"Adani Ports and SEZ Limited
Q4 FY'23 Earnings Conference Call"
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MODERATOR: **MR. AADIL KHAN – NUVAMA WEALTH MANAGEMENT**

Moderator: Ladies and Gentlemen, good day and welcome to the Adani Ports & SEZ Q4 and FY '23 Earnings Conference Call hosted by Nuvama Wealth Management. As a reminder, all participants' lines will be in a listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during a conference call, please signal an operator by pressing star and zero on your touchtone phone. I now hand the conference over to Mr. Aadil Khan from Nuvama Wealth Management. Thank you and over to you, sir.

Aadil Khan: Thanks, Vikram. Good evening all and welcome to the Q4 and FY '23 ended earnings conference con call of Adani Ports & SEZ. We would thank the management for offering us the opportunity to host the con call. I would also take this opportunity to introduce the senior management team present on the call. So, today we have with us Mr. Karan Adani, CEO and whole-time director, Mr. Subrata Tripathi, CEO of the ports business, Mr. Vikram Jaisinghani, MD and CEO of Adani Logistics, Mr. D. Muthukumaran, CFO of Adani Ports and Mr. Charanjit Singh, Head of Investor Relations and ESG. We would have initial remarks by the management team, post which we will open it up for Q&A. With this, I hand over the call to Mr. Charanjit Singh. Over to you, sir.

Charanjit Singh: Dear all, firstly, thank you very much for taking out that time to join our FY '23 earnings call. My sincere apologies for the inconvenience caused due to the change in call timing and further delays. Firstly, it was some delays to our Board meeting and thereafter, we have faced technical issues in uploading the results on the NSE website.

Finally, it has been uploaded on the BSE website and therefore, we are now live. Before I hand over the call to Mr. Karan Adani for his opening remarks, just a housekeeping point. For any queries relating to the group, you can reach out to me separately after the call and I will put you in touch with the right person. On the call, we will focus on Adani Ports and SEZ performance. Over to you, Mr. Adani.

Karan Adani: Thank you. Good evening everyone and welcome to the FY '23 conference call to discuss the operational and financial performance of Adani Ports and SEZ Limited. I am pleased to announce the strongest ever full year performance in the history of APSEZ with various new milestones recorded during the year.

Starting with the financials, APSEZ has outperformed against the revenue and EBITDA guidance provided at the beginning of the year with operating revenue of INR20,852 crores and EBITDA of INR12,833 crores, which is a year-on-year growth of around 22%. Due to sweating of assets, the EBITDA margin of logistics business increased by around 150 basis points to 28%, which is higher than most of the listed peers in India. The profit after tax for the year increased by 9% year-on-year to INR5,393 crores. This is even after factoring a write-off of around INR1,273 crores on account of sale of Myanmar asset.

Moving to operational highlights, starting with port business, we achieved a cargo throughput of 339 million metric tons, which is a good 9% year-on-year growth. The previous benchmark of achieving 300 million metric tons of cargo in 354 days was surpassed during the year as the feat was achieved in just 329 days. APSEZ also achieved its highest ever container volume of

8.8 million TEUs with Mundra alone recording 6.6 million TEUs, which is a 10% higher than its closest competition. We now have two ports Mundra and Krishnapatnam amongst the top 10 ports of India based on cargo volume handled.

Several initiatives taken during the year that have helped boost cargo volumes include commissioning of a container terminal at Gangavaram, commissioning of liquid storage tanks at Kattupalli, mechanization of berth number six at Krishnapatnam and acquisition of Haifa port. Besides, we have added new cargo types at some of our ports. For example, Krishnapatnam port successfully added soya bean, sulphur and sugar, while Dhamra port managed its first rice export to Bangladesh and added wheat and CR coils to its cargo portfolio.

Moving to operational performance of logistics business, our overall volumes managed saw a robust growth. The container rakes handled during the year achieved a new milestone of crossing half a million TEUs, which is a good 24% year-on-year jump. The bulk cargo transported was 14.35 million metric tons, implying a 63% year-on-year jump, while the terminal volumes increased by 19% year-on-year to around 3,59,000 TEUs.

With addition of 18 rakes in FY ‘23, total train count increased to 93 at the year end, which includes 43 container trains and 40 bulk trains. We have given orders for another 14 bulk trains and 24 container trains that are likely to arrive in the current financial year. During the year, 3 MMLPs were commissioned including the acquisition of ICD-Tumb, taking the total count of MMLPs to 9.

In the current financial year, we are targeting to commission three more multimodal logistics parks. Our total agri-silo capacity during the year increased to 1.1 million metric tons, with commissioning of new facilities at four locations. We will surpass our guided ambition of 2.5 million metric tons silo capacity by FY ’26, with the recent contracts won at 70 locations.

Now let me share a brief on the investment made during the year. During FY ‘23, APSEZ made total investment of around INR27,000 crores, which includes around INR18,000 crores spent on six acquisitions and around INR9,000 crores for organic capex. These investments were predominantly financed through internal accruals and the cash and cash equivalents held with the company.

The six acquisitions made are one Haifa Port Company, which is the operator of Israel's largest port, Indian Oil Tanking, one of India's largest third-party liquid tank storage players, Ocean Sparkles, India's leading third-party marine service provider, ICD-Tumb, one of India's largest ICD with a capacity of half a million TEUs, Gangavaram Port, the third largest non-major port in India and the recently acquired Karaikal Port, a deep-sea all-weather port, in the state of Pondicherry.

Despite a record investment of around INR27,000 crores during the year, the gross debt to fixed asset ratio of APSEZ improved considerably with ratio declining from 80% in FY ‘19 to around 60% at the end of FY ‘23. Our net debt to EBITDA ratio is almost flat at 3.1x and well within our guided range of 3x to 3.5x.

During the year, we have won five bids. The two wins for the port businesses are birth 2 mechanization at Haldia Port and Greenfield Port development at Tajpur in West Bengal. The three wins for the logistics business are the 70 silos, agri silos spread across 8 states with a cumulative capacity of 2.8 million metric tons, the Loni ICD in NCR and Valvada ICD near Gujarat-Maharashtra border. The investment made along with the five bids win during the year will enable APSEZ to achieve its targeted volume, cargo volume of 500 million metric tons in 2025 and speed up the transition of company's business model to a transport utility.

An update on Myanmar asset, pursuant to our 4, May announcement on Myanmar asset sale, APSEZ has received the sale consideration of $30 million from the buyer. In April '23, APSEZ announced the launch of the bond buyback program. The first tranche of the buyback of $130 million note due in June '24 is already completed. More such buybacks are likely to come in coming quarters.

For FY,23, the APSEZ board has recommended a dividend of INR5 per share in line with our capital allocation policy. This implies a payout of around INR1,080 crores. On the ESG front in 2022, APSEZ was ranked first in the transport and logistic sector, across all emerging markets by Moody's. The S&P ranked APSEZ amongst the top 10 out of 300 plus companies in the transport and transport infrastructure globally and Sustainalytics classified us, as a low ESG risk company.

Finally, coming to the guidance of our FY '24, we expect cargo volume in the range of 370 to 390 million metric tons, revenue within the range of INR24,000 crores to INR25,000 crores and EBITDA in the range of INR14,500 crores to INR15,000 crores. Net debt to EBITDA ratio is expected to decline to around 2.5x by March '24. This is factoring a capex of INR4,000 crores to INR4,500 crores and scheduled loan repayments and bond prepayments. We can now open the forum for Q&A.

Moderator: Thank you very much, sir. Take our first question from the line of Mohit Kumar from ICICI Securities. Please go ahead.

Mohit Kumar: Good evening, sir. And congratulations on a very good year, especially on the acquisitions. My first question is on the cargo volume growth guidance. Are you baking in Karaikal volumes in this? And the related question is that have you taken any tariff hikes in Mundra and of course other ports, in this fiscal?

Management: Yes, so yes, this volume guidance does bake in Karaikal port and the Karaikal port volume expected is between 8 million and 12 million tons. And tariff hike, yes, we have taken into account. We have taken into account on a per ton basis a hike of around 3% to 4%.

Mohit Kumar: And have you taken the tariff hike, sir?

Management: Yes, we have. As you know that, generally we do all our negotiations in the quarter one. So a lot of those hikes have been, some of them have already been implemented and some are under negotiation. But we are very confident that by June, we would have most of those tariff hikes in place.

Mohit Kumar: Understood, sir. My second question is on the color of the capex, which you have penciled, around 40 billion to 45 billion. Can you just detail out this capex, where do you want this capex, where this capex will go into?

Management: So roughly INR3,000 crores will go towards ports and between INR1,000 crores to INR1,500 crores will go towards logistics business. And within the ports, most of it is going in commissioning the capacity expansions that we had undertaken last year.

Mohit Kumar: Understood, sir. Thank you and all the best, sir. Thank you.

Moderator: Thank you. We take the next question from the line of Abhiram Iyer from Deutsche Bank. Please go ahead.

Abhiram Iyer: Hi. So this is regarding the qualified opinion that's mentioned in the auditor's note. It mentions that, basically there's an EPC contract being done with a fellow subsidiary of a group company, which the group has represented that the contractor is not a related party. Maybe know, who the contractor is and is this a sort of going against the principle, which was expressed last time around that any party, even with multiple levels, going back up to the promoter group would essentially be considered as a related party and disclosed as such?

Management: Yes, hi. See, as far as the details are concerned, we have given a response in the annexure one to the qualified opinion as required by the stock exchange and LODR. And there, we have given full details with respect to the fact that, we've been dealing with this contractor for now about a decade. And they've been actually commissioning all our projects, sort of in time, on cost. And, we have a relationship, which is ongoing and they've been delivering both. So this is just an ongoing thing. And pending investigation of SEBI and Supreme Court, auditors have decided to qualify this and, we will have final outcome, once the investigation is over. And this is not a related party, which we have also confirmed. And this is just an auditor's opinion in the context of ongoing investigation.

Abhiram Iyer: So could you give us details on the name of the counterparty given that, they are, as you mentioned, you have a significant relationship with them, so they have an impact on the group, right?

Management: Yes. The name of the contractor is Howe.

Abhiram Iyer: Sorry, Covait?

Management: Howe.

Abhiram Iyer: Howe, okay. Got it. And the second question that I had was on the current buyback that, was done. Given the fact that, so is your net debt to EBITDA target of 2.5 by the end of March 2024 still on track, given that, you're doing multiple foreign investments and recently Mr. Adani also mentioned that certain investments will be made in Vietnam as the new sources. Is that more farther down in the future or more immediate, which potentially might elevate back the leverage from the 2.5 target to more back to 3.5, which is a longer target for the group?

Management: We actually continue to have 2.5 as the target. There is no change in that. And when we gave the target for 2.5, if you remember, we have said that we will have both scheduled and unscheduled repayments to be done on the debt. And what we have announced recently in terms of the buyback, is broadly within the same bucket of what we already captured in the calculation of 2.5.

And as far as the Vietnam is concerned, it's actually, it's a work in progress. And as things stand now, we don't anticipate anything coming in this financial year.

Abhiram Iyer: Understood. Thank you. I'll get back in the queue.

Moderator: Thank you. We take the next question from the lineup. Abhishek Nigam from B&K Securities. Please go ahead.

Abhishek Nigam: Yes. Hi. Thanks for the opportunity. So a couple of bookkeeping questions. One, if you could address, why are other expenses and employee expenses higher on a Q2 basis? So that's my first question.

Management: Yes. So, you know, we have acquired this asset, Haifa, in. [inaudible 0:18:19] So basically, the expenditure increase on employee front is fundamentally attributable to the Haifa, where the business model, we have shared at the time of acquisition, we are by and large in line with, sort of what we have announced already. And this is consequent to us, consummating the deal in the first quarter. Q4.

Abhishek Nigam: Okay. And other expenses will be similar, mainly Haifa impact…?

Management: Yes, that's it.

Abhishek Nigam: Fair enough. So this is kind of the run rate, which we should assume will be the normalized run rate going forward, more or less?

Management: In the near term, yes.

Abhishek Nigam: Fair enough. Second, if you can just talk about, demand trends on port volumes, especially on the container side, how do you see FY '24 evolving in terms of, volumes on a Y-o-Y basis? The overwhelming sentiment right now is that volumes are sort of picking up, but nobody sees a very strong recovery. So do you agree with that?

Management: So we do expect country GDP to grow at around 6.5%. And we do expect the pan-India trade volume to be growing at around 7%, 7% to 7.5%. And that's, and generally, we, and that's why we are looking at between 10% to 12% growth in our volumes.

Abhishek Nigam: Fair enough. That's helpful. Next question from me, if you can just talk about, the Dhamra terminal, what is happening there and in case, it is possible to give us some guidance in terms of, EBITDA contribution or at least in terms of utilization, where do you see it ramping up, say over the next three quarters?

Management: Are you talking about Dhamra LNG?

Abhishek Nigam: Yes, Dhamra LNG terminal, yes?

Management: Dhamra LNG terminal, it's, as we've commissioned the terminal in month of April. As you know, it is a 5 million tons terminal and we have a take-off pay contract of 4.5 million tons, 3 million tons with Indian Oil Corporation and 1.5 million tons with, with GAIL. The line has been commissioned by GAIL and we don't see any bottleneck over there. It's a 50-50 joint venture with Total Group, as you know, this terminal. So we do expect volume to be this year around 2.5 million metric tons based on the take-off pay contract that we have and based on the bookings that have been done. And we expect the 2.5 million tons to be ramped up next year to full 4.5 million tons.

Abhishek Nigam: Perfect. Thank you so much.

Moderator: Thank you. We take the next question from the line of Shabad Thadani from Arkkan Capital. Please go ahead.

Shabad Thadani: Yes, my question has been answered. Thank you.

Moderator: Thank you. We take the next question from the line of Asmeeta Sidhu from MetLife Investment Management. Please go ahead.

Asmeeta Sidhu: Hi, good evening everyone. Thank you for taking my question. I just have a very quick one. You have mentioned in the last result call that Adani Port is looking to reduce the remaining share pledges that are taken on by the company to zero in 2024. So can you just share with us a rough timeline on how that reduction has been going and when do we expect to see before reduction is going to end, March or it is earlier? Thank you.

Management: So if you look to the disclosures, what we have made as of 31, March, the shared pledges down from 17% to 4%. So in line with the guidance provided and the commitment to reduce the pledge, it is already done, largely taken care of. And we will be moving towards zero in a year or so time.

Asmeeta Sidhu: Okay, that is really good. Thank you very much. I will go back in the queue.

Moderator: Thank you. We take the next question from the line of Achal Lohade from JM Financial. Please go ahead.

Achal Lohade: Yes, good evening. Thank you for the opportunity. I wanted to check about the volume guidance in terms of A, key ports, which are going to drive this growth, and B, in terms of the commodities, we have seen the coal has been a significant growth actually in FY '23. So how do you see specifically for coal given the way things are playing out?

Management: So in terms of, I will answer your second question first. So we do expect coal growth to continue. However, we do see more growth coming from domestic coal movement through coastal route, more happening from that. And so we expect around 14% to 15% growth in the domestic coal volume. Imported coal volume, we do expect growth of around 7% to 8%. And on the non-thermal coal, so cooking coal, we expect a growth of again between 15% to 18% compared to last year. I am talking as a pan-India. And over there, we will obviously look at capturing as much share as possible. From our portfolio, we expect major growth coming from Krishnapatnam, from Damra and Gangavaram and as well as Mundra.

Achal Lohade: Right. Now the second question I had, with respect to the Greenfield port, you talked about in West Bengal, is there anything planned? It seems, you have not made in any number with respect to that port in FY 24. But how do we see this evolving? In terms of the presence on the east and the west coast, are we already there or are there any more organic or Greenfield as well as acquisition targets possible?

Management: So on Tajpur port, we have just signed an LOI. We are waiting, we are in discussions with the West Bengal government to sign a concession agreement. Post the signing of concession agreement, the environment clearance and that process will start. So a realistic timeline for Tajpur port to have any real construction to begin is 24 months before any capex on ground is pushed.

In terms of other locations, we keep evaluating opportunity. There are a lot of opportunities which will come up in '27- '28, when lot of the terminals will be coming for an expiry. So we will look at, we keep evaluating the opportunity both on the east coast as well as west coast of the country.

Achal Lohade: Understood. This is very helpful. I will fall back in the queue. Thank you.

Moderator: Thank you. We take the next question from the line of Vikram Suryavanshi from PhillipCapital. Please go ahead.

Vikram Suryavanshi: Yes. Good evening, sir. Just on this logistic side of the business where we have 43 container trains and planning to add 24, which is almost like a 50% growth, while we are seeing slowdown in economy and export. So with such kind of addition, how is the outlook and where are we really looking at the market share gain or will it be used for domestic operation also? So if you can give some clarity on that opportunity, it would be helpful.

Management: So Vikram, the growth that, we are looking at is predominantly as you see, we have opened up new MMLPs. So to serve those markets, so we have Nagpur, we have Mumbai, we have Vapi, Loni as well as Tumb, where we will be expanding. So all of these places we would be looking to move cargo from road to rail. That's the predominant focus. And it's not just about taking market share from the competing ICD.

Predominantly, if you see the 43 trains that, we have deployed, our capacity utilization is at 95%-96%. And in order to continue the growth, we do expect the addition of capacity of the trains will help us in continuing with the growth for the container. So we believe that 25 trains over the course of next 12 months will help us to continue with the growth journey of at least 20%-22% growth on the container side. Vikram, do you want to add anything here?

Management: It's also important to note that the delivery of these trains are going to come in a phased manner. It's not that 24 trains are coming immediately in this month or the next month. Every passing month, we will have delivery of one train each and this 24 will come in by the end of the year.

And then at the end of the year, we have to position ourselves for the next year's growth as well, where we will add more terminals. And these current new terminals will even gain further volumes. So it's a two-year horizon that, we have taken into account and we are well prepared to meet the growth not only this year but the coming year also.

Vikram Suryavanshi: Got it. So support this in domestic growth, how is the container availability? Are we importing from China because the kind of containers required for this domestic operation will also be quite huge?

Management: So at this point of time, our container availability is sufficient. We had already built container inventory by a mix of some China imports but we also developed a local supplier. But going forward now that the suppliers are developed and Indian suppliers are capable of manufacturing containers, all the future growth or future procurement of containers will come from Indian suppliers.

Vikram Suryavanshi: Got it. And last question on the Haifa port, basically apart from the port volume, we were also looking at real estate revenue from that basically business. So how is the development happening on that side?

Management: See the real estate is actually going to be the medium term to long term plan. It was not going to come this year or the next year. So we have embarked on the journey of unlocking the value from real estate. We have started getting people on board, having initial plans, so it's going on track. But nothing was ever expected in the medium term.

Management: If you look into the presentation, the disclosures we have made at the time of acquisition of Haifa port, there it is clearly highlighted that, for any sort of real estate revenue to come through, it will easily take two years, three years. So the development will first need to happen and then only, we can start realizing the value of it. The current set of development, which is there, is very small and there is a huge potential. So if you go through the details, you will really understand that it is primarily from the fourth year or fifth year, when the revenue or when the realizations start to creep in at a material side.

Vikram Suryavanshi: Got it, gentlemen. Thank you very much.

Moderator: Thank you. We take the next question from the line of Himanshu Porwal from Seaport Global. Please go ahead.

Himanshu Porwal: Hi, good afternoon and thank you for giving me the opportunity. A couple of questions. If you can just quickly share your current liquidity, including any bank facilities. And secondly, any fundraising plans in the year ahead, predominantly on the debt or equity side? We have had several reports about a running group of companies looking for some private placement. So if you can just throw some light on that? Thank you.

Management: Sure. See, as far as the liquidity is concerned, the total cash in the balance sheet as of 31, March is INR9,800 crores. And as far as fundraising plan is concerned, no, we have no sort of requirement. And we have told you in the beginning of the year that, we are in the journey of deleveraging for this year. So that's what our current focus is. So there is no fresh fundraise anticipated in this year.

Himanshu Porwal: And anything on the bank facilities side? So I assume INR9,800 crores is the cash on balance sheet, but anything on the credit facilities?

Management: No. At this point in time, we don't need any, you know, fresh loan for the purpose of meeting our plan that, we have laid out.

Himanshu Porwal: All right. So with these liquidity balances, you are comfortable along with your existing cash flow from operations to meet all your capex as well as future debt requirements, right?

Management: That's right.

Himanshu Porwal: Thank you.

Moderator: Thank you. We'll take the next question from the line of Abhishek Nigam from B&K Securities. Please go ahead.

Abhishek Nigam: Yes. Hi. Thank you so much for the opportunity again. So SEZ income, regular guidance has been about INR800 crores to INR900 crores in revenue every year. I understand maybe this year, it's kind of chunky and it was closer to about INR400 crores. So for next year, will you still guide INR800 crores to INR900 crores in revenue or is there a revision guidance?

Management: No, sir, our guidance, what guidance that we have given on revenue that takes into account only INR500 crores from SEZ. We don't expect more income coming this year.

Abhishek Nigam: Okay, fair enough. And the second question is this on Concor. So the previous call that we did, there was some level of concern that, maybe because of the evolving situation, maybe you would want to wait and maybe Concor is not really a priority. Now, in case that divestment goes through now, are you still interested like you were before the entire event, which unfolded in the last three months?

Management: So we will evaluate, but as Muthu said, our focus is deleveraging. So we would look at priorities to bring the net debt EBITDA at 2.4, 2.5. And if we can even achieving that 2.5 guidance, if we can still manage to somehow do Concor, we will do it. We will evaluate.

Abhishek Nigam: Fair enough. Thank you so much.

Moderator: Thank you. We'll take the next question from the line of Abhiram Iyer from Deutsche Bank. Please go ahead.

Abhiram Iyer: Hi, so just a quick more technical question here. But could you provide a breakup of the cash balances about INR100 billion, which is mentioned in the presentation? Because if I look through the balance sheet and, tally up the cash and bank balances on the current asset side and on the non-current asset side, these come up to around INR60 billion, INR62 billion, INR63 billion. I understand there are a few investments, but most of these seem to be investments held. So are these also classified as liquid investments held by the equity method? Are these also looked at as an equity, as a liquid equivalent? And if so, could you please highlight, what this is about, given the high number?

Management: Yes. I'll explain, actually. See, in the balance sheet, actually, the cash balance and bank balance is sitting in different places. The first one is the bank deposit maturing over 12 months, 1553. And the next one we have is investments, which is 4029. And the next one, we have is 932, which is cash and cash equivalents. And the last one we have is bank balances other than the above, which is 3317. And all these, when there is a need, are liquid able overnight when we need.

Abhiram Iyer: Got it. And the second question is pertaining to assets for sale. This is still sort of maintained at around, INR194 crores, 19 billion. Given the fact that, Myanmar was already considered sold, and that's why you took the loss on valuation, what assets are these? Or is this still Myanmar because it wasn't transferred over until Q1?

Management: That is correct. That's the answer. It's only Myanmar.

Abhiram Iyer: Okay, so you took the write-down, but you didn't do the transfer. That's why, there's a difference?

Management: That's [inaudible 0:36:45] event occurring after the balance sheet date. So we have to provide for full impact on 31, March. However, the actual entry will happen in the first quarter.

Abhiram Iyer: Understood. Thank you.

Moderator: Thank you. We take the next question from the line of Asmeeta Sidhu from MetLife Investment Management. Please go ahead.

Asmeeta Sidhu: Hi, thank you very much for getting me on again. I just have a follow-up for [BINCO 0:37:16], so the Adani container terminal. Could you just give us a brief update on how the utilization at the container has been, and if possible, what the export-import and the time shipment split has been for the container terminal over the last 12 months?

Management: So the capacity of Adani International Container Terminal is roughly 3 million TUs. We are running at 80% capacity utilization over there. And roughly, time shipment volume over there is 20% of the volume, and balance is EXIM. And in EXIM, it is quite balanced in terms of import and export.

Asmeeta Sidhu: All right. Thank you very much. I'll come back in queue.

Moderator: Thank you. We take the next question from the line of Nikhil from Alliance Bernstein. Please go ahead.

Nikhil: Hi, thank you for the opportunity. Just wanted to check if there is any update on Vizhinjam and the Sri Lanka terminal?

Management: Sure. On Vizhinjam, we expect the first vessel to berth in October of this year. That's when we expect the first equipment to come. We expect the first phase I, that is 400 meters, to be commissioned by March of 2024. And the balance by May of 2024. So we expect the full commissioning of Vizhinjam port by May of 2024.

In terms of Colombo, we have completed the reclamation of the terminal, and the construction, the jetty construction has just commenced. We expect Colombo terminal to be commissioned by December of 2024, which is again phase I of almost one kilometer.

Nikhil: Good to hear the progress. The second question I had was on Mundra container handling capacity. As you mentioned, it's 80% of the utilization. Expansion plans on that front, if you could share some color on that Mundra container handling expansion?

Management: Yes, I just want to clarify, the earlier question was related to one of the terminals. It was not as overall Mundra port. So Mundra port capacity utilization on container is 70%. And we are in midst of expanding one of our terminals, which is terminal two. And right now, it is half a million TU capacity, where we are taking up to 1.2 million. And that's basically just addition of the addition of equipment that we are doing over there. And we expect this should be able to take us at least in terms of growth for the next two years.

Nikhil: One last question, if I may. So on the Mundra concession beyond 2031, has there been any updates from the Gujarat government or is status quo as last time?

Management: No, it is status quo as same as last time.

Nikhil: Thank you so much.

Moderator: Thank you. We take the next question from the line of Bharani Vijay Kumar from Avendus Spark. Please go ahead.

Bharani Kumar: Yes, good evening. Can you highlight the potential in terms of volumes and say in profitability or revenue from Karaikal port in FY 24?

Management: Yes, so as I said, Karaikal we expect between 8 million and 12 million is what we are looking at in terms of volume. It is predominantly a bulk port right now, where it is predominantly coastal coal as well as the cooking coal and fertilizer, which is coming in. Roughly, the EBITDA over there is close to INR300 crores is what the port makes as an EBITDA, INR300 crores between INR300 crores to INR350 crores.

Bharani Kumar: So this effort would be consolidated from the beginning of FY '24 itself?

Management: Yes, that is right.

Bharani Kumar: Okay, that is it from my side. Thank you.

Moderator: Thank you. Ladies and gentlemen, we have reached the end of the question-and-answer session. I would now like to hand the conference over to the management for closing comments. Over to you, gentlemen.

Charanjit Singh: Thanks again for taking out the time for this call. I know that there wasn't sufficient time for you all to look at the presentation and the results. So feel free to reach out to me for any queries that you may have. We are available all times. So as late in the night, whenever you want to call, feel free and we will answer all your questions.

Moderator: Thank you very much, sir. Thank you, members of the management. Ladies and gentlemen, on behalf of Nuvama Wealth Management, that concludes this conference call. Thank you for joining with us. We will now disconnect the lines.