“Adani Ports and SEZ Limited
Q2 FY27 Earnings Conference Call”
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Moderator: Ladies and gentlemen, good day and welcome to Adani Ports and SEZ Limited Q2 FY27 Earnings Conference Call hosted by Antique Stock Broking. 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 star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Pallav Agarwal from Antique Stock Broking. Thank you and over to you, sir.

Pallav Agarwal: Yes, thank you, Youssef. Good evening, ladies and gentlemen. We have the management of Adani Ports and SEZ represented by Mr. Ashwani Gupta, the Whole-Time Director and CEO, Mr. Krishna Menon, the CFO, Mr. Niraj Bansal, the Head of Ports, and Mr. Rahul Agarwal, the Head of Investor Relations and ESG. So today, we will discuss the 2Q FY27 results and the outlook going ahead.

So now I would like to hand over the call to Mr. Rahul Agarwal, the Head of Investor Relations and ESG. So over to you, Rahul.

Rahul Agarwal: Thank you, Pallav. Good evening and welcome to Adani Ports second quarter FY27 Earnings Call. We will begin with the opening comments from Mr. Ashwani Gupta and then we will open the floor for Q&A.

Ashwani Gupta: Yes, good evening and thank you for your ongoing interest in our business. Post a strong quarter 1, momentum accelerated further in quarter 2. Consolidated revenue grew 24% year-on-year to INR11,340 crores, while EBITDA increased 23% to INR6,807 crores. Importantly, growth is broad-based with all the four engines, domestic port, international ports, logistics and marine delivering strong performance. The strength and visibility of this growth gives us the confidence to raise our FY27 guidance.

We are increasing both our revenue and EBITDA expectations by INR1,000 crores. We now expect FY27 revenue of INR44,000 crores to INR46,000 crores and EBITDA of INR26,000 crores to INR27,000 crores. We are also increasing our FY27 capex guidance by INR3,000 crores. Now, when we come to the details, domestic ports business delivered 13% revenue growth while maintaining a industry-leading EBITDA margin of 72.5%.

We are increasing our domestic capacity to 1 billion metric ton with multiple ports including Mundra, Vizhinjam, Dhamra, Kattupalli and Ennore in various stages of expansion. The recent 18 million metric ton expansion at Paradip is a key milestone, reinforcing our East Coast franchise and strengthening our access to the mineral and industrial heartland of Eastern and Central India.

International ports business delivered its best-ever performance. Revenue grew 71% to INR1,839 crores, while EBITDA more than tripled to INR878 crores. EBITDA margins expanded sharply to 47.7% from 24.2% a year ago, demonstrating operating leverage, scale effects and earning potential embedded in our international portfolio. CWIT Colombo achieved a remarkable milestone of handling 2 million TEUs within just 18 months of operations.

We are doubling the terminal capacity from 1.6 million to 3.2 million TEUs, strengthening Colombo's position as a key transshipment hub on the East-West trade corridor. Our integrated

shore-to-door logistics network continues to gain scale and strengthen its market position. Quarter 2 FY27 logistics revenue grew 21% year-on-year.

After a temporary slowdown in quarter 1 due to disruptions arising from the West Asia crisis, container volumes rebounded strongly, growing 15% sequentially in quarter 2. What is particularly encouraging is the rapid growth of our asset-light and asset-zero businesses. Truck revenue increased 28% year-on-year, while integrated freight network revenues more than doubled over the same period.

This momentum demonstrates the strength of our integrated shore-to-door model and our ability to capture a larger share of customer supply chain. Our marine business delivered another stronger quarter with revenue growing 57% and EBITDA increasing 32%. This performance reflects the strength of our diversified marine platform supported by fleet additions, expansion into new geographies and our strategic entry into subsea solutions.

Today, our fleet has grown to 138 vessels, making it one of the largest and most diversified marine fleets globally. Growth has accelerated while financial discipline has remained intact. We have deployed more than INR30,000 crores capex in past 2 years while maintaining net debt to EBITDA 1.8x, demonstrating the strength of our business model and the capital prudence.

As we move into the second half of FY27, our outlook remains robust with diversified growth engines, industrial-leading margins and strong balance sheet. With a disciplined approach to capital allocation, APSEZ is uniquely positioned to create long-term value for our stakeholders. Thank you.

Pallav Agarwal: Thank you, Ashwani. Moderator, we can now open the floor to questions, please.

Moderator: Thank you very much, sir. We will now begin the question-and-answer session. First question is from the line of Alok Deora from Motilal Oswal. Please go ahead.

Alok Deora: Hello. Good evening, and congratulations on pretty decent numbers. So, just wanted to understand a couple of things. One is there has been a strong traction in the logistics business which was kind of muted in the last few quarters. So, what has changed there and whether this kind of double-digit growth is sustainable ahead? So, that is question number one.

Also, if I look at the overall margin, we are kind of back to, you know, 60% at the EBITDA level, but if we just look at the guidance for the full year, we are looking at some sort of a moderation ahead, more like a 58% -- you know, 58.5%. So, just some thoughts on that. You have increased the guidance, but even on the revised numbers, the margins come a notch lower. So, are we looking at some pressure on margin ahead? Yes, these would be the two questions, please. Hello?

Ashwani Gupta: Sorry. Hello? Can you hear us?

Alok Deora: Yes. Please.

Ashwani Gupta: Yes. Thank you.

Alok Deora: I hope you got the questions, Yes.

Ashwani Gupta: Yes. I got the question. Thank you.

Alok Deora: Yes.

Ashwani Gupta: I think on the logistics, it's very much sustainable and it is going to improve day-on-day because we are really executing the strategy which we talked about. What is the strategy, we talked about. We talked about that we are going to use the multimodal logistics fully integrated, not only to capture the Indian trade growth, but also to capture the cargo from our neighboring ICDs using trucking and international freight forwarding business. And that is helping us in making more and more cargo at our ICDs. And that is number one.

And number two is with all the 12 ICDs, Virochannagar, one of the biggest ICD and the Malur, they were at a ramp-up stage and now both are running towards the towards the growth. So, on one side when we see the growth on ICDs like Patli and Tumb and so on and so on, on the other side the new ICDs Virochannagar, Malur have also started ramping up.

So, obviously, you will see the growth. Of course, rail and ICD is directly linked to the trade, but when it comes to truck, when it comes to EXIM, when it comes to international freight forwarding, these are all businesses where is unlimited opportunity on the trade and there is a open playground to play and that's where we believe and we believe 2 years before when we launched Ambition 2030 at that time, that logistics is going to be one of our pillar moving. Your second question was about…

Alok Deora: EBITDA margin.

Ashwani Gupta: About EBITDA margin. You know, when we do the guidance, we do the guidance based on an hypothesis. So, this is not a mathematics. The quarter 1 results are mathematics, the quarter 2 results are mathematics, but the quarter 3, quarter 4 forecast is not a mathematics. It is an assumption and that's why we have given a range of EBITDA, as well as revenue. So, please do not divide it to get to the 58.2 or 58.3.

What we can promise you is we keep on one side a very strict cost discipline at our operations as we do in terms of cost per ton and on the other side, we capitalize each and every opportunity on the revenue, which you would have seen in the quarter 2 results. So, please it's too early to say 58.2 or 60.2. Please wait till the quarter 3 and quarter 4.

Alok Deora: Sure. Just -- sorry, just a follow-up question. So, you know, the -- while the guidance for revenue and the EBITDA has been increased, even the capex number has been increased.

Ashwani Gupta: Yes.

Alok Deora: So, what's the reason specific for that? And also, are we scouting any international acquisitions? And what has been the status there if you can just throw some light there? Thank you.

Ashwani Gupta: The -- I think, at first, increase in capex do not include any international capex, even organic. I mean, I'm not talking about inorganic. I'm talking about even organic, we have not included –

sorry, we have not estimated any capex which we will do in the increase. This increase in capex is mainly in India where we are accelerating the projects because we see clearly the potential.

Where do we see the potential? We see the potential in Mundra, where we saw that quarter 1 and quarter 2, where we were running almost close to 90%, 91%, 92% in average because some of the terminals were running more than 100%. And when we had the disruption of the Middle East, especially the transshipments where we had to store them to support the maritime industry and the country, we saw that disruption at our port.

And on the other side, we had the CT5, which we are starting in in in few weeks from now. Definitely, you know, we missed that opportunity to have the additional capacity, which we will be launching very soon on the CT5. So, based on that prediction and based on the fundamentals of Indian economical growth, we are accelerating the investment in the capex which is Mundra, Dhamra, Hazira and the other ports, but mainly Mundra, Dhamra and

Alok Deora: Vizhinjam.

Ashwani Gupta: And Hazira and of course, the Vizhinjam. As you remember that couple of months before, we launched the EXIM in Vizhinjam and the traction has been extremely good. Of course, we are waiting for the whole port ecosystem, you know, the highway, the railway and so on to come into the place, but the traction is really good. So, that's why we are accelerating the capex in India to anticipate that growth and we see already the growth, right? We are just waiting for CT5 to start the operations.

Alok Deora: Any international acquisitions which you can indicate, I mean, on the radar or anything we are looking to close?

Ashwani Gupta: Yes. So, we keep on evaluating the international acquisitions. We have more than 20 today around the world which we are evaluating. However, you know, as I shared in the previous call, our playground for the acquisition is very clear. The first playground is, any acquisition we do should bring the contribution to the top line as well as the bottom line growth of the APSEZ and the growth should be at least at average or more than the APSEZ growth.

So, this is the first fundamental. The second is geopolitics and the macroeconomics. The third is funding financing in the -- in that market and last is the leadership team slash the partner in that market. If we are ticking the four boxes, definitely we will go for it and as I said, we are evaluating around 20 international assets around the world.

Alok Deora: Got it. Thank you, sir. That's all from my side.

Ashwani Gupta: Thank you.

Moderator: Thank you. Next question is from the line of Achal Lohade from Nuvama Institutional Equities. Please go ahead.

Achal Lohade: Yes. Good evening, sir. Thank you for the opportunity. Congratulations on excellent show. Sir, two questions. First, you know, if I look at the EBITDA margin for the international business, right, that has expanded, you know, from 41%, 42% in last 2 quarters to 47.7% in this quarter.

So, if you could call out what has driven this, how sustainable is this and can we expect further margin improvement? If you could give some heads up, I think that would be great.

Ashwani Gupta: I think the main contribution is coming from Colombo.

Achal Lohade: Yes.

Ashwani Gupta: And Australia is also doing good. Why it is coming from Colombo is it is a fully automated terminal. On one side, what we anticipated as revenue, we are getting that revenue. On other side, what we anticipated as volumes, they are much before -- much more than the expectation because of two reasons. Number one is the overall trade cargo and number two is the efficiency and the customer satisfaction, our CWIT is able to give as compared to its competitor in Port of Colombo. So, I talked about revenue, I talked about volume.

Then comes the most important thing which is also linked to the increase in the volume is the operational excellence which CWIT has already achieved because of the great automation but also the great team we have over there and that's why we are able to do more volumes with the existing setup but at a lesser cost.

So, that's why the realization in CWIT is really becoming a new benchmark for us with the automated container terminal and it is going to sustain. It may increase because as we move to the 3.2 million, definitely there will be more economy of scale effect.

Rahul Agarwal: And just to add to that, Achal, the proportion of Colombo to the aggregate revenue will also increase as CWIT Phase 2 starts get commissioning -- commissioned and that is obviously coming at a higher margin, right? So, there is a potential upside there. And in addition to Australia consolidation coming into impact plus CWIT, we've also had very good throughput in Tanzania. Tanzania during 2Q has actually delivered its highest ever container volume. So, that's also been a plus for us.

Achal Lohade: Perfect. Sounds great. The second question I had, you know, is it possible to get some sense in terms of the impact of the INR depreciation on the, you know, India port EBITDA? What kind of impact -- on a Y-o-Y basis, what kind of delta we would have seen in terms of the percentage of revenue?

Rahul Agarwal: So, Achal, obviously it has had an impact, right, but we don't break the revenue into those individual components, but obviously it has had a positive impact on our overall revenue composition.

Achal Lohade: Got it. And this last question if I may, you know, with respect to the SEZ, you know, earlier it used to be a 500 crores to 600 crores kind of a run rate annually. So, how do we see where are we in -- you know, on the SEZ part because increasingly we don't discuss it as much. So, if you

could give some clarity as to, you know, for different location, what is the status? Is there anything meaningful which we can expect over next couple of quarters?

Ashwani Gupta: Yes. No. That's a great point. So, you know, in front of domestic port, international port, logistics, now in, you know, we have total now 31 P&Ls, so definitely SEZ gets -- but it is one of the important pillar and obviously, in last 2 quarters we didn't focus on the land especially but definitely this remains there. First of all to capitalize more and more in Mundra, which we are doing it, including building up the warehousing and so on and so on.

But we are also thinking of capitalizing more -- I will not call it SEZ but more of a industrial zone especially in Krishnapatnam, in Dhamra where we have the land parcel available and we hope to get the more cargo because of the industries. But yes, you are right. Last 2 quarters SEZ was at the low profile, but that doesn't mean that we have forgotten it. We are just looking for the right opportunity to have the industry setup over there.

Achal Lohade: Got it. And if I am allowed further one question in terms of the you have incorporated a subsidiary in Oman. So, any comment on the same with respect to this particular geography?

Ashwani Gupta: Yes. No, I think, you know, as I said, we are evaluating more than 20 assets globally and obviously, you know, country-by-country the feasibility study needs a different kind of setup and that's why we opened that and it is just part of the feasibility study we are doing. Nothing has been decided. It's same as we did the feasibility study in UK, we are doing the feasibility study in Europe, in US, everywhere. So, nothing is decided today, but for sure this is part of 20 projects which we are studying around the world.

Achal Lohade: Got it. Great. Thank you. I'll come back in the queue. Thank you.

Ashwani Gupta: Thank you.

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

Parash Jain: Thank you. And Hi, Ashwani. I have two questions if I may ask. First, maybe following on the discussions around international expansion. Is it fair to say that as you are exploring the opportunities across the world, are you also becoming cargo agnostic in terms of your acquisition targets or it will still be predominantly container focused? And also, is it fair to understand that those 20 targets are primarily in the developed market as you articulated earlier?

Ashwani Gupta: Yes. No. Thank you.

Parash Jain: Yes. After this, I ask the second one.

Ashwani Gupta: Yes. No. Thank you. I think we have a little bit different way of looking at when we are looking at the international asset. In India, we know exactly what we want to buy and how we want to buy and how we are going to fix it, which means, you know, we know exactly if the EBITDA is x, how we will make it 3x in 2 years and 2.5 years and that's it -- this is what we have demonstrated whether it is Krishnapatnam or Gangavaram or now Karaikal and so on. I think that's the know-how we have.

However, these are possible because of two things. One, we are in GDP driven economy and B, we have the DNA to run 0 to 100 by ourself and we know how to fix that. But when we are talking about going abroad, especially in the developed markets, to answer to your question, yes, we are looking at the developed markets.

Then we have to see the acquisition from the viewpoint of a value-driven economy and not exactly the GDP-driven economy. And if we have to create the shareholder value in a value-driven economy or inflation-driven economy, then the way we look at is little bit different and here we are not looking at that we will turn around, you know, from x to 5x and here what we are looking at is not the asset first.

We are looking at the commodity business profile first and what is the opportunity this commodity is having in the future in that particular economy. And then I come to the answer to him. So, that's why our strength is container. So, definitely, the first thing we look at where is the opportunity driven by the container because the whole trade container will always keep on growing because of commoditization, because of industrialization, because of anything.

And to set up the container terminal with all the automation in a developed country where it matters to have more efficiency and effectiveness, that is that is our strength based on Colombo and Vizhinjam. Then the B, we are also considering the liquid terminals because as I said before that ports today may be a gateway to the economy, but tomorrow ports will be gateway to the energy transition, not only in India but in all over the world.

And liquid once again is something where we are very strong as, you know, that Hazira is the biggest one-stop terminal in India for the liquid. We handle more than 140 types of liquid. So, that's why when we go overseas, we are looking from the commodity perspective, then we come in -- then we come to the asset and then we see what is the return profile of this acquisition. Hope it answers the question.

Parash Jain: Yes. Maybe, actually now that associated British Port transaction is done and dusted, I'm not sure how much you want to share. I mean, there was an article that Adani Port was interested in it. You guys never accepted or denied it. But can you share anything about if you have looked through these assets and what are certain things that they're probably and tell me that you don't go off the rate?

Ashwani Gupta: Yes, Yes. I mean, as I said, we keep on assessing, evaluating, and yes, we did evaluate AB Ports, but it did not fit in our playground of the return on the capital. And this is what I have been repeating, since the first day.

We don't want to do acquisition for the purpose of doing an acquisition. We want to do acquisition which is meaningful and which is bringing more return, or at least the same return as APSEZ is today. And definitely when we did the study, it did not fit to our shareholder return profile.

Parash Jain: Perfect. That’s very helpful. And one last question coming back to the India business, I mean, for one or the other reason, because of the cyclone, because of the disruption in the last few quarters, the portfolio has grown slower than the underlying growth of the domestic business.

Like, do you see that trend to continue or do you think that on a business as usual basis you will go back to grab slowly but surely a couple of percentage points of market share gain over the Indian domestic cargo volume?

Ashwani Gupta: No, I think you said it right, Parash. I mean, there has been some disruptions. I would say these are all one-time. The fundamentals are in place. I think we are already coming back. You already saw the Quarter 2 in terms of growth, especially the key commodities. But I think this question may come up from everyone. So let me give you some very precise answers.

First we look at the containers, right? On the container, Quarter 1, if we all remember, we talked about that we helped the industry to store the containers 28 kilometers from the Mundra Port in a playground of 100 acres to support the maritime industry, to support the country, and so on and so on.

Obviously we did that based on the manual operations. Obviously it impacted a little bit of the productivity, and I think it's not only Mundra, we saw that congestion at all the ports in India and also abroad. Then, we got into April, May, June where we started seeing the impact of the productivity, and as in Mundra we are running at 91%-92%. Definitely we saw that impact in Q1.

Then in Q2, starting July, we started cleaning that up and the Strait was open, especially for the trans-shipment terminals. And then we see that even in August we do more than 800,000. And I think the way we are running this month is also very close or close to that. So which means, Yes, that is what is the container. There is no impact on Vizhinjam. It's doing extremely well.

Ennore is doing extremely well. Gangavaram is doing extremely well. Hazira is doing okay. And now the second commodity which we have to see, because liquid we have gained the market share significantly. Now in the second, if we say dry cargo, in dry cargo I will see 3 commodities.

The first commodity is the iron ore. Iron ore, because of the structural decline, because export was banned because of one sad incident of the vessel, so they stopped the export of iron ore. So that's why the iron ore export in Dhamra was impacted. The second commodity which I would pick would be the steel -- would be the cooking coal.

There we are doing fine because, you know, with the contracts which we have the customers and the steel consumption which went up helped us in having the coking coal growth. And the third, I would take the coastal coal. In the coastal coal, I think, the analysts must be working on it.

Coastal coal is not easy to capture in the market share because the data is not like that, right? Exim, we can always capture the data. But coastal coal is something because you have the loading port and you have the discharge port, and it's very difficult to say that who gains the market share, less or more. But what we are trying to do is to bifurcate because coastal is the future and maximum growth will come definitely from the coastal coal.

In the coastal coal, we have to see now what is the market share at the loading ports, and if you would, if you would see that we have the maximum, maximum growth, much more than what

India grew in the loading ports. But when it comes to discharge ports, so loading ports are linked to the mines, so it is very easy to get the coal loaded at our ports, but when we do the discharge and when we see the ports like Karaikal, and these kind of ports, they are dependent on the discharge to the power plants in their catchment area.

So, if the power plants are not in the catchment area, then we will get the market share at the loading port, but we will not get the market share at the discharge port, which is definitely a structural issue which may happen. So that's what now we are working on, that how we make this RSR, which is rail sea rail strategy for the coastal coal to get the maximum, because on the loading port we are getting extremely higher share as compared to the discharge port.

So this is I would say on the coal. So if you put everything together, Parash, I mean, as on today, we are, 28th of October. We already see double-digit growth in the domestic volume. And as you rightly pointed out, it was just a spot and it was a short-term correction which was due, A, because of Middle East crisis, B, because of some of the decisions which were taken on ban on the iron ore, and third, because of the coastal coal movement which came up at last moment with an urgency to feed the power plants to keep the energy supply in the country.

Parash Jain: That's very, very helpful. Thank you, Ashwini, and have a great evening.

Ashwani Gupta: Thank you.

Moderator: Thank you. Next question is from the line of Manish Somaiya from Cantor. Please go ahead.

Manish Somaiya: Good evening, everyone. Congrats on a strong quarter. A lot of my questions have been answered Ashwani, but maybe if you can just remind us on the timeline for the Vizhinjam stake sale. I'm not sure if we've talked about that already, but if you can just help us clarify that timeline?

Ashwani Gupta: Yes, I mean, we don't control the signature date, but we control the process. It's going on definitely well and as we said it will be completed within the timeline which we informed in our investor relation meeting. So we are in the process and it's going on very well.

Manish Somaiya: Okay, I just wanted to come back to international ports and also touch on marines. On international ports, I think you mentioned that the margin improvement was in strong part owing to the ramp-up at Colombo. And as I look at the 47.7%, I think which is a record margin on the international side, how should we sort of think about that in the context of call it normalized margins as we look ahead? And then on marine I see margin was off sequentially and maybe if you can just kind of help us bridge the gap as to what the puts and takes were?

Ashwani Gupta: Yes, so I will start with marine. I think marine, we have Astro, which is our offshore vessel. So it is just a direct link with the utilization of the vessels, because of the Strait of Hormuz, was closed. We had the contracts, for example, in Mozambique, we had the contract, but the vessel has to cross the Strait of Hormuz, which could not.

So we had roughly 7 or 8 vessels which were standby, where we had the business, we had the contracts, but they could not sail. On the other side, we had the war insurance and also the fixed

cost. Though the fixed cost and the war insurance was paid, but it is cost to cost. So that's why at the end it ends up with the deterioration of the EBITDA margin.

This happened mainly in July-August and we already started seeing from September a better margin because now, vessels time to time are getting the entry through the Strait of Hormuz and they're able to travel to West Africa and so on, where they want to be. So I think on marine, it was mainly because of Strait of Hormuz, mainly because of the utilization which is coming back.

So the basic fundamental of the business operation already exists, which is revenue versus cost. Then on the international one, Manish, I think we have to wait as I always say that we have to see more quarters to really give you a very robust answer that what should be our ideal EBITDA percentage, entity by entity.

In India it is very easy to generalize and sum up, all the 15 ports based on the commodities. If this port is doing more container we know exactly if port is doing more liquid, we know exactly this port is doing only dry cargo, we know exactly. However, when we go abroad, Australia is totally different than how we run in Haifa, Israel.

And the way we run Haifa, Israel is totally different than how we run Colombo. So give us one more quarter to give you a very precise answer to you or at least two more quarters after Colombo is fully settled at 3.2 million. Australia is already settled. So you can see Australia EBITDA margin will absolutely remain constant, plus-minus 1% or 2%.

Haifa, because of the war situation or disturbance situation is keeping that. I don't think it will improve. I don't think it will go down further. Tanzania will remain constant, but Tanzania may see a variance because we will start building up the 100-meter extension of the berth and then we can see impact on the volume till the time we finish the 100 meters and Colombo, 3.2 million. So please wait another two quarters and I think you will have the answer. But I would sincerely think that we will not generalize international ports as one EBITDA margin because all four geographies are different and the way we do the business are different.

Manish Somaiya: Okay, that's super helpful. And then just lastly for me, when I look at your updated guidance for the full year, what is the -- or I guess what are the biggest upside or downside risk to the EBITDA guidance pertaining to volumes or realizations, etcetera? Maybe if you can just help us understand and give us sort of a lens as to how you're thinking about the second half? Thank you.

Ashwani Gupta: Yes, I mean, Yes, thank you, Manish. It's, it's very simple. I mean, it's very simple for me, because we did the bottom-up. It's not a top-down, it's a bottom-up. We are already 50% through, more than 50% through. And now I have CT5, which is starting and already secured with the volume and the revenue and cost we know. Then Colombo already started on 1st of October.

I was there, I myself signed many contracts with the shipping lines. So we know exactly what is the revenue, what is the volume in Colombo. We know exactly what is CT5. So these are the two and we know exactly what is Vizhinjam. So I think these are the three main ports which are going to drive obviously the, the second half performance.

As we are already through more than half and we have the additional business which is coming up, definitely, we had to be -- we had to be clear in giving that that guidance. For capex why we did it, I already explained. And there are some new businesses which we have already started in the month of September.

And we will see the second half coming up with those new businesses impacts. Obviously the EXIM yards which we have started earlier this year, so they are coming to the peak now. And also the new business which we have started, which is the empty yard and very soon we will integrate the warehouse also with the empty yard. So those kind of new businesses will also bring the additional revenue and the EBITDA in the second half.

Manish Somaiya: Super helpful, Ashwani. Congrats, wish you the best and also Happy Diwali to you and the team in advance. Thank you.

Ashwani Gupta: Thank you, sir. Happy Diwali to you also.

Moderator: Thank you. Next question is from the line of Aritra Banerjee from Nomura. Please go ahead.

Aritra Banerjee: Yes, thanks for the opportunity and congrats on a very good quarter. So my first question is regarding the guidance upgrade. So, we have also upgraded the capex guidance for FY27. So, does that mean there's a possibility of us achieving FY31, targets earlier than the stated timeline given that we are frontloading the capex as well?

Ashwani Gupta: No, I mean, that's a great point. We are creating the capacity because we see the potential. We clearly see the potential in, in Mundra, in Vizhinjam, in Colombo. I can't -- sorry, I can't answer the question, but yes, if the way we are working, if it continues maybe we will finishing the 1 billion capacity little bit before 2031. This is what I can tell you.

Aritra Banerjee: So, my second question is, regarding the Vadhvan Port project that's going on, the HAM project. So, could you give any color on by when we can expect the announcement regarding the winner? And if at all we win the project, so how will the revenue recognition in that work out to be?

Ashwani Gupta: See, I mean, it's too early to say. There was just, the bid for the reclamation and the near shore development. We don't know when it will be out. I think no, no visibility for us. Only thing we know, that start of the first something is targeted in 2028 or 2029, but more than that we have no idea. We are just following the bidding process which was out especially for reclamation and the development of the nearshore.

Aritra Banerjee: Understood, sir. And then one last question regarding the Mundra Power Plant. Now that Section 11 has been extended till December 26th, So, how much of an incremental benefit do you see, coming from Mundra this year because of Tata Power Plant of being able to operate it?

Ashwani Gupta: No, but you already see in this quarter, I think the both the plants are running at peak. So, what you saw in this quarter will remain in quarter 3 and quarter 4. So, Aritra, actually, third and fourth quarter CGPL were shut down, right? Last year. And we will have the benefit of those volumes coming through in the remaining two quarters of this financial. So, there is upside on a like-for-like ways.

Aritra Banerjee: Understood sir. And if I may squeeze in one last question, so regarding our market share, in pan-India volume, so that has been, not increasing over the past few quarters and has been on a marginal decline level. So, what would you say are what 2-3 factors that can help us, increase our market share at, at the pan-India level? If you could provide some color on that, please.

Ashwani Gupta: Yes, I think we answered that question before. What we saw in the, in the first 2 quarters is not a normal case. Container was impacted because of Middle East crisis. Dry cargo was impacted because of the policy and so on. You already see in October it has started recovering. That's what I would say.

But one observation which, if I may, you please make a deep dive on the market share, especially on the denominator, and please try to compare it likewise, with respect to the last year, same quarter, you will find a lot of cargo at All India level which is STS. And this STS happened because the Strait of Hormuz was closed and the bigger vessels could not pass. So, there were many feeder and smaller vessels which were used to transport the goods which could not come through Strait of Hormuz. And for those vessels, they were all done STS at the anchorage.

So, I'm not sure whether we should count those STS, in the all-India market share because those were very temporary and one-stop. We know exactly how much it was at all-India level. If I exclude it, we are very good on the market share, but at the end data is data. I have to just respect the data which is published. But internally we know that where we are in terms of market share.

So, I would request, I think, please also make a deep dive on the real all-India cargo data as seen from the pure maritime cargo which comes to the jetty, which is handled at the port, and then evacuated from the port either as a transshipment or as an EXIM in the hinterland.

Aritra Banerjee: Understood. Very helpful. Thanks for answering my questions. All the best for the coming quarters and happy Diwali in advance. Thank you.

Ashwani Gupta: Thank you, sir. Happy Diwali to you.

Moderator: Thank you. Next question is from the line of Vishal Mehta from IIFL Capital. Please go ahead.

Vishal Mehta: Yes, thanks for giving me the opportunity. Congratulations on a good set. So, my first question was regarding Mundra. There was some news around local strikes with regards to yard operators and transport agencies on back of your announcement on inaugurating your empty yard. So did it disrupt Mundra operations and, what was impact and how are the operations now?

Ashwani Gupta: So, thank you. I think we have to go to the root cause of the of the problem. The root cause was that the safety and the security of the cargo as well as the city was compromised by all these empty yard which came up, which were in more than 900 acres outside our port. So, which means there was a port operation in addition to our port operation, let me put it this, right? And we got the advisory to fix it.

And, we fixed it in a very transparent way, in a very collaborative way. We had a great meeting with CFS, with empty yard owners, and made them realize that it is good not only for safety and security but also good from the cost efficiency viewpoint that the empty yard should be inside

the port premises. It would definitely improve the productivity as well as the turnaround time, end to end because everything will be inside the port.

And finally, I think we had a great agreement with them. And we have opened, the empty yard in 120 acres, and this 120-acre is already full. So now, we are planning to have another 200 acres, to do the expansion of the empty yard. So, the CFS and the partners are very happy because we are providing all the services inside the port. That's number one.

Number two is, the integrated warehouse, which, is important for devanning of the containers. And this is also what we said, that we are going to build that. That will give end-to-end, facility to the, to the customers, especially CFS.

So, to answer to the question, yes, it started with a challenge, but it finished with a shaking hands, that, the win-win situation is to have it inside the port and move forward. Having said that, we are always open to support our partners, and this is the discussion which is already going on because we respect what they have contributed to us in last decades, to grow the cargo.

And last but not the least, is by operating empty container yard with integrated warehousing by ourselves. Again, comes back to our fundamental strategy that we want to capture more and more cargo by doing end-to-end services. And this is one of the profitable business, which is empty yard with integrated warehousing.

Vishal Mehta: Sure, okay, that clarifies. My second question was on Vizhinjam Phase 2. Now we are operating Chockablock there also, so any advancement on commissioning the Phase 2 in part phases, anything that you can share?

Ashwani Gupta: Yes, we said we will deliver by December 2028. We will.

Vishal Mehta: Okay, Lastly, on the Australian asset when we announced the acquisition, we were talking about, the realization uptick that can happen through, contract renegotiation. So, any contract that have come under renegotiation, we've successfully able to reset the realizations Any update that you can share there?

Ashwani Gupta: Yes, it's going on and one is already done.

Vishal Mehta: Okay, sure. Thanks, thanks a lot.

Ashwani Gupta: Thank you,

Moderator: Thank you. Next question is from the line of Koundinya Nimmagadda from Jefferies. Please go ahead.

Koundinya Nimmagadda: Yes, hi sir, thanks for the opportunity. I hope I'm audible. Sir, my first question is on transshipment volumes. Just double-checking, is the share of transshipment at Mundra back down to that 22%-23% or is it still elevated?

Ashwani Gupta: I think it is a little bit dropped down, because as you would have seen that JNPT gained the share on the, on the transshipment, A, because we wanted to focus more on EXIM because it gives us

more, realization, and B, we were waiting for CT5 to start. So, I think after CT5 starts, it will come back to the normal transshipment mix, which is around 20% to 22%.

Koundinya Nimmagadda: Understood, sir. So, I think my second question is -- I mean, sorry for hopping on the domestic business. So, if I were to look at the market share, right? It's been hovering around that 27% number for nearly 2.5 years now. So, when do you see this volume-driven or disproportionate growth for you reverting back again? If you can also weave that with the capacity addition plans, when are -- I mean, are the contracts placed for incremental capacity additions which you are targeting? Maybe if you can speak a little bit on that, please.

Ashwani Gupta: Yes, we -- I think let's see Q3 and Q4. We are very much confident that we will increase the market share, but once again I would request, because all of you are much more expert than us, please make a deep dive on the, on the market share and please try to eliminate the one-stop cargoes which came to India because of Middle East crisis, because they will not come again, to have STS at the anchorage or even, even beyond anchorage. But, quarter 3, quarter 4, definitely we'll see the increase.

Koundinya Nimmagadda: Sure. So, my second question, if I may ask, is on the international expansion plans. Obviously, you did provide certain checklists while before evaluating the assets. My question is a little different as you have evaluated a little bit closer to 20 assets now as you speak. So, what are some of the learnings here?

How is the competitive intensity like? Obviously from media we pick up there are some marquee assets out there available. In the Middle East, Oman, etcetera. So just trying to understand, how are you gauging the market?

Ashwani Gupta: So, the learning, which we have is especially we go to the developed markets, which are not GDP-driven economy but the value-driven economy, the most of the assets are held by the financial investors. And for financial investors, the timeline is between 5 years to 7 years, which means their expectation on the return profile are different, and very unique to financial investors.

Whereas when we go as a strategic investor, our time profile is 30, 50, 70 years. So, which means our return profile is, is totally different, which is driven by capital deployment for the growth out of that asset. So definitely, as a strategic investor, which is mid to long-term perspective, has to compete with a financial investor who is 5 years to 7 years.

So definitely you can understand the expectation on, on return on equity between financial investor and a strategic investor are totally different. And then this is where I think is the strength which we have as a strategic investor. And this is where we have to look for the commodity-driven asset where we can justify the value creation as a strategic investor.

So let me say, a strategic investor is not in the race, but we have to do a rally. And financial investor is always in the race mode.

Koundinya Nimmagadda: Got it, sir. So lastly, is there any update on the concession agreement from GMB?

Ashwani Gupta: It is going on very well. You already saw the comfort letter issued to Pipavav. I think it's in the process. You will hear very soon from us. Because they are before us, so definitely they are ahead in the process.

Koundinya Nimmagadda: Sure, sir. Thank you very much and all the best.

Ashwani Gupta: Thank you.

Moderator: Thank you. Next question is from the line of Baiju Joshi from Macquarie. Please go ahead.

Baiju Joshi: Hi, sir. Thank you for the opportunity. Two questions from my end. And apologies, you've already touched upon the first one. It's on non-Mundra volumes, which is flat Y-o-Y and broadly flat can you provide some color on how you expect H2 to play out, for non-Mundra ports and what are the key things to watch out for in this segment?

Ashwani Gupta: Yes, I think, no, I would say -- I would go by the commodity because I think non-Mundra ports are linked by that. I think Kattupalli is container, you already see the increasing over there. Ennore is also container, you see the increase over there. Hazira is liquid, so it goes by its own speed. Then you come to the dry cargo ports, which are mainly Gangavaram, Krishnapatnam, Karaikal, Dahej, and Dhamra.

Here on one side, the iron ore. So, this has started picking up. So I think iron ore should be okay. I'm not counting fertilizer, agri, and so on, which is a seasonal product. And then on the steel coal will go on. I think with the demand which India is asking for the energy, the coal demand will go up. And I think the coastal coal is the key success factor for the next two quarters and the years to come.

And that's why we have a very specific focus on coastal. And because we have the loading as well as the discharge port, it will add much more value to our, business. And that is what is and will be our focus in coming quarters because we have to capture the coastal coal growth.

Baiju Joshi: Understood, sir. Thank you. And secondly, on logistics, wanted to know your views, on steady-state margins for the segment. Your trucking and international freight network is scaling up now more than half of your overall contribution. Just wanted to know how you're thinking about steady-state margins in this segment?

Ashwani Gupta: Yes, we are very much in line, with our plan, and, we have -- as I promised, we are better than our competitors. Obviously, we will not compare IFN margin with the Mundra Port margin, but IFN, the margins which we are making with the zero capex, is a state of art. And also, we are bringing the volumes to our port and ICDs. That is also the additional advantage because of IFN.

Baiju Joshi: So, margin should hold up, is that fair?

Ashwani Gupta: Yes, it should, it should be around that. Yes.

Baiju Joshi: Okay, thank you, thank you, sir.

Ashwani Gupta: Because there is no capex and it is only manpower cost. Because we are not running the machines and fuel and so on, so that we should be worried about EBITDA. It's just manpower cost, so the margins will always remain similar.

Baiju Joshi: Right, thank you, thank you, sir.

Moderator: Thank you. Ladies and gentlemen...

Ashwani Gupta: Yes, I really want to say big thank you. I think your confidence in APSEZ has been extremely helpful. The way you all ask the questions help us to think, and obviously I would say that at some times your questions and feedbacks become one of the most important pillar when we build the strategy or we evolve out of the strategy or we change our strategy.

So, I would really appreciate in future also you please keep challenging us, asking us the question, giving us the feedback. And with that, I'm pretty sure we will take the APSEZ to the next level together. So thank you and, and wish you a great festive season, starting with Diwali. Thank you.

Moderator: Thank you, sir. On behalf of Antique Stock Broking, that concludes this conference. Thank you all for joining us, and you may now disconnect your lines.