"Adani Ports and Special Economic Zone Limited Q1 & FY27 Earnings Conference Call"

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Moderator: Ladies and gentlemen, good day, and welcome to Adani Ports and Special Economic Zone Limited Q1 and FY27 Earnings Conference Call hosted by IIFL Capital. This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinion and expectation of the company as on date of this call. These statements are not the guarantee of future performance and involve risks and uncertainties that are difficult to predict.

As a reminder, all participant lines will be in the listen-only mode. And there will be an opportunity for you to ask question 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 call is being recorded.

I now hand the conference over to Mr. Vishal Mehta from IIFL Capital Services Limited. Thank you, and over to you, Vishal.

Vishal Mehta: Yes. Thank you, Danish. Hello, everyone. On behalf of IIFL Capital, I welcome you all. We have the management of Adani Ports and SEZ Limited represented by Mr. Ashwani Gupta, Whole-Time Director and CEO; Mr. Krishna Menon, CFO; Mr. Niraj Bansal, Head of Ports; Mr. Divij Anil Taneja, Head of Logistics; and Mr. Rahul Agarwal, Head of Investor Relations and ESG, to discuss the 1Q FY27 results and the outlook going ahead.

So without any ado, I will hand over to Mr. Rahul Agarwal, the Head of Investor Relations and ESG. Over to you, Rahul.

Rahul Agarwal: Thank you, Vishal. Thank you, Danish. Good evening, everyone, and welcome to Adani Ports Q1 FY27 Earnings Conference Call. We will begin this call with opening comments from Ashwani and then open the floor for Q&A. Thank you.

Ashwani, over to you.

Ashwani Gupta: Thank you. Good morning, good afternoon, good evening, based on the time zones you are all in. Thank you for your continued confidence in APSEZ and thank you for attending this conference. Today, we are again here to demonstrate our ongoing confidence in the growth trajectory. Our resilient and diversified business model continues to deliver very strong growth despite multiple macroeconomic challenges.

Quarter 1 FY27, revenue and EBITDA both grew 19% year-on-year to INR10,821 crores and INR6,541 crores, respectively. The domestic ports business remained a strong growth engine, delivering 12% revenue, 11% EBITDA jump, while maintaining an industry-leading EBITDA margin of 74%.

Mundra Port made a strong comeback with 7% growth in quarter 1. And as outlined in our Ambition 2031, we are rapidly expanding our domestic port capacity to 1 billion metric tons with major projects underway across ports, including Mundra, Dhamra, Vizhinjam, Ennore, Kattupalli.

In international ports, which we were expecting, and it was showing a clear growth quarter-on-quarter. But this quarter, they delivered record revenue of INR1,747 crores, up 80% year-on-year, while EBITDA surged 256%. It is driven by addition of Australian operations, but also a very, very robust and strong ramp-up of Colombo Terminal.

Cargo volumes nearly tripled 22.8 million metric tons from 7.7 million metric tons a year ago. The increasing contribution from high-margin Australian and Colombo operations resulted in a sharp improvement in EBITDA margins to 41.8% compared to 21.1% a year ago.

In Logistics, we continue to focus on scaling up our asset-light businesses. Trucking revenue grew 26%. International freight network business revenue grew 28%. You have seen our FY26 Logistics RoCE, which sharply increased to 10%, and we are continuing to focus on increasing returns in this business.

The third business, which is Marine. The Marine revenue increased 67% to INR 901 crores driven by diverse global fleet of 135 vessels. We are focused on expanding the global reach of our Marine portfolio. Recent milestones, including our partnership with Oceaneering International to strengthen deepwater engineering and offshore capabilities in Europe, as well as a landmark 10-year contract supporting Argentina's LNG export program.

Our growth continues to be underpinned by prudent capital allocation and financial discipline. Despite sustaining a high-growth trajectory, net debt-to-EBITDA remains healthy at 1.9x. S&P Global Ratings upgraded APSEZ BBB with a Stable outlook, placing us at par with India's sovereign rating, while CARE Ratings and ICRA reaffirmed our highest domestic rating of AAA.

Despite a challenging macroeconomic environment, APSEZ continues to deliver strong growth underscoring the resilience of our strategy and execution. We remain firmly on track to more than double revenue, EBITDA and cash flows by FY31.

Our scale and integrated Port, Logistics, Marine network with 95% of India hinterland coverage, driven by technology-led operations, lean organization and balance sheet capacity to fund the growth positions us to consistently to deliver 18% to 19% CAGR over coming years.

Thank you once again, and we will now take your questions.

Moderator: Thank you. Ladies and gentlemen, we will now begin with the question-and-answer session. Our first question comes from the line of Alok Deora from Motilal Oswal.

Alok Deora: So firstly, congrats on a pretty decent set of numbers. So just had a few questions. If I just look at the details in terms of the volume firstly. So domestic volumes still kind of continue to be muted. So ideally this number could have been much better, had the volumes in the domestic side could have been better.

So just if you could indicate what's going on there, specifically, I think Krishnapatnam has seen a big degrowth in this quarter on a Y-o-Y basis. And even in the Logistics business, if you can highlight what's been on the volume side, because there also we have seen pretty strong volumes coming off. If you could just indicate this, then I can go to the next question.

Ashwani Gupta: As we keep our regular communication, I think it's good to see quarter-on-quarter, but as you know that, Maritime business is not about 1 month or 2 months or 3 months, it's a complete cycle. And as the world was disturbed starting mid of February, some of the after current came in March, came in April, came in May, and maybe a little bit of it is still continuing.

Now I can go port by port, for sure. As you correctly said, I think 2% is a very, let me say, a very average figure for us, but we would have done it better. But where we would have done it better, whether that was in our hands or it was because of the external circumstances? I think, more it was in the external circumstances.

For example, if you remember last year, Mundra was struggling to grow. And the main reason was that one of our customers' power plant was almost non-operational throughout the year, and that plant is only and only dependent on the imported coal. And then in every quarter, we were explaining. And then, now they started and you'll see the growth in Mundra.

So I think, here in Krishnapatnam, a very specific reason, one of our customer plant was shut off, and there was a clear shortfall of the 2 million or 2.5 million metric tons and their plant has restarted, so it will recover. So I want to be very transparent saying where there is a real issue and where there is a spot issue for 1 month or 2 months or 3 months.

But if you look at all the East Coast belt and if you compare Dhamra, Krishnapatnam, Gangavaram, even Gopalpur. And if you put all these 4 ports , we have gained the market share. So which means, we are better than the trade in this all East Coast region, which is the frontier for our growth. However, 1 or 2 ports can have this kind of spot issue, which happened in Krishnapatnam.

Then on the container also, maybe that is the question which may come up from others. Containers also, I think there was a consequence of the disturbance which happened because of the Middle East crisis. And also, we wanted to support the Maritime business. We wanted to support our country and we wanted to support the Middle East by accepting transshipment and keeping the containers because those shipping lines were not taking the containers to the Middle East, right?

We kept the containers. We created land in Mundra away from the port. We kept the containers to support the industry. Definitely now when those containers are going back, those are transshipments. So definitely, the whole capacity of Mundra is being utilized. but even then, I think in EXIM, we have increased our market share. We have shown the growth.

But yes, I would say that April, May, June and especially April and May is not the right month where we can really do the apple-to-apple comparison. So spot issues in Krishnapatnam and in the container in Mundra. But rest all, I would say, whether it is liquid or it is transshipment in

Vizhinjam or Ennore or Kattupalli or it is liquid in Hazira, I think everything is in line with our expectation.

Alok Deora: Sure. Yes. Just one more question. So there have been news articles floating today on the acquisition of ABP U.K. port. So just any comment on there? Are we evaluating or any movement there or it's completely baseless? Any comments you would like to make here because that's a pretty big port and the investment also, which is indicated in terms of valuation, all those numbers are pretty large. So just your comments on that would be helpful.

Ashwani Gupta: I think at first, let's be very straight and clear. We don't comment on speculation and the rumor, and I repeat that and emphasize on that. In every analyst conference, in every investors meeting, in every customers meeting, we have been communicating that we are studying, exploring the opportunities of M&As, which includes international expansion.

This is the second statement, which we have been always saying -- it's not today, which we have been always saying. Why? Because we believe the way our balance sheet is structured today, the way we will have the cash in the next 5 years, the way we will be deploying the capital for the organic growth, we have enough opportunities to go for inorganic growth through a meaningful M&A. So that's why we keep on evaluating the assets around the world.

Now the third thing, which is also very consistent, which I am saying in every conference that there are the rules/playground to do an international acquisition. Why? Because last 2.5 years, I have been asked this question that how is your international performance?

How is your international performance, whether you will be able to match with the domestic performance or not. And this quarter has demonstrated that we can operate international businesses also with the same Adani DNA to bring the performance. So that's the third thing.

Now what is the playground for the international acquisition? And I repeat once again, the first rule is the asset should bring contribution to the top line and the bottom line, both. And once again, I repeat, top line and bottom line both. That is what. That's why, the greenfield is the second priority.

The first priority is the existing business, because I start getting the return from the first day, and this is not India, this is overseas. And that's why I have to be dependent on the business over there and the management team over there. That's the first rule.

The second rule is my balance sheet is very much structured, and I think everybody is recognizing that, in terms of exposure to the foreign currency. So whether it is U.S. dollar or it is now Australian dollar or it is Israeli shekel or it is something else.

Now definitely, why the rating agencies are considering as one of factor for us, that after having the Australian assets, which are revenue-generating and profit-generating assets, these are in hard currencies. The returns are in hard currencies. And that's why we have a sustainable growth.

So similarly, if my balance sheet is structured, with 3 or 4 hard currencies, definitely, it will help me in having a more confidence in the balance sheet. And that's why that is my second rule, is the country we want to go in, we want to have the local financing in that currency. So that's the second rule.

So first, it should bring contribution to top line and bottom line. Second, it should be financed in local currency. And the third is the return from that asset should be at or more than the average APSEZ. Of course, we can talk about currency depreciation. We can talk about rate of growth. We can talk about cost of capital.

Considering all, it should be at or more than APSEZ. This is what we proved in Australia acquisition. Number one, top line and bottom line; number two, the local financing; number three, is the thing which I just said; and fourth, we should have the local partner, but that is depending on the asset, we will go or not go.

So once again, I repeat, we are studying a lot of assets around the world because it's the high time for us to plan the APSEZ's next step in terms of expansion. However, those assets will be only acquired if those are meaningful and ticking all these 3 boxes, which I just said.

Alok Deora: Sure. Thanks for the elaborate answer. So I mean, you might not want to comment on individual transaction or opportunity. But are we looking at this kind of size of investment if there is an opportunity coming up like nearly sort of INR60,000 crores, INR70,000 crores kind of a size at one particular port or one particular opportunity? Or do we want to go little like how we have done previously, it's been at a much smaller size and scale and then we have eventually scaled up there.

Ashwani Gupta: I mean, we will evaluate from all perspectives. So at the end, whatever is the size, it should be at and more than the return which we are getting on average APSEZ.

Moderator: Our next question comes from the line of Priyankar Biswas with JM Financial.

Priyankar Biswas: I would say, like quite a strong performance on the EBITDA front. So my first question is, sir, when I look at your other income for Q1 of FY27, it seems to be quite higher than what it was in, let's say, the comparable quarter last year. So is there some elements that are there? Or can we get something like what should be the underlying level of other income? So that's the first question. If you can explain on that?

Ashwani Gupta: Krishna?

Krishna Menon: Sure, Priyankar. I can take that. So Priyankar, basically, you see in this first quarter, we had a dividend that was declared by our JV companies, CT-3 and CT-4. Right? That is to the tune of roughly about INR518 crores. That is the APSEZ share. Now basically, when that happens, the income is appropriated out of the PAT.

So you will actually notice in the JV line, the JV line actually below EBITDA shows a loss, and that contra entry appears in the other income. So there's other income component of INR853 crores, which includes INR518 crores, which is the dividend income that we have received from these 2 JVs, right? So it's just a contra entry.

The similar thing, this -- the dividend for last year was actually declared in Q2. So you will see a similar phenomenon appearing in Q2 of the last financial year, but not in Q1. Therefore, when you compare year-on-year, you will see that aberration. But it's basically that contra entry where the profit from the JV has been removed out of the EBITDA -- below the EBITDA line and therefore comes in the other income line.

Priyankar Biswas: So would it be right to say that, let's say, you have INR853 crores and if I remove INR518 crores, so roughly like INR335 crores, that's like the steady-state other income...

Krishna Menon: That is correct. So the INR335 crores will be the steady-state other income. And the JV figure, if I kind of add back that INR518 crores, the JV performance number would be INR230 crores, 2-3-0, for this particular quarter compared to INR157 crores in the previous year.

Priyankar Biswas: Okay. That's very clear. That's clarified. And I understand that there was a significant increase in transshipment, particularly in this particular quarter. You are already giving the reasons why, let's say, there were some significant jump-ups in Mundra in particular. So if you can throw some color like before the conflict in your containers, what would be the typical share of transshipment and what it was in, let's say, Q1?

And also because you had stored these containers for a prolonged period of time, so is there some storage income or, let's say, more specifically some storage EBITDA, that would have come into this Q1 numbers?

Ashwani Gupta: Yes. So in the quarter 1, there is no storage income. As I said, we followed the guidelines that we have to support the industry. We have to support the industry by providing or extending the storagebecause of the congestion and the disturbance. However, we have a refrigerated transshipment. For sure, if I'm providing the electricity to the refrigerated container, I have to charge.

I will be very honest with you. So yes, there were charges, which came in, for example, refrigerated containers, for example, lift-on, lift-off because that is where I'm burning my fuel, I'm burning my manpower. But when it comes to storage, as you know, that we extended the free storage so that the trade can get the help.

Priyankar Biswas: So if I understand, so essentially for ancillary services only it was charged, not storage?

Ashwani Gupta: I mean, more or less where we were incurring the cost by providing the emergency services, obviously, we were charging it. Where we thought we have to just put it on the storage on the ground, we were not. The free storage was extended, right? Divij, how much we extended?

Divij Anil Taneja: 45 days.

Ashwani Gupta: 45 days. you can see the trade advisory. We circulated in public. And then answering to your question, and this is also very important because the question may come up from the other colleagues. So in Mundra, typically, the transshipment is 23%, whereas in quarter 1 FY27, it went up to 27%. And this was mainly because of that.

But our competitor nearly doubled or 2.5x the transshipment because of the capacity of the space available. But we focused on the shipments, where on one side, we can contribute to the trade. But on the other side, we should not lose on the revenue because our main revenue, as you know, comes from the EXIM percentage.

Priyankar Biswas: Okay. And sir, because you have delivered like INR6,500 crores of EBITDA, even within this challenging quarter. So if I take even this run rate, like INR6,500 crores, you were anyway reaching like INR26,000 crores broad ballpark, like the quarterly into four. So is there any chance like would you want to revisit your EBITDA guidance, like which already is like INR25,000 to INR26,000?

Ashwani Gupta: See, the point is, there are so much uncertainties because of geopolitical situation and so on and so on. And now you have monsoon season, in somewhere monsoon is more, somewhere monsoon is less. I think we want to see how this quarter goes. And then after half year, we will have a discussion on that. But today, what we are focusing on are the three things.

First, we are maximizing the opportunity using this challenge, which exists. Of course, we are very sorry for the people who are affected because of this disturbance. But on the business front, we are maximizing the opportunities, as I said, whether it is refrigerated container and blah, blah, blah.

The second is, we are really minimizing the risk by doing a very systematic planning of our business. Our ports, as you know that our all ports are integrated, which means we can do a very fine balance between East Coast, West Coast and the South Coast provided it suits to the customer.

And the third thing which we are doing and which we have accelerated more than before is execution of the capacity expansion, because we do believe that in the next 5 years, there are very less capacities which are being created in India. And with the trade growth, which we are seeing, because of the policy reforms, we see that trade will grow and India may be requiring more capacities than planned.

And that's why whether it is Mundra or it is Dhamra or it is Kattupalli or it is Hazira, we are really pushing the execution of our projects. So these are the three priorities which we have kept so that we will be maximizing quarter 2. And then in first half, we will see where we land in terms of EBITDA. And then, sir, we will come back and share with you what do we do with the full year guidance.

Priyankar Biswas: Okay, sir. That's very competitive. And if I may just squeeze last one in. So you had already spoken about your philosophy of your M&A. So what is the -- like in case if you have to go for very large ticket size M&A as Alok was asking previously. So adding on to that, what would be your thresholds for net debt-to-EBITDA, like up to what level you are comfortable for a large M&A, because today you are at 2x.

Ashwani Gupta: Yes, let me put it in a different way. And I'm not talking about any particular asset, right? When we acquired Krishnapatnam, the EBITDA was 20%, 21%. Today, it is 74%, or higher 70s. When we acquired Karaikal, it was, I don't know, mid-20s and early 30s. Today, it is more than 60%, 50%, whatever it is. You look at Mundra, the return on capital in the first or second year was negative. Today, it is crossing 38%, 39%, 40%.

So port business is a business which is -- the concession agreements are 30 years, 70 years, 99 years. It's a long-term business, and you know better than me. If we are acquiring any M&A, whether it was Australia or it was the Astro Offshore, which we did last year, you would have seen that we have a full confidence in how we will maximize the return on the investment.

So if today, the asset value is INR100, we will evaluate INR100 not at INR100, we will evaluate INR100 or USD100, depending on what return it will give me in 5 years, 7 years, in terms of that currency and that -- and then compare that currency with the Indian currency and then see what is the absolute amount of rate of return I'm getting on that asset. So that's the basic philosophy.

Now the next question comes, what will be the net debt-to-EBITDA. Today, I am at 1.9x. If I do nothing, if my only capability and capacity to invest in the organic growth, I will be negative in 5 years. So should I consider what I'm going to spend to buy an asset tomorrow morning or should I consider that the asset which I'm buying, how much return it will give me after 5 years, that will help me in keeping the growth for the future and having a healthy net debt-to-EBITDA.

So that is something which is the thing which we have to consider that the value of asset is not about the value of asset today. The value of asset is what return it will generate for me, considering the power of my balance sheet in the next 5 to 7 years.

Priyankar Biswas: That was quite clear. That was all from my end.

Ashwani Gupta: And last question also, the value of asset can also be determined by how we position that asset, right? So one of the things, as you would have seen in Sri Lanka, we have a partner. So in Israel, we have a partner. So let's not start debating on what should be the ticket size.

For me, ticket size is the consequence of an asset, which will give me maximum business return on the asset. Then I will decide how to address the ticket size, because I have the confidence in the power of my balance sheet because in 5 years, I will be close to 0 net debt-to-EBITDA, if I do nothing.

Priyankar Biswas: Yes, yes. So essentially, like you would want a strong partner as well, typically in foreign assets?

Ashwani Gupta: It depends on the country-to-country. It depends. Like in Sri Lanka, we have Sri Lankan partner, in Israel, we have Israeli partner. Because India is us. So we know how to manage it. But when you go to the countries, you have unions. In Haifa Port, we have 8 unions.

So definitely to have local management team driven by APSEZ leader, CEO and CFO, Board managed by us, but the real day-to-day operations left to the management team and the partner to manage the relationship. That's how is the business model.

Moderator: Next question comes from the line of Atul Tiwari with JPMorgan.

Atul Tiwari: Congrats on pretty good set of numbers. Sir, my first question is on domestic port business. So your volume grew 2%, but your revenue was 11%, 12% growth. So what were the levers which you use to drive this kind of revenue and EBITDA growth?

Ashwani Gupta: Are you talking about domestic?

Atul Tiwari: Yes. Yes, domestic port business, sir.

Ashwani Gupta: Yes, yes, yes. So Krishna, you want to answer?

Krishna Menon: Yes, sure. So, fundamentally, there were 2, 3 things. One, we had the movement where -- wherever the fuel surcharge was there, we passed it on.

Ashwani Gupta: So basically, if we look at the main driver for the revenue increase is coming from our performance on managing the mix, which was the consequence of the disturbance of Middle East crisis, which means we had -- for example, if you see our liquid, liquid went up much more than the dry cargo.

And as you know that we have a better realization on liquid and lesser on the coal. Same thing is with the container business, as I just said before, where we had the premium charges for providing the premium services/emergency services, even after giving 45 days of free storage. So that is something which came in.

And the third thing is coming by focusing on the associated business services. So we introduced the associated business services in complementary to the port handling charges, which were making customers much more comfort in having that. So those kind of associated business services also came into the picture.

So I would say our endeavor to focus on revenue per ton by maximizing the performance and keeping the cost almost flat net of inflation is giving us EBITDA, which is at 74%. And we have been demonstrating it quarter-on-quarter.

Atul Tiwari: Yes. Great, sir. Very clear. And sir, my second question is on Logistics business. So while, obviously, business has shown improvement in RoCE now in double digits. But over the past few quarters, the top line growth has been pretty muted. So I mean, do we expect acceleration in that growth in foreseeable future or now business is kind of mature and probably the growth...

Ashwani Gupta: See, we have 4 quadrants in the Logistics business, right? And as we always explained. We have rail and ICD, which is asset-heavy business. We have trucking business, which is asset-light. We have international freight network business, which is at asset zero. And we have EXIM business which is asset-light.

April, May, June, there was, as we all know, disturbance in the trade. All India just grew by close to 3%, which used to be like 6%, 7%, 8%, right? And when you look at our ICD structure, let me say, 2,000 to 3,000 containers of Morbi was almost 0, because the whole Morbi tile export was 0, because of the LPG shortage, right? And this is the reality. This is the fact.

Then if you look at Tumb, which is a big ICD, you will see that because the container freight went up, the shipping lines/customers started shifting from container to bulk cargo. And then when it was coming as bulk cargo, it was coming to Hazira and not coming to Nhava Sheva and then the Tumb.

So to answer to your question, I think we have a great opportunity in front of us, not only in EXIM, but also in domestic. We were waiting for a lot of shipping lines to start opening up their BL to our new ICDs, whether it is Malur or Kilaraipur or Kishangarh or Patli.

But I think our main performance where we expect in the next quarter or this quarter is Patli and Tumb and Virochannagar. So I would say that we said that 4 of our major ICDs should hit 80% of utilization, and we are still not there. And that's where I do believe that there's an opportunity.

Moderator: Our next question comes from the line of Aditya Mongia with Kotak Institutional Equities.

Aditya Mongia: The first question that I had for the management is again linked to acquisitions. As in the context is that you were able to acquire India assets at 10x to 20x EV to EBITDA also, because a lot of value addition could have happened, but then there was also the case of you selling Vizhinjam at a fairly high teens EV to EBITDA in the future, because it was an asset on the plateau for the person investing inside. Have you see through opportunities globally?

Where do you see these opportunities coming inside from a marketing perspective in the first time, where a lot of valuation can happen and you can get it cheap or in the second kind wherein basically, these are assets that are being run fairly well and the valuation is fairly limited, so you have to pay a lot more.

Ashwani Gupta: See, I mean, APSEZ is there, and I think under the visionary leadership of our Chairman, we have more than thousands of examples where people thought it cannot be done and we proved it and we did it. And the recent one is our international business, where our EBITDA jumped by 256%. The Logistics business where now the RoCE is 10%, right?

The point is, we must think of mid, long-term on any asset, which is ports, because it's a maritime industry. It's not a consumer industry where I will get the return tomorrow morning. The strategy should be -- the first thing is the assets locations should be strategically located on the trade route.

Now how many trade routes we have? We have 1 trade route east to west. There, we already have now Australia, India, Africa and Israel. We talk about IMEC. Already some of the routes have already started, not in the name of IMEC, but we see clearly a trade going on that.

Then another route is north to south, Panama, where we are not interested and we are not ready to go there. Then the third route comes is the Mediterranean, which is, again, taking care of 1/3 of the global route. So the point is, first, we have to see the location of the asset. Second, what we have to see is the return on asset, which will be determined by how much revenue we can generate by having the extra cargo.

How extra cargo can come? We have a global relationship with the shipping lines, which serve us in Tanzania, which serve us in Haifa, which serve us in Australia, which serves us in 15 ports in India. That kind of alliance, which we have with the shipping lines is a distinctive advantage. That's number two.

And number three is that all over the world, the ports are operated as terminal operator and terminal operator do not give the right realization on the asset. What gives us realization in India? Because we manage the whole ecosystem. What is the ecosystem? Ecosystem is all about providing the marine services. Ecosystem is providing the railway services. Ecosystem is the warehousing.

If you see our results of quarter 1, if the volume grew by 2%, why we grew 12% EBITDA? This is only because we are focusing not only on volume, and that's where I've been saying that APSEZ has been positioned as integrated transport company where we are creating more value -- more and more value for the customer without a direct link with the volume.

And if we are able to copy paste this example, in the asset, which we are going to acquire in the country, definitely, there's a huge scope of improvement. And last but not the least, and this I've been saying again and again, we cannot compare percentage of EBITDA in India versus another country, because we have to take care in the factor is the cost of capital, the inflation and the currency depreciation.

And if you do that, we explained very clearly in case of Australian asset acquisition, that even if we bought it at a multiple of 17 at that time, but if you take out all the currency depreciation, cost of capital, and so on, it would have landed up in the 13x or 14x. That's why you see that how much return we are getting from this asset.

So I can assure you, whatever asset we will buy, whatever asset we will acquire around the world, especially either it is in Mediterranean or it is on the east to west corridor, we will talk about, once again, these 4 rules. The first rule is country is geopolitically and macroeconomically strong. Number two, it contributes to our top line and bottom line.

Number 3 is we will be able to have the local financing, especially because of our investment rating. And last but not the least, that the return from this asset in mid to long term is at or more than APSEZ. Hope it answers the question, sir.

Moderator: Our next question comes from the line of Mr. Achal Lohade with Nuvama Institutional Equities.

Achal Lohade: Thanks for the clarification on the acquisition thought process. The question I had was in terms of the -- you mentioned about Mundra Port, contained more of transshipment, almost 4 percentage points higher than usual. Right? So theoretically, for a transshipment cargo, the realization actually will be lower, right? So this delta in terms of realization what we see is largely on account of these extra charges or extra income in the quarter. How do we see that in terms of sustainability?

Ashwani Gupta: Yes. Thank you for that. if you see our volume of container handled in April and May, you will see that volumes are not as average we do in Mundra. Like in Mundra, we do roughly 740,000 to 750,000, right? But if you look at April and May, we even didn't touch 700,000 or we were very close to 700,000 right?

Now the shortfall was definitely because of, as I said before, because we were providing services to support the maritime and the country. However, the more the vessel remains at the jetty, then naturally the charges are applicable. It's not that we were charging extra charges.

It is just by the tariff that if vessel instead of 3 hours is standing there for 8 hours, definitely, there will be additional charges, which will be charged. So that's why we did not go to the extreme because for us, the volume and the revenue should be balanced.

And that's why our transshipment ratio in quarter 1, '27 was roughly 27%, which is roughly 23% to 24%, whereas our competitor nearly doubled or 2.5x. So that's why we keep a very strict discipline between the ratio of EXIM and transshipment. Whatever transshipment was increased was recovered in the revenue because of the additional charges, because of the reason I explained just now.

Achal Lohade: Got it. Just a clarification in the guidance. We have removed the line on the capex. Any particular reason if you want to clarify, sir?

Rahul Agarwal: So Achal, we do not report balance sheet in the first quarter, right? So therefore, we will report the capex number in the second quarter. So that will be in consistent with our balance sheet disclosure that we will make in the second quarter. But it's in line with the guidance. It is actually slightly ahead of the guidance at this point.

Ashwani Gupta: So I think the question is, yes, we keep the guidance for capex also, even if the reality is we are ahead because of the reason I just explained before.

Achal Lohade: Got it. Just a clarification. Sorry, I'm hopping on the Mundra question. What's the capacity utilization for container in Mundra in 1Q?

Ashwani Gupta: We are getting very close.

Achal Lohade: Okay. And when is the next capacity addition happening, sir, if you could clarify? That's my last question.

Ashwani Gupta: In this calendar year. Very soon.

Moderator: Our next question comes from the line of Parash Jain with HSBC Bank.

Parash Jain: I have two questions. In fact, on the overseas M&A, it has been well explained. First of all, can you give us a sense with a series of FTAs that India has signed? Do you finally see India's EXIM growth over a medium-term change gear? Or you think that 6% EXIM growth plus minus what India has been delivering in the past decade or 2 would be the trend? Any thoughts that you get from that?

And secondly is, with respect to your overseas, I fully understand the return part. But is it fair to say that growth profile may not be as attractive as the portfolio that you operate in India? Maybe your thoughts on these two.

Ashwani Gupta: Thank you, Parash, and thank you for the great question. See, I would say since 15th of February, it is difficult to say that what is the impact of which, right? So I don't know whether in last 4 months we are able to do that.

But I think what we have for sure started seeing is increase in Ro-Ro out of India, which is exports of automotive cars. I'm giving you some examples. And maybe, Parash, we can have more deep dive as my team will get into more analysis from now.

We have started seeing exports of four-wheelers. We have started seeing exports of two-wheelers. We have even started seeing exports to Europe, and I think this is because of the FTA. Reversely, we have started seeing the prices of imported cars, especially from U.K. have come down in India. This is also because of the FTA.

Definitely, there's a topic going on between the billions of pounds/euros of trade. And I do believe that Europe, including U.K., has come up more stronger and more united, what we see as a business and definitely with a complementary feature of signing FTAs, it will help.

Now how much it will help? Once we know that all these variables, which we see every morning, if they are gone, we will be able to see that what is the impact, which we will see, Parash, to be honest with you. But yes, we have started seeing some impact or some incremental trade because of this FTA to start with U.K./Europe.

The second thing, I think the question is, and I really want to have these discussions, how do we define rate of growth? Do we define the rate of growth in a country where inflation is 7%, 8%, and we know what is the category of the inflation. It is the food inflation or it is a oil inflation or it is an industry inflation. I don't know how we define the inflation in one country.

And in a country where 7% inflation is mainly governed by the oil import. And then we say that GDP is 7%, and then we say that trade is growing at 6% to 7%. So I will grow at 12% to 13%, where my cost of capital is x. We compare that basket with a basket where the inflation is 1% or 1.5%. Cost of capital is minus something.

And the rate of growth is 1%, 2%, 3%, but a guaranteed growth, no geopolitical impact, no macroeconomic history, stable currency and rupee is depreciating, has been depreciating, and will depreciate. I think we have to compare both the baskets, and this is what exactly, Parash, we did for Australia.

And this is what we are going to do whenever we have the opportunity to decide on any international asset. And once again, greenfield is a second priority for us because it's very difficult to predict 10 years from now. But yes, existing business, it will be easier for us because we will have more grip on the business. So that's the box we want to tick before we decide.

Parash Jain: And is it fair to say that it predominantly will be container-focused or you're not shy away from multi-cargo terminals?

Ashwani Gupta: See, we would look for a port ecosystem, which is giving us a gateway to the trade of the country and a gateway to the energy transition of the country.

Parash Jain: Okay. Yes. That's fair. And just one final question because looking at your first quarter performance, particularly international terminal, I know you don't disclose ROIC on a quarterly basis.

Is it fair to say that they are moving all north and probably international portfolio would have moved to double-digit ROCE. Any color you can share on the ROIC of different businesses in this quarter, if it's handy?

Ashwani Gupta: Yes. We don't calculate, actually, return on capital employed on quarter basis, but it's moving in the right direction. I think in the first half, we will be able to share with you.

Moderator: Our next question comes from the line of Manish Somaiya with Cantor Fitzgerald & Company.

Manish Somaiya: Congratulations, Ashwani and to the entire team. I have just a couple of questions. One on the Vizhinjam transaction that you announced a couple of weeks ago. Obviously, extremely interesting and exciting transaction. What I wanted to know is could that serve as a template for you as you look to sort of internationalize the ports business overall?

Ashwani Gupta: See, I mean, we don't define our policy for the partnership. I think, what we really define is, why we need partnership and what is the win-win solutions for the partner and us. And depending on that, we go for partnerships, right?

I mean, on the Vizhinjam, definitely, after getting into partnership with MSC, we bring in, number one, a lot of synergies because we have one in Mundra, we have one in Ennore, and now we get into Vizhinjam. Of course, they are our global partners when it comes to the thing. Having said that, we have with CMA CGM, we have it with the others also.

Now why we went for this partnership, which is equity partnership with MSC in Vizhinjam, because we believe that in 1 year, Vizhinjam is becoming a gateway to open up the economy in Kerala, because this is the largest investment in that state, right?

And very soon, we will be starting the EXIM business, this is transshipment business today. But as you know, we have been talking it right from the first day that this port needs EXIM business because we know that the maximum realization comes from the EXIM business. And EXIM business also creates additional opportunities because the rail project has been approved, the highways have been approved.

Definitely, the logistics parts will come in, and the whole state will start getting developed. And all the catchment area, whether it is Kerala or it is surrounding Kerala, Coimbatore, textile export, handicraft export, everything will start moving through the Vizhinjam, which goes by truck today from that State to Nhava Sheva, and then it is exported. Imagine a truck taking the export from that place to the Nhava Sheva.

So now we have to accelerate our capex. But on the other side, we have to have a confidence in the future business. But on the other side, we want to keep this port open for everyone. So there is no exclusivity if we are getting into a partnership with one partner.

So which means if MSC is our partner, equity partner in this port, the port is run by Adani. So there is no change in the operational structure, in the decisions which we have to take on the capex, in the decisions which we have to take on the growth, the window person for the government. Everything remains Adani, the CEO remains Adani, the CFO remains Adani.

The second thing is there is no exclusivity, which means MSC can bring the ship, Maersk can bring the ship, CMA CGM can bring the ship, and we open this economy, which are much wider horizon. And as you know for Vizhinjam, we already announced LNG bunkering and there are many more things which will be coming. So the power of getting a partnership is to get into a win-win solution, which should contribute to each other, but also to contribute to the economy of the state and then the country.

Manish Somaiya: That's helpful, Ashwani, as always. The other question I had was obviously, there's a lot going on between the international business. We saw margins obviously top off at 42%. And then you have marine economics. And when I look at that margin, it was closer to 36%. Obviously, a lot of moving pieces in both those segments.

But from our perspective, if you can just help us understand how we should think about margins in the short to intermediate term. Now clearly, you've laid out long-term margins for us in terms of 2031 targets. But maybe if you can just help us understand how you think about margins in those 2 segments in the short to intermediate term, because of all the different moving pieces that you have?

Rahul Agarwal: Thanks, Manish, for that. Look, if you look at Marine, our margins used to be higher earlier, right, before the whole Middle East situation actually sprang up. We used to be somewhere in the mid-50s, right? Now due to certain disturbances in the local area, our margin has been impacted, which we think as the situation resolves over time, we will trend back to normal. Right?

But steady-state margins for us in Marine, given the operations that we have had in India and Middle East and Africa, tend to be around that 55% type of a number. We are looking to expand Marine operations beyond these geographies. As you would have seen, we've done a deal recently in Latin America. We've done a deal recent in Europe.

Some of these deals -- some of these vessels are newer category vessels that we are also evaluating. So in due course, we will share more information on how the margin profile of the Marine business will shape up relative to some of these newer category of vessels that we are sort of going into.

But for now, assuming the situation normalizes, we should be trending towards that 55% type of a number. This quarter also, you would have seen that Marine is up sequentially, where the maximum brunt of the Middle East impact was witnessed in the previous quarter.

Now international ports, again, 4 different ports, these are all 4 different geographies. Margins are closer to optimum, let's say, in Australia. Australia historically operated around the 65% type of a number, and we are starting to get closer to the numbers. But in the next 2 or 3 years, we have multiple rate revisions that are also coming up. So there will be an impact of that.

Colombo is still ramping up but doing good on margins. So with greater volumes, we could see some impact of operating leverage. Israel is where the swing factor could be, right? Israel right now, the margins are reasonably low given the macro situation.

So the wide swing factor for us in the international operation could come based on how the situation normalizes in Israel. Right? Because the realization numbers in Israel are fairly high. On a per ton basis, our realization of Israel tends to be 4x of what we do in India, right? So that could be a swing factor, which could then determine how international port margin could shape up in the future.

Manish Somaiya: Okay. That's super helpful, Rahul. And then just on Logistics, you'd mentioned volumes -- rail volumes were down 19% in fiscal 1Q. Have we seen somewhat of a stabilization so far this quarter?

Rahul Agarwal: Yes. Manish, we have seen a recovery, and there are, like Ashwani said, some cargoes that have shifted from containers to break bulk. There are some cargoes which have just, because they're sensitive to logistics cost, especially on the water, they've just not come into India. So that little bit of stabilization is being seen and the numbers are starting to sort of recover there.

Moderator: Next question comes from the line of Bharani with Avendus Spark.

Bharani: Good evening. My first question is on the impact of the Gulf crisis on our businesses. It was well covered, especially on Mundra and Logistics. However, can you highlight how it is impacting positively the Colombo and Vizhinjam Port operations and negatively the Haifa operations?

Ashwani Gupta: I think plus/minus zero, because you have more opportunities and you have also risk. So the cargo like waste paper, metal scrap, which used to come, and bauxite, which used to come from Middle East is zero, but Indian cement industry will not close. They have found the new sources to get the bauxite. So it was just a disturbance between 2 to 3 months and now things supply chain has redefined themselves and finding the route.

Same is the case with the crude oil. You can see the growth in liquid, which we have, especially in Hazira. You will see that it has started picking up. So for me, even if today, the disturbance is going on, but there is no disturbance in accepting the transshipment containers, which were bound for Middle East, right?

So what happened in February, March, April, was there was no acceptance of the containers at Middle East, and they were coming to Mundra. But now that is not the case, right? So that's why, when we will announce the figures of July, you will see that the port is very normal and working in a normal condition with a normal mix.

So opportunities, I would say, which we see that, as always, when there is a crisis, people start thinking of planning a risk mitigation at corporate level. Definitely, there are discussions going on whether to have additional hub of shipping in India, in addition to Dubai or there should be a regional hub. So I think those kind of discussions have started. Nothing has materialized yet, but I think we will see that in the future.

The second thing which I said before, is Europe/U.K., has come up more stronger and united, and that will also be reflected in the trade, which we are seeing now and which we will see in the near future.

Bharani: Actually, I was trying to understand the positive impact of this crisis on Vizhinjam and Colombo. So if you can cover that.

Ashwani Gupta: See, Colombo there is no crisis impact in Colombo, right? Because the country needs roughly 9 million TEUs of capacity, and the whole country is only 8 million TEUs of capacity. So the moment we started Phase 1, it was not because of crisis, it is not because of the neighbouring port, the whole country needed those shipments, and we filled our port quickly.

And now because we did a very efficient and effective ramp-up, we pushed that Phase 2. And Phase 2, we will be starting in October. And I'm pretty sure that even Phase 2, we will book it as soon as possible unless until when the whole Sri Lanka will have a capacity of roughly 12 million to 13 million, which will only happen after a start of the East terminal.

So I think for 2, 3, 4 years, it is just the natural demand of the country, which is filling the capacity of CWIT. Vizhinjam is another example. And that's why we still have only 1 shipping line, which is maximum acquiring the shipments to Vizhinjam because we don't have capacity.

And that's why we are pushing the Phase 2. Because that's the demand of the country. I mean 76% of the transshipment terminal bound for India are transshipped outside India, which is additional cost and additional time.

So every shipping line, which considers that transshipment is a cost for them, look for a better cost option. And for them, Vizhinjam is a better cost option, because it falls on the international trade and it is just 10 miles away from the international water.

So what Vizhinjam is attracting, what Colombo is attracting is pure performance as well as the capacity requirement. What Colombo -- sorry, what Mundra attracted in transhipment was because of the disturbance of the Middle East.

In Ennore and Kattupalli, no impact because of capacity, no impact because of Middle East. It's a normal trade, because the maximum trade which comes in Kattupalli and Ennore is China and so on and so on, and the east part of the world. So they are running as normal as before. Does it make sense?

Bharani: Yes. Great. So when it comes to Vizhinjam, what is the status of the cash from MSC? Would it come in at any point in time? Or would it come in during the capex that would happen gradually?

Rahul Agarwal: So Bharani, as we mentioned in our press release on Vizhinjam, this transaction is subject to regulatory and other approvals, right? So cashflow transfers can happen only after that.

Bharani: Sure. My final question is on the average realizations per ton or per TEU, as the case may be say, in first quarter of this year, let's say, in liquid coal, container transshipment and other dry bulk separately, and how it has grown on a year-on-year basis?

Rahul Agarwal: So consistently, we've always had this trend of year-on-year increase in realization. And that, as Ashwani was saying, is the combination of previous value-added services. Plus, we tend to have usual rate revisions that we kind of go through, plus there are some advantages on the currency side as well.

So taking all of that into account what has happened in this quarter is the proportion of container and liquid as a proportion to the aggregate domestic cargo has increased by about 300 basis points, and that also had a product mix positive impact on the overall realization, right? Because commodities like container, for example, are impacted by currency as well, right?

So across commodities, in general, we have seen an uptick in the realization on a per unit basis, be it container liquid or dry. But obviously, the delta has been higher in the case of containers. And liquid in general tends to be one of our more profitable cargo categories any which ways, right? So across the board, we've generally seen an uptick in the realization.

Bharani: Okay. I'll take this offline. I wanted actually the rupees per ton number. Final question, if I can squeeze in. Like can you give a quantum of brownfield port expansions port-wise? How much it would happen and by what time? Meaning, in Dhamra Port and Mundra...

Ashwani Gupta: Yes. We have given that in our Ambition 2031, port-by-port, how much capacity we are increasing.

Rahul Agarwal: So Bharani...

Bharani: Which slide it is?

Rahul Agarwal: Ambition 2031 deck actually has a slide where just after we've elaborated our FY31 targets, we've actually given a port-by-port incremental capacity build-out plan, which is also articulating the -- so it is Page 23 of our Ambition deck, where you will see we've constructed a waterfall chart, which bridges the gap between the current capacity and the 1 billion metric ton capacity that we are looking to kind of build-out in the next 5 years, where you'll get a good sense of which ports we are targeting and within those ports, which commodities we are targeting.

Moderator: Next question comes from the line of Pulkit from GS.

Pulkit: Sir, as I look at our Q1 FY27 numbers, about a quarter of our revenue now comes from international, which is Marine and International ports. Based on all the planned M&A, etcetera, is there an upper limit that you have in mind that this is the kind of proportion of our revenue from international that is the tops that we are okay with, or that number could be much higher?

Ashwani Gupta: So first is, return on capital employed is the priority for me, wheresoever is the business. And our capital allocation is very strict, very disciplined just before we showed this Ambition 2031. The four growth pillars of India have been mapped with the trade. Trade has been mapped with the commodities and commodities have been mapped with our ports and ports have been mapped with our expansion plan. So we have a very a logical way of doing the capacity planning and the capital allocation.

As you would have seen that in the next 5 years, we have not put the capex in the international ports because we want to maximize the utilization of the existing assets, whether it's Tanzania or Haifa or Australia or Colombo. So we have a very disciplined and strict capital allocation plan. So mix will be the consequence and not the objective. And it will be the consequence of a healthy business return.

Pulkit: Sure. So any asset that we acquire has to meet the consolidated APSEZ RoCE, which as of FY26 was 16%. That would be the right understanding?

Ashwani Gupta: So I would say -- sorry, I would again try to repeat 4 points. Number one, geopolitically and macroeconomically stable country. Number two, top line and bottom line contribution. Number three, local financing because I want to have the cost of capital of that country, where I'm going to anchor the cost and have the revenue.

And the return should be at or more than the average of APSEZ after adjusting all the financial parameters comparable to each other, including currency, depreciation, rate of growth, inflation, cost of capital, and so on and so on, exactly what we demonstrated in the acquisition of Australia.

Pulkit: Got it, sir. Sir, my second question is on Mundra concession. Any update there?

Ashwani Gupta: So before Mundra concession, we should hear Pipavav concession because they are before us in 2028. And I think discussions are going on, and when it will be officialised, definitely we will be disclosing to you.

Pulkit: So it will be on the same lines as what it will be for Pipavav and Mundra will be...

Ashwani Gupta: It's too early for me to say it will be same line or not, but we have to wait for the results. But once again, what is Mundra's competitiveness today? Mundra's competitiveness is it's scale and efficiency. So whatever will be the conditions, definitely, everybody would like to keep the scale and the efficiency, which will result in the competitiveness of Mundra as compared to the competitor port.

Moderator: Our next question comes from the line of Koundinya Nimmagadda with Jefferies.

Koundinya Nimmagadda: Sorry for hopping a bit on the international port side. I'm just trying to understand in the Ambition 2031 plan, you did speak about 20% RoCE at the APSEZ consolidated level, right? So whatever port that you acquire on the international side, will it still be within these guidelines from the RoCE trajectory? One.

And two, if I were to look at the commodity mix or the synergies with respect to your existing portfolio, right? Like for instance, Australia, we understand coal, India imports a large amount of coal out there. So how do you look at the any incremental growth opportunities on the international side from that standpoint, as you look at an integrated transport utility eventually? If you can speak a bit on that, please?

Ashwani Gupta: So if you look at Slide 26, on our Ambition 2031, we are saying that we will give average of 1% RoCE increase at consolidated level, right? So definitely, we are trying for that, and we are delivering it quarter-on-quarter. But this is consolidated, which means it has got domestic ports, international ports, logistics.

Logistics, again, the 4 business pillars. Marine, in Marine also we have 3 business pillars. And then we have this Special Economic Zone specific business. So when we are acquiring any asset, whether it is in India or internationally, we would put it in the playground.

And the playground could be within 5 years and could be more than 5 years. But that is a discussion, which we will do when we will decide for the asset acquisition. But as we said, our job is to provide incremental RoCE every year on consolidated basis.

Koundinya Nimmagadda: Sir, sorry for harping a bit on that. So let's say, hypothetically, if there was an asset that which you feel is meaningful from a 10-year perspective, but would dilute this 20% RoCE target by FY31, would that still be okay with the company or it will not?

Ashwani Gupta: It's too -- no, no, it's too early to say, because 20% is not the only indicator, right? You have many more indicators, how you fund that asset, how you structure that asset, what is the value of the asset. I think we will see as once again, the whole playground, as I said before, the 4 or 5 routes to decide where we land.

Koundinya Nimmagadda: Sure, sir. Sir, if you can also comment a bit on what are the kind of commodities that you look at when you acquire new port, and maybe the synergies with respect to your existing portfolio as you look at APSEZ as an integrated transport utility?

Ashwani Gupta: So at first, we are looking at the port ecosystem before looking at the commodity. Because as I said before, operating just one terminal will not give us enough scale to get into a new country and start the operations. So we are looking at the ecosystem where we can create more and more value like Mundra, like we are doing now in Dhamra, like we will start in Krishnapatnam.

So we want to create -- we want to look at the asset, which will give us an opportunity to create the ecosystem, whether it is warehouse, whether it is logistics, whether it is marine, whether it is energy transition and so on and so on.

Koundinya Nimmagadda: Got it, sir. Sir, my second question is on Logistics. Obviously, for the past couple of quarters, it looks like you're scaling down, if that was the appropriate word to use, because the numbers, I mean, are relatively low when compared to industry growth. Is it something that you're recalibrating your strategy and trying to be a bit more focused? Or is there something going behind the headline numbers that we see, if you can help us understand that a bit better, please?

Rahul Agarwal: Sorry, which commodity is it?

Ashwani Gupta: Logistics.

Koundinya Nimmagadda: Logistics, especially the container of rail movement.

Rahul Agarwal: Yes, I'll take that. So just to sort of give clarity, we're looking at a complete integrated play. So what you may not actually see in the Logistics P&L will feature in the ports P&L. So for example, when cargo moved from containers of Nhava Sheva into Tumb, into break bulk into Hazira. So that in some form is covered under the APSEZ entire P&L balance sheet. So it doesn't feature exclusively in Logistics, but the integrated play is starting to come.

So whenever we talk to customers, right, they're talking to one single window, be it on the asset-heavy or on the asset-light or asset-right ecosystems. Now in terms of pure play, what we're looking to do is stick to this theme and keep growing on this theme rather than sort of just try and capture cargo and spurts, because then that is not sustainable.

Koundinya Nimmagadda: Got it. Sir, if I may ask you, what percent of port volumes today at your domestic ports are enabled from your Logistics ecosystem? And if you are speaking about, say, 850 million ton kind of target from your domestic ports by 2030, what would that number be? What are your ambitions out there like?

Rahul Agarwal: See, Koundinya, it can only go up, right? Because as you cover the sector, you understand that the rail coefficient in India is not at its optimized best. And what we are looking to do is to be able to model our services in a way that we can gradually not just increase the rail coefficient across our ports, but also increase our market share within that higher rail coefficient number, right? So while Logistics is still a nascent business in our scheme of things, but rest assured, the number can only go up from here.

Koundinya Nimmagadda: Okay. Sure, Rahul. Lastly, if I may ask one -- squeeze in one more question, right? From a volume -- I mean, this quarter, obviously, on the domestic port side has been driven by realizations than volumes, obviously, for various factors, which are outside the control of anyone, right?

But now post to maybe July, you did allude to the fact that things have normalized. So how should we look at -- I mean, how are the things shaping up now, if you can break that up between, say, volume and pricing or ancillary services driven? I mean, how are the things shaping up? If you can provide a little bit color on that, please?

Ashwani Gupta: No, no, thank you. And I think this quarter also, there's a slow start of the trade even in July. I think, our means the whole country's maritime business is linked to the trade. And we have to really keep watching how the Indian trade is growing. As I said in last quarter, India trade grew only by 3%.

So you can imagine what are the challenges our country is facing in terms of the trade growth, but those are the numbers which are numbers, and we have to believe in those numbers. In July also, we see a little bit better situation than the last quarter, but it is not normal. And this is the reason that this quarter also, even if quarter 1 was exceeding our expectations because of the execution of the strategies we put in place in the month of March.

But in this quarter also, we want to watch and maximize the opportunity, minimize the risk. And after first half, we will come back to you and tell you based on the first half growth of the country, then the trade, and then our business. I think we have to be in wait-and-watch situation for another 2 months.

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

Rahul Agarwal: Thank you, everybody, for participating and taking us through your queries. We have tried to answer all the questions. But should you have any follow-up queries or points to discuss, please feel free to reach out to the IR function, we would be happy to connect. Thank you, and we look forward to any views that you have.

Moderator: Thank you so much, sir. Ladies and gentlemen, on behalf of Adani Ports and SEZ Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.