"Adani Ports & SEZ Limited Conference Call"

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Moderator: Ladies and gentlemen, good day and welcome to Q4 FY2022 earnings conference call of Adani Ports & SEZ Limited 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 Mr. Swarnim Maheshwari from Edelweiss Securities. Thank you and over to you Sir

Swarnim Maheshwari: Thank you Margaret. Good evening everyone. I welcome you all on Adani Ports Q4 FY2022 conference call. From the management today we have with us Mr. Karan Adani CEO & Whole-time Director, Mr. Subrat Tripathy CEO of Ports Vertical, Mr. Vikram Jaisingh – CEO of Logistics Vertical and Mr. Charanjit Singh Head ESG & Investor relations. Now without further ado I would just handover the call to Mr. Karan Adani for his opening remarks post which we will have a Q&A session. Thank you and over to you Karan.

Karan Adani: A very good evening to all the participants. Welcome to the conference call to discuss the operational and financial performance of Adani Port & SEZ Limited for the quarter and year ended 31 March 2022. Let me start with the highlights of FY2022 and refreshing memory on our strategic mission of APSEZ. Two years back when we embarked on our journey of making APSEZ the largest port company globally, it was clear that the strategy to achieve this stupendous feat had to be customer centric. Given our two decades of experience in the port business, we were aware of the customer pain points in the logistic supply chain which forms the building blocks of our decision to transform APSEZ from a port company to a transport utility. Our efforts for the last decade provided us with the robust foundation for vaulting into this new growth front. In FY2021 and FY2022 while we continued our journey for port expansion to drive growth and also mitigate the business concentration risk, but alongside we developed a roadmap for business transformation and started to action the plan of building our logistic capability. APSEZ transformation journey reached an inflection point in FY2022 with various successful acquisitions and turnkey projects. First we gained 100% control of Krishnapatnam port through the purchase of the balance 25% stake from the outgoing promoter. Second we acquired 41.9% stake in Gangavaram port and signed for an agreement with the promoter for the acquisition of balance 58.1% stake post the NCLT approval. Third was the acquisition Sarguja rail corridor for 70 km railway line asset in the state of Chhattisgarh. Fourth APSEZ received LOA from Haldia port trust for a 5 million ton per annum bulk terminal and Fifth APSEZ won the bid for a Greenfield deep-sea port project at Tajpur, West Bengal. These acquisition and projects fit well with our strategy of focusing on the east-coast not only from a portfolio diversification perspective, but also establishing our presence in regions with high growth. We recently made another strategic investment with acquisition of India's leading third-party marine service provider Ocean Sparkle Limited that has 94 sea-worthy vessel including 75 Tugs. With 27 years of operation, OSL had presence across 28 ports in India and experience of working in key global marine house. All these acquisitions implied an investment of around Rs.11,400 Crores for APSEZ and alongside an organic Capex of around Rs.3600 Crores, we successfully managed to keep our net debt to EBITDA ratio unchanged at 3.4x.

The year also recorded an operational reach by APSEZ team and we managed to set new benchmark for India's maritime industry. First it was a record year of cargo volumes for APSEZ as we crossed 300 million metric ton mark and achieved a cargo throughput for 312 million metric ton, which also includes 115 million metric ton of cargo handling at Mundra Port, first ever by a commercial port in the country. Secondly, APSEZ recorded its highest ever container volume of 8.2 million TEUs with Mundra alone recorded container volume of 6.5 million TEU which is 17% higher than its nearest competitor.

Another major milestone for FY2022 was the visibility on commissioning of various logistic standpoint thereby providing sufficient surety that APSEZ is on track to achieve its announced capacity target. These include investment in 100 trains, eight operational MMLPs and total grain silo capacity of around 1.2 million metric ton by FY2023. With 5 million square feet of warehousing capacity under construction/operation, we are on track to achieve our guided capacity of 60 million square feet. Another noteworthy achievement of the year are two strategic partnerships. Firstly, a joint-venture with John Keells Holdings and Srilankan Port Authority for construction of Colombo West International Terminal II. Secondly a partnership with Flipkart for the construction of over 0.5 million square feet fulfillment center in the upcoming logistics hub at Mumbai. Both these partnerships are ensuring sustainable business growth for APSEZ. APSEZ continues to be guided by the adoptive ESG framework to drive sustainable growth. We continue to working towards our goal of making our ports carbon neutral by 2025. Some actions undertaken to achieve the objective includes electrification of rubber tire gantry, electrification of mobile harbor crane, purchase of electric internal transfer vehicle and building renewable electricity capacity. To support our carbon neutrality goal, we are also doubling our mangrove plantation target to 2000 hectare. We will finalize our net zero plan during the year in line with the commitment made by the science-based target initiative.

In November last year, the APSEZ board, based on representations from the ESG, and Risk Committees, had decided to exit from Myanmar. Thereafter, we announced a timeline of June 2022 to action the Board's decision. My team has worked very hard to ensure that we deliver on this guided timeline. I'm pleased to announce that we have recently signed an agreement for sale of our Myanmar asset. The Share Purchase agreement signed with the buyer will enable us to broadly recover the investments that APSEZ has made in the project. The deal will be concluded after receipt of proceeds, in line with the agreed condition precedents.

Let me now invite Subrat, Vikram and Charanjit for a brief on the operational and ESG performance thereafter I will run you through the financials. Over to you Subrat.

Subrat Tripathy: Hello everyone on the call! Let me give you an overview of the performance at the port verticals. I will start with cargo volumes. APSEZ continues to outperform all India cargo volume growth and in FY2022 handled a cargo volume of 312 million metric tons, a growth of 26% as against 5% growth registered by all India ports. The said cargo volume of 312 million metric tons includes 30 million metric ton handled by Gangavaram port. Now to add on to what Mr. Karan Adani said earlier, it is a pleasure to see Mundra port continuing its journey towards glory and set a new benchmark at every turning point. The team at Mundra deserve a special mention for such a spectacular achievement and I am sure they are ready for achieving newer heights and win personal laurels for APSEZ.

Coming to performance of Mundra port, it grew by 4% in cargo volume during FY2022 while the APSEZ portfolio excluding Mundra grew by 58%. Non-Mundra ports in the portfolio especially on the east-coast are growing faster and have contributed 52% to the cargo basket which is higher by 10% points. This growth is primarily due to our strategic focus on achieving east-coast west-coast parity and diversifying cargo mix. With this we are swiftly moving towards a balance between the west coast and east coast, which now improved to 62:38 from a level of 74:26. Our cargo baskets continue to see an all India growth and constitutes 38% container, 50% dry bulk and 12% liquid cargo. Other products like LNG and SPG that we have added to our cargo basket continues to strength our portfolio.

Now let me share some segment wise cargo data. First of all, on container cargo. During the full year of FY2022 APSEZ handled a total container volume of 8.2 million TEUs, a growth of 14% compared to an all India container growth of 11% on a year-on-year basis. Mundra port continues to be the largest container handling port with 6.5 million TEUs which is 15% higher than JNPT. Our strategy of providing multiple entry and exit points by diversifying our geographic footprint, single window service in the shipping line, integrated supply chain solutions to the end customers along with partnering large shipping line to our JVs enable continuous gain in market share. Mundra currently as a market share in excess 33% in all India container volume. Our efforts to strengthen the position in the container segment at newer locations and offer unique solution to shipping lines resulted in the addition of 9 new container services of which 6 services were added at Mundra port and one each at Hazira, Kattupalli and Ennore ports. This will contribute around 2,45,000 TEUs of container volume per annum.

Talking about dry bulk cargo. During the year, the total dry bulk cargo handled was 156 million metric tonne which is a jump of 42%. Within this segment minerals grew by 97%, coaking coal by 39% and a total coal volume registered a growth of 32%. To enrich and diversify our cargo basket we have added four new cargo types namely Sulfur at Dahej Port, dolomite at Kattupalli Port, gypsum at Krishnapatnam Port and LD slag at Andhra port. We have added new customers at Andhra port including names such as Bhushan Power and Steel Limited. Krishnapatnam port which was acquired in FY2021continues to see the adoption of best practices of APSEZ. We are enhancing capacity by debottlenecking and mechanizing operation at a brisk pace. For the first time, limestone was handled through a mechanized conveyer improving port's productivity and efficiency at the same time helping increase margin portfolio for the quarter. During the period we have added 12000 square meters of covered godown to handle agri products. We continue to add new customers at Krishnapatnam port and this will go a long way towards achieving the full potential of the port.

Moving to liquid cargo. APSEZ handled liquid cargo including crude of 34.7 million metric ton implying a growth of 19%. All India liquid cargo handling ports registered double digit growth. This was led by higher volume handled at Hazira and Mundra ports. As a part of our cargo diversification, we have added LPG and LNG cargos into our portfolio. In FY2022, APSEZ handled 1.5 million tonne of LPG and LNG. With rise in demand for gas products as a greener source of energy, we expect to see volume growth in this segment as well. I am happy to inform that LNG terminal which was under construction at Dhamra is now nearing completion and it is expected to be commissioned in November 2022. As you may know this is a 5 million metric tonne capacity terminal with a use or pay contract with IOCL and GAIL.

Coming to the performance in Q4 FY2022, we handled 78 million metric tonne of cargo in Q4 FY2022 which is a year-on-year growth of 7%. This growth was led by the Dahej which grew by 58%, Ennore 51% an addition of Gangavaram. Cargo volume without GDL were subdued on account of lower imports of coal by key IPPs and lower trading coal volume which was impacted due to higher commodity prices and disruptions in the supply chain. We believe the revival of demand from coastal power plant will increase the power demand and softening of prices globally, coal volume in coming quarter is likely to be improved.

I will now handover to Vikram to update you on the logistic verticals. Over to you Vikram!

Vikram Jaisingh: Thank you Subrat. Good evening to everyone on the call. Let me give you an overview of the performance at the logistic verticals. Speaking about logistic operations in the last one year, Adani logistics have witnessed 29% increase in rail volumes as compared to last year, i.e., 3, 13,273 TEUs versus 4,03,737 TEUs. This has been achieved with recommencement of Kilaraipur logistics park operations in December 2021. We have also commissioned Nagpur multi-modal logistics park in December 2021. With this, we now have a strong central-India presence and have six multi-modal logistics park. Furthermore, the logistics parks at Virochannagar, Taloja, and Panipat are under development as per plan. GPWIS vertical continued its growth trajectory and with new circuits added from mines to power plants. The bulk cargo transportation is gaining momentum and helped us achieve a 100% growth in FY2022.

During the period Adani Logistics handled 8.85 million metric ton against 4.41 million metric ton in FY2021. We have also commissioned 13 new rakes during the period, with that we have 23 GPWIS rakes in our stable two more rakes to be added by Q1 FY2023. Adani Logistics now operate 75 rakes as against 61 rakes in FY2021. We will continue to add rail rake assets as we expand our network footprint and scale up in existing and adding new circuits.

Coming to Adani Agri Logistics, three projects of 1,50,000 metric ton capacity at Paniput, Kannauj and Dhamora have been completed last financial year. Darbhanga and Samastipur projects totaling one lakh metric tonne capacity are under construction and progressing as per plan.

In warehousing, our new grade A warehousing facilities at Mumbai, Indore, Kochi and Virochannagar are under construction totaling 4 million square feet which would be commissioned by Q4FY23. We have successfully signed and closed deals for 0.8 million square feet cumulatively. Furthermore, we are also in final stages of signing LOI with client for 0.5 million square feet built to suite warehouses. Adani logistics is on its trajectory to emerge as a leading company in grade A warehousing with the commencement of new projects while also focusing on strategic acquisition of warehousing assets. We are working in line with our vision to become an end-to-end integrated logistic service provider in India by creating logistic infrastructure including multi-modal logistic parks, warehouses, and complete rail solutions for containers liquid grade bulk and auto cargo.

I will now handover to Charanjit to update you on the ESG performance of APSEZ. Over to you Charanjit!

Charanjit Singh: Thank your Vikram…. and very warm wishes to everyone on the call. APSEZ's ESG efforts in FY22 gained momentum on various fronts.

On the environmental side the focus is now three pronged- 1) achieving carbon neutrality by 2025, 2) targeting water supply from non-competing sources only, and 3) progress towards biodiversity positive status.

As emphasized by our CEO we are marching firmly towards our target of achieving carbon neutrality with various initiates underway. Besides retrofitting of RTGs and Quay cranes, APSEZ has also initiated transitioning of ITVs from IC engine to battery type. We are also actively exploring low-carbon solutions for Reach Stacker, Empty Container Handler, Shunter, Dumper, and other equipment.

With India being a water stressed nation, we are making necessary efforts to ensure that our water supplies are from non-competing sources such as the treated non-potable water, harvested rainwater, or desalinated water. Around 50% of our total water requirement is now being met from such sources. This lower proportion vs the last year is due to inclusion of Krishnapatnam. With the efforts being made at our end, this number will be in range of 80-90% by 2025.

APSEZ has also intensified its efforts towards biodiversity improvement. The company is credited for the management of 6000+ hectares of Mangrove plantation, a record by any corporate in India. Mr Karan Adani has already announced for another 2000 hectares of mangrove plantation to further support our carbon neutrality objective.

We continue with our endeavour of supporting the communities in line with the group's agenda of growth with goodness. Our social initiatives are currently reaching to around 800,000 people and we are targeting to take this to a million people in the next few years. A third-party impact assessment of some of the key community focused initiatives is in progress and will enable us to have a more targeted approach.

We have ended the financial year with outperformance on most of the environmental and social metrices against the targets.

From the corporate governance perspective, APSEZ's decision to make three of its key board committees, i.e. Audit Committee, Nomination & Remuneration Committee and the Corporate Responsibility Committee fully independent is a strong reflection of the company's management walking the talk to achieve ESG leadership. Not many companies in India and other emerging markets, have achieved this feat. With this let me now handover to Mr Karan Adani to update you on the financial performance. Over to you Karan bhai

Karan Adani: Now speaking of the financials, consolidated revenue grew by 27% year-on-year to Rs.15,934 Crores in FY2022. This is backed by 21% growth in port revenue, logistic revenue growth by 26% as well as higher SEZ and port led development income. During the corresponding year total EBITDA grew by 22% to Rs.9811 Crores. Speaking about port operations in FY2022 revenue increased by 21% year-on-year to Rs.12,964 Crores. EBITDA for the same period grew by 21% year-on-year to Rs.9120 Crores in line with the increase in cargo. Overall port EBITDA margins stood at 70%. Speaking of the logistic business, in FY2022 revenue from the logistic business stood at Rs.1208 Crores, a growth of 26% on account of improving container and bulk rate and terminal traffic along with the improvement in rolling stock both for container and bulk cargo.

Our efforts to diversify by adding bulk cargo, elimination of loss making goods and operational efficiency resulted in a significant increase in EBITDA and margin. While logistic business EBITDA grew by 41% to Rs.320 Crores, EBITDA margin expanded by 283 basis points to 26% on a year-on-year basis. During the year profit before tax stood at Rs.5946 Crores and PAT stood at 4795 Crores. During the period the tax was lower due to the lower composition of profits from APSEZ standalone entity which was impacted by the forex.

During the year ending March 31, 2022 receivables reduced by 10% from Rs.2386 Crores to Rs.2170 Crores. This is despite a 26% increase in total revenue. Accordingly the DSO have improved by 29% from 69 days to 49 days. During the period net debt to EBITDA remain within the guided range and stands at 3.4x, the net debt to EBITDA does not include EBITDA and cash from Gangavaram port. If included on a per forma basis then net debt to EBITDA stands at 3 times.

Net debt to equity during the year has improved to 0.85x in FY2022 compared to 0.89x in FY2021. APSEZ continues to maintain its investment grade rating and two of the key major international rating agencies mainly Moody's and SNP have maintained a stable outlook. The company has been maintaining key ratios within the desired range while growing rapidly. Moving into FY2023, I am confident of APSEZ growth prospect that are supported by number of things. Firstly India's GDP growth rate for the year is estimated to be 8% to 9% and with the government targeting to make India US dollar five trillion economy by mid of the decade we see a good boost to India. Second is the increase in Iron and Steel trade which can be attributed to China's decision to cap its steel production to the 2021 levels and absence of exports from Russia. This is likely to boost coking coal import in India.

Another key growth catalyst is the increase in India's power demand and a higher fuel cost allowed as a pass through by some states thereby resulting in a recovery in coal volumes at port. Then there are some APSEZ specific catalyst such as a start of operations at Gangavaram container terminal and Dhamra LNG wherein we have already signed the contract. Similarly for our logistic business, we have signed some leasing contracts for the warehousing facility where the construction was started in FY2022. Our cargo volumes in March and April are a good reflection of the improving momentum.

Considering the mentioned catalysts, we are guiding for volume for FY2023 to be in the range of 350 to 360 million metric tonne, this will translate to consolidated revenue to be in the range of 19200 Crores to 19800 Crores. Consolidated EBITDA to be in the range of Rs.12200 Crores to Rs.12600 Crores. Port revenue range of Rs.16700 Crores to Rs.17000 Crores. Port EBITDA to be in the range of 11600 Crores to 12000 Crores. Logistic business to generate a revenue between 1500 to 1600 Crores. Capex for the period to be in the range of 8500 to 9000 Crores. Free cash flow from operations after adjusting for working capital changes Capex and net interest cost during the period is expected to be in the range of 1400 to 1700 Crores. Net debt to EBITDA is expected to be in the range of 3x to 3.5x. The board has recommended a dividend of 20% of PAT for the year which is as per the dividend distribution and shareholder return policies.

In conclusion, let me summarize our performance in FY2022. It has been a stellar year for APSEZ on multiple fronts. It includes a record cargo volume, organic and inorganic investment and a strategic partnerships formed during the year. It also marked a critical point in APSEZ transitions from a port operator to a transport utility. We believe that APSEZ is all set to emerge as a proxy to India's growth story of becoming the third largest economy in the world. We continue to make India an alternative manufacturing hub, the government of India is making significant initiatives to boost the country's infrastructure which is likely to boost the country's economy in the comings years. The analyst estimate are reflecting India's GDP to grow at higher than various other key emerging economies. APSEZ with a formidable footprint along the entire shore land of the country and with the access to over 90% of the country's hinterland is all set to ride this growth.

Our investments in logistics infrastructure including a network of multi-modal logistics park, container and bulk rolling stock and warehousing facility are enabling us to reach the customer quickly. To enhance customer service we are integrating technology into our infrastructure platform for a tailor made single window solution and capture a higher wallet share. I am sure with all this we are on track to achieve our FY2025 business growth targets. Let me conclude by saying that our focus on customer and sustainability will enable APSEZ to achieve its growth ambition and become a global role-model.

With this we will open the lines for question and answers.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Mohit Kumar from DAM Capital. Please go ahead.

Mohit Kumar: Good evening Sir and congratulations on a very good year, especially on the acquisition of some of the marquee assets. My first question is how much is the tariff hike you are baking in the current guidance given that the cargo guidance is of around 12% to 15% increase, however the revenue guidance is around 28% to 30% and are we expecting any improvement in coal supply to Mundra power plants given that the last year I think one of the major reason of slightly muted growth was primarily because the Mundra power plant were operating at a very low PLS?

Karan Adani: So, in our guidance what we have given we have not taken a major growth in coal volumes we have kept it at the same level as what we did last year. In coking coal we have taken, I would say a 10% to 12% growth in the coking coal volume, but on the coal volume, thermal coal we have kept it more or less at the same level as what was there last year.

Mohit Kumar: The tariff hike Sir?

Karan Adani: Sorry…

Mohit Kumar: Have you taken a tariff hike you are baking in the current guidance because cargo is 12%-15% while revenue guidance is 28% to 30%?

Subrat Tripathy: There is certainly a tariff hike in line with the past trends, but also the revenue number includes OSL.

Mohit Kumar: Okay, understood. Sir secondly we are looking to expand the new capacity CT5, is this expansion of new capacity CT5 is contingent on the renewal of a concession agreement and have you heard anything on the renewal, can you please share the update?

Subrat Tripathy: Yes, this is not the contingent to the extension of the concession agreement, at Mundra our existing terminals are operating at 90% plus capacity and we are seeing a robust customer demands and that is the reason we are very confident that whatever Capex we are putting, the payback would be within the concession period that we have. In terms of from a concession period point of view, we are at the last stage of policy roll-outs we expect the policy roll-out from Gujarat government to come out hopefully by this calendar year and we are hopeful to give the clarity to all the investors once the policy is out.

Mohit Kumar: Understood, thanks and all the best Sir.

Karan Adani: Thank you.

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

Ashish Shah: Thank you for the opportunity. Sir first question is on the 23,000 Crore capex plan that we have unveiled, over what period is this plan and second if it changes anything in our 500 million ton guidance so does the guidance get increased because of this capex plan?

Karan Adani: So, 23000 Crore capex that is keeping in mind not just a port but it is for the whole APSEZ that is ports, logistic, the marine business, the tuft business, the OH business as well. As you know last year we have started the new business which is warehousing and if you see almost from this year guidance one fourth of the capex goes towards the new business. From our point of view the 23000 Crore is till FY2025, and this only helps us not just up to the 500 but also part of it helps us to move after the 500 as well.

Ashish Shah: Sure. Sir secondly in terms of the expected return from the Capex, I mean prima facie just a little back of the envelope kind of a number seems to suggest that if 4100 Crore is the EBITDA at an optimum level from this 23000 Crore Capex then the post tax ROC probably could be lesser than may be 11% or 12%, if there is any clarity if you can provide on that it will be helpful?

Charanjit Singh: Ashish Charanjit here. We have all the numbers with you but given that we have only few minutes left for this call 15-20 minutes, so I request that we focus on the strategic questions in this call. For each and every number the IR team will give you the data points we have every number with us. Does it make sense?

Ashish Shah: Yes, thank you Charan.

Charanjit Singh: Thank you.

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

Parash Jain: Thank you. First question is Karan the whole world is debating about whether we are heading into a recession you are embarking on a **audio cut 38.20** and secondly would be with what is going on in Colombo does it change or do you need to adjust your timeline or capex with respect to your upcoming venture?

Karan Adani: Parash you are breaking off little bit but if I understand correctly your question was with the global uncertainty, what is the confidence level on the capex program that we are embarking at, am I correct?

Parash Jain: Yes.

Karan Adani: So if you see Parash in terms of our capex, half of the total capex is in the logistics and it is focused on warehouses, if you see the breakup part of that also we are very confident on that, it has nothing to do with the growth but it is actually to do with the mindset change from consumer going towards more of digital and we are replacing lot of grade B and grade C warehouse to grade A, so if you see we do believe that out of the total capex 2500 Crores on warehousing we are very confident on and we do not expect any changes on that front. 50% of the capex on the port side is focused on the container segment and mainly it is in Mundra, Gangavaram and Dhamra and the second is the two greenfield projects that is Vizhinjam and Colombo. In Mundra we are already at 90% as I had said earlier so there we need to expand because we are seeing a significant growth coming in and demand coming in and we do not expect that demand slowing down. Gangavaram and Dhamra, Gangavaram is again a new site for us, new territory we do expect to take volume out of Vizag port over there because we will have better facility deeper traut and same on Dhamra we have been talking about starting container business in Dhamra when we took over, so we do expect Dhamra to compete and be a hot port not just Bangladesh but even Calcutta. As I said the Vizhinjam and WCT that is the container terminal in Colombo we are very confident on closing on those two terminals I will answer your Colombo question next. The remaining 50% of the Capex on the port from that also 50% is in Dhamra itself and we are seeing the kind of volumes that are coming in we do expect that we are actually short of running capacity on that front and even in Dhamra a lot of capex is mechanization. So on Dhamra a lot of expansion that we doing is mechanization and expansion of capacity by mechanization and its predominantly to do with the hinterland development in terms of mining and the steel plant expansion that we are seeing. On Colombo we are very confident, so let me answer the first question that is the business rational for doing a terminal in Colombo does not change, actually with the kind of disruptions that we are seeing we do our conviction on actually the capacity enhancement between the both Vizhinjam and Colombo is more solid and we do believe that is the right option to drive choice. Given the current situation, we are working in terms of how do we give as much orders as possible through local contractors and basically to support the local contractor growth and local employment. As of today we do not expect any major changes in the timeline and so we do expect with that by FY2024 we will have the first phase of Colombo terminal in operation.

Parash Jain: Thank you so much Karan and have a lovely day.

Moderator: Thank you. The next question is from the line of Vipul Singhal from Philip Capital. Please go ahead.

Vipul Singhal: Hi, thanks for taking my question. So Karan just a couple of questions from my side. You have just spoke about the overall capex plan and 50% of it be in logistics especially in the warehousing, if I look at the next year capex of around 2500 Crores how do you see that playing out over the next three to four years, is it going to be kind of recurring capex plan or is it like kind of front ended in FY2023 and then it is slowly going to taper off how do we see this?

Karan Adani: Yes, warehousing front as you know that we had last year given our vision statement of 50 million square feet. This 2500 Crores gives us 9 million square feet which will get operational by Q1 of next year, till the time we do not reach 50 million square feet you will see more or less similar recurring capex happening in the warehousing sector.

Vipul Singhal: So the thumb rule could be for let us say around 10 million square feet we would spend on 2500 Crores. We can use that as fund.

Karan Adani: Yes, 10 million is 2500 so let us assume for next five years another three ten million square feet will keep getting added.

Vipul Singhal: Got it, that is very helpful. And also just wanted to check on the margin front so I mean our port margins are overall in 70% and whatever ports we acquire we are trying to take them to the similar level on the same front where do you see the overall margins for company going and any of the ports would that also be applicable for Gangavaram port.

Karan Adani: Your question is on the margins right, EBITDA margins?

Vipul Singhal: Yes, EBITDA margins.

Karan Adani: Just specifically to ports or you are talking overall?

Vipul Singhal: Gaganvaram ports and overall, what is the outlook for the three margins separately?

Karan Adani: Gangavaram our target is after the acquisition is completed, we have a plan ready which will take the margins up to 71% to 72%, there are certain cost which we cannot touch till the acquisition is not completed so once that is done we do expect we will be reaching to 71% to 72%, we have already reached 66% to 65% if I am not wrong. Overall margins I think we will keep pushing, teams keep working on it in terms of from a port point of view and our guidance still continues that we will keep pushing for 1 to 1.5% growth in our EBITDA margins for the overall.

Vipul Singhal: Got it, thank you so much.

Moderator: Thank you. The next question is from the line of Nikhil Nigania from Alliance Bernstein. Please go ahead.

Nikhil Nigania: Hi, thank you for taking my question. The question I have is the container market share for Adani ports we do see some pressure in maintaining that market share for last few quarters and what could be the reason for that and how do you see it changing going forward?

Karan Adani: So I think if you see the pressure that we were facing on the overall container business was mainly on the south side that is between Krishnapatnam, Ennore, Kattupally, I think on the north combining both Hazira and Mundra we have not lost any market share actually we have been gaining. I think on the south side we have few opportunities which we are working on and few lines that we are looking at shifting. I think we are confident that this year on the south side we should be able to recover significantly. On the west we do continue to push and as the rail coefficient in Mundra keep increasing we are very confident that we will continue to grow a market share on the west side.

Nikhil Nigania: Thank you Sir. One last question, one big forex cost in this quarter any view if you could share on that it could be helpful because a big number.

Karan Adani: So as you all know it is a mark-to-mark cost as you know that we have a natural hedge it is not a cash flow item, but it is more of mark-to-mark and because of the natural hedge that we have actually because of the dollar income that we get we do not hedge our debt and we have always look at the mark to market more on the five to six year horizon and if you see that it is more or less nullifies itself and it make sense not to hedge it because our interest cost is at the lower side and that is what we focused on. So to be honest I do not have any guidance on or thoughts but this is what we can say that we continue with our strategy of not hedging and leaving it as a natural hedge, we focus on and we look at more on the net interest cost and this is not a cash flow item for us.

Nikhil Nigania: Appreciate. Thank you.

Moderator: Thank you. The next question is from the line of Nikhil Abhyankar from DAM Capital. Please go ahead.

Nikhil Abhyankar: Thank you for giving me this opportunity. I have got just two couple of questions. What is the expectation of monetization of land in the medium term given the ambitious plans of the group company and the second question is about is there any update about stake sell in Concore any update from the government? Thank you.

Karan Adani: It is hard to give a longer term on the SEZ because there are multiple one off items which are coming in terms of land sale, but we can give you this year's guidance we have roughly 350 Crores worth of land sale which will happen and which we have a very good visibility, actually we have a full visibility of it not just pretty good but we have a full visibility. I think there are multiple land deals that we are working on, but it is on an overall long term basis you can take 700 to 800 Crores every year is what we would be targeting on.

Nikhil Abhyankar: I was just asking about Concore.

Karan Adani: On Concore, I will just restate our thoughts over there. We are very keen on it, it is a strategic asset, from our point of view as you can see it in the balance sheet it will be a fully funded acquisition as and when it comes, timing of it is difficult to see, and it is very difficult for us to give a timeline because I think as you all know one of the big issue I mean not issue but one of the big steps that government needs to solve on is how will treat take the land and what will be the land licensing fee, I think once that is done, once that is approved we do expect then the sale process to fast track but it is very hard to give a timeline as of now.

Nikhil Abhyankar: Thank you that is all.

Moderator: The next question is from the line of Sagar Parekh from Deep Financial Consultants. Please go ahead.

Sagar Parekh: Thanks for taking my question. Just harping on this forex loss again, I understand it is not a cash flow item but does it mean that this 500 Crore loss is basically so as the rupee depreciate your loan amount in absolute terms increases by that much, is that the right way to look at it?

Karan Adani: Not the right way to look at it because our loan is in dollars as well as our income is in dollar so as part of our policy the way we look at it is, we look at our five year dollar inflow and any repayment that has to happen at the particular year we as a part of treasury policy we keep that income, we provide for it in our cash flows during that particular year, so I do not think because of the dollar movement our debt increases.

Sagar Parekh: Okay so in the presentation you have given about 580 million dollars of revenue in dollar term in FY2022 so how much would that be for FY2023 and how much is the dollar driven repayments that are coming in FY2023?

Karan Adani: I request finance team to answer that.

Charanjit Singh: See with respect to growth what we are factoring you can consider in the same proportion of the revenue.

Sagar Parekh: In terms of repayment liability repayment in dollar for FY2023?

Charanjit Singh: Yes, there you see the chart what we have given on slide 27 I think, we have given the coverage what we have, so we have a coverage of around 2.5 to 3 from a longer term perspective even for FY2023.

Sagar Parekh: So basically the 600 million dollar revenue in dollar terms will take care of the liability repayment.

Charanjit Singh: Slide no.26

Sagar Parekh: Okay I will possibly take it offline with the IR team, thanks.

Moderator: Thank you. As there are no further questions I now hand the conference over to the management for closing comments.

Karan Adani: Thank you everybody. Our IR team is always available to answer any questions and to clarify and even me and my team are available if there is any doubts that are not settled by the IR team as well and thank you for your support and look forward to hearing from all of you.

Moderator: Thank you. On behalf of Edelweiss Securities Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.