the list of associates, there is this abbot point that has been listed down. So any specific transaction that has gone through between that entity and Mundra.

B. Ravi: No, it was formed about a year back or a little less than a year back saying that you know if there we can get the operations what was being done by a third party at the Abbot Point, we are from that but there is no operations, no agreement, no contract on that at the moment.

Nishant Chandra: Has the bank guarantee been transferred post that sale to the promoter group?

B. Ravi: Bank guarantee has the amounts has reduced as you recollect Nishant we have got a 100% counter guarantee there is an effective the bank guarantee is nullified by a complete 100% counter guarantee for the full 800 million and at this point in time about 433 million or so is the only outstanding against that.

Nishant Chandra: Of that 800 only 433 is outstanding.

B. Ravi: Yes, that’s right, yes.

Moderator: Thank You. The next question is from the line of Aditya Mongia from Kotak. Please proceed.

Harish Bihani: This is Harish Bihani from Kotak. My question is on the transshipment volume for the year and with the CT4 commissioning what will be the likely number be for FY17 and broad number?

B. Ravi: Yes, CT4 this year I think will overall it will be doing about half a million so I think the transshipment could be in the tune of about 150,000 TEUs or so and CT3 we have been consistent doing well I think at about 350,000 was the TEU, this year and that is actually increasing to over 600,000 next year.

Harish Bihani: Okay 600,000 thousand helpful. Moving to Dhamra what is the current capacity, has the phase 1 CAPEX that was being done when you will be likely commissioning on that particular capacity and on the phase 2 CAPEX what was the CAPEX number that you talked about and when will that get commissioned and likely number for Dhamra in terms of the volume for fiscal year ‘17.

B. Ravi: I will first talk about the when you say Phase 1 you are talking about berth number 3 and phase 2, you must be referring to 3A because we refer as 3 and 3A together, so if you are referring phase 1 the berth number 3 the first ship at berth number 3 for testing purposes and for actual handling just came in 4 days back so effectively that berth is ready to receive cargo, so it is commissioned not exactly the way we look at it but then the cargo has started to come in and that I think in the months' time it will full-fledged in terms of the operations. Berth number 3A is going to take another year so this year if you talk about the total addition to the cargo capacities we have 16 or 17 million tons of berth number 1 and 2 put together which was the old capacity and we are adding it when other 15 million with this berth number 3 which is starting of it is 31 and against that we expect anywhere between 22 to 23 million tons to be handled next year and that would be a 50% jump over the current years handling.

Harish Bihani: Sir when the 31 million ton and the coastal shipment that you are targeting what would be the broad number that you target for Dhamra for this particular year.

B. Ravi: Total right, total is what I said about 22 to 23 billion.

Harish Bihani: No that would be the capacity but the likely.

B. Ravi: Capacity will be about 30 million tons and we would be actually handling about 22 to 23 million tons and then we will ramp it up because we will have only 10 months of that really available on berth number 3 this year and therefore we will not able to go up to 30 because as you know we do not handle more than 70% – 75% percent capacity utilization, so we will be able to handle about 25 or so and in terms of even if we go for the full year and therefore we are saying fully utilizing it by the end of the year by going up to 22 to 23 million tons.

Harish Bihani: Okay, sir last question on Hazira what was the liquid cargo that you did in this year and with the new contract of RIL and other what would be the likely number over there and also on container any broad number that you would do, plus there were some news item on the container trains connecting to Hazira port where is it exactly connecting to right now and with the new line how will be capacity will get ramped up to the NCR region.

B. Ravi: Okay, first of all let me answer the second part of the question the new lines are being taken up at the KRIBHCO sidings which we have we have a tie up with KRIBHCO siding and therefore it is just about 13 kilometers away from our port and therefore that containers are already been handled there that is the newest item you saw and in terms of containers this year see we will properly go around the 400,000 TEUs mark in Hazira itself and there is a big shift happening from the various ports including Pipavav port and you are seeing the Pipavav numbers so that will be beneficial to Hazira so it would be the vicinity of about 400,000. The first question was about the liquid cargo we did about half a million tons if you put it and that is a 34% percent increase in the liquid cargo. We have today a capacity of 4.4 lakh liters as much as what we have at Mundra which has really ramped up very fast that in terms of the turnaround even if you take about 5 to 6 turnaround can do about 2 and a half million tons from this year onwards and therefore for the full year if you see we have handled about 2 million tons already and next year we are like to handle maybe around 3.

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

B. Ravi: I will take that because I just wanted to tell all my esteemed colleagues and you know my friends on the call that while I might have addressed most of the questions on this call itself I am sure you may be having certain other clarification even after I give those numbers out, all of this would be available. Kankshit as you know when we all take these calls so we will be more than happy to clarify any further one further question that you may have you to understand our numbers well so thanks for the patience, thanks for being their though it was late and I am sure you are going to be joining the power call very soon so thanks and have a nice day.

Moderator: Thank you very much members of the management. Ladies and gentlemen on behalf of Adani Board that concludes todays conference call, thank you for joining us and you may now disconnect your lines.