"Adani Ports and Special Economic Zone Limited Q3 FY16 Results Conference Call"

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Moderator: Ladies and Gentlemen, Good day and Welcome to the Adani Ports and Special Economic Zone Limited Earnings Conference Call. We have with us today Mr. Karan Adani - CEO, Adani Ports; Mr. Ameet Desai - Group CFO, Adani Group; Mr. B. Ravi - CFO, Adani Ports; and Mr. Kankshit Munshi - Corporate Finance, Adani Ports.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touch tone phone. Please note, that this conference is being recorded.

I now hand the conference over to Mr. Ameet Desai – Group CFO. Thank you and over to you, sir.

Ameet Desai: Thank you. Good afternoon, ladies and gentlemen, warm welcome. I just want to make one small announcement before, I hand it over to Ravi for giving a complete detail of the financial and operating performance that we always have the questions and analysis which is sometimes running port by port in terms of cargo numbers, revenue, et cetera, which we are committed to give and share but the practice that we will now onwards follow is that we would speak about Adani Ports only on the consolidated entity basis.

Meaning thereby, the total cargo volume, total revenue, EBITDA margin, CAPEX or any other financial detail that we mention we would like to speak about this on a consolidated basis because, we are no longer a single or a few port company we are an amalgam of 8 ports and the dynamics of business strategy has evolved such that certain ports are operating on a twin port strategy, namely Mundra and Tuna, Hazira and Dahej and may be now Ennore and Kattupalli. So it would be only more representative and appropriate if we speak on consolidated basis.

Having said that, if anyone of you at any point of time think that, you still need to know some specific details about a particular port or a particular data point Kankshit would be always available on an e-mail to answer your questions.

With those remarks which we are making a change in our description and details of the financials, I now request Ravi to take over. Thank you very much.

B. Ravi: Thank you Ameet Bhai. Welcome once again. I am pleased to declare that the Company has had a steady nine months even under a weak economic scenario.

First, let me take you through the operational highlights for the period. Our port has had good cargo growth with a diversified cargo base. The weakness in coal imports has been offset by excellent growth in containers and crude backed-up by our strong partnership model. Container volumes has grown by 14% and crude volumes has grown by 42% year-on-year basis.

We strongly believe that coal consumption in India is expected to grow to about 1 billion tonnes from the current levels of 750 million tonnes in three years' time and therefore we are gearing our ports to handle these volumes.

We are focusing on improving the top-line as well as the bottom-line of the Company by improving operational efficiency through use of technology, better cargo mix and by bringing down the net finance cost enhancing ultimately the earnings per share.

With the push of "Make in India" initiative we are focusing on creating an ecosystem for industries in our Mundra Special Economic Zone. Two areas which we have started work on is the Electronics Manufacturing Cluster and Agri Food Park. Both these initiatives will help in creating volume for the port as well as create an ecosystem for these industries to be globally competitive.

With the increase in domestic coal production and in line with the Government initiatives for coastal shipping and inland waterways transportation, we are seriously exploring growth areas in coastal movement of cargo and inland waterways. We are looking at both, National Waterways-1 and National Waterways-5 to feed into our Dhamra Port.

To participate in the coastal shipping of coal, the Company is working towards medium-term arrangements to handle coal for various South East and Southern India power-generating companies. This can be evacuated from and handled at Adani Ports due to the already existing network of ports.

Now, moving to the numbers, on a consolidated basis, as Ameet Bhai said, **0:05:42 (Inaudilbe)** grew by 6% to 114 million tonnes. Total income including other income increased by 16% to 5,779 crores. The operating revenue increased by 19% to 5,309 crores. EBITDA increased by 22% to 3,421 crores. The EBITDA margin increased to 64% from 62% and the PAT grew by 18% to 1,954 crores.

The increase in operating revenue can be attributed to the diversified cargo base of APSEZ. The increase in EBITDA is an account of optimization of operating expenses and an impact of the change in cargo mix and the PAT grew due to the rationalization and reduction of finance costs.

We have also shared with you the Port's only revenue, EBITDA and the per tonne realization on our website. Just as Q3 volumes were better than Q2, we expect Q4 volumes to be better than Q3 and we are giving our guidance for the full year and we have estimate that the total consolidated cargo could be around 150 million tonnes to 155 million tonnes and the revenue and PAT growth to be about 15% to 20%.

Thank you and now, we can start the question and answer session.

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

Atul Tiwari: Sir, what is the consolidated gross debt and net debt currently on the books?

B. Ravi: About 21,000 crores gross and about 17,000 crores is the net debt.

Atul Tiwari: Okay. And the difference is cash and liquid investments.

B. Ravi: Yes.

Atul Tiwari: Okay. And sir, regarding the full-year volume, I mean, we were previously sort of expecting 160 million plus kind of number so I mean which categories are driving down this volume growth? I mean is it only coal or some other product categories that you are seeing?

Ameet Desai: See I think it is evident that we have seen some softening in the coal cargo volume in the given nine months. But as Ravi said, in his opening remarks and this is clearly there in our results on the website, our growth in container cargo is about 14% and that in crude is about 42%. So I think while we run business parameters even on a very micro-basis which could be birth by birth but I think on an overall basis the Company's performance amidst this challenging economic times has been robust. Nevertheless, we have suffered some softness in some cargo groups and overall there will still be growth as we have given you the likely numbers for the whole year but they may not perform as much as what we had originally envisaged.

Moderator: Thank you. The next question is from the line of Akshay Soni / Robin Narang, Morgan Stanley. Please go ahead.

Akshay Soni / Robin Narang: One, would you be able to tell me what was there in other operational income which has led to a reasonable jump for the quarter? And secondly, I guess also to some extent connected to that what would be the SEZ revenues in the quarter?

B. Ravi: There have been no SEZ revenues in the quarter except for the normal lease rentals that we have been getting that is about 15 crores. And the other operational income relates to the SEZ's development as a port where we are doing a land filling and development under a contract basis and so this relates to that. We have given our dredgers for use under a particular contract and this operational income is related to that SEZ development of that land.

Akshay Soni / Robin Narang: Thanks, Ravi. And just as a follow-up, the margins on that contractual income is significantly lower than your typical port margins, right, so that would actually depress the margins and support margins would actually have increased more than what is apparent from the total numbers, is that understanding correct?

Ameet Desai: Akshay, you know the port very well, you are right.

Moderator: Thank you. The next question is from the line of Shirish Rane / Ashish Shah from IDFC. Please go ahead.

Shirish Rane / Ashish Shah: Sir, the interest cost has fallen sequentially materially as in close to 80 crores. Do you think this is sustainable or there were some one-off items in it which led to the finance cost falling so significantly?

B. Ravi: No, it is sustainable. We are actually working towards decrease of interest cost and we do believe that the way we have done refinancing and certain new instruments like the bond as well as the other rupee loans which we have taken are all at lower cost than the earlier one and therefore, there is a saving and we will see that saving in Q4 also.

Ameet Desai: So Shirish, just to add to what we Ravi said, I think as a strategy we are clearly driving our financial costs down by doing the following things, wherever we could contract large chunk of foreign currency denominated loan which we did bonds of 650 million as you know, then we have been doing ECBs for our CAPEXs which also gives us the cost advantage and there are some other rupee loans and bonds that we are doing which are at very competitive pricing. The way I see this benefit continuing is I think Indian market players have also now recognized the impact of the international credit rating that we received earlier and therefore, we would hope that going forward we get the similar and a little more benefits in our financing costs.

Shirish Rane / Ashish Shah: So there was not any one-off FOREX gain as a part of this finance cost I mean that is what I was trying to confirm?

B. Ravi: No, it has been spread over that FOREX gain may not I could not call it as one-off it is a constant one which keeps happening as when we hedge or un-hedge certain exposures. So yes, to that extent they would be probably up and down but on a sustainable basis an overall interest cost if you see by year-to-year basis after seeing the 12 months it will be reduced interest costs.

Moderator: Thank you. The next question is from the line of Sumit Kishore / Deepika Mundra from JP Morgan. Please go ahead.

Sumit Kishore / Deepika Mundra: My first question is related to the total traffic, could you share which both CT1 and CT3 did during the quarter and the nine months?

B. Ravi: Can we take it separately with Kankshit as Ameet Bhai had said because we will have the details and we will give to you separately offline, please?

Sumit Kishore / Deepika Mundra: Sure. And the second one is again related to the other operating income where you have this land filling and development related work going on. Should we expect this to go on for a few more quarters or is this going to be just like in this quarter?

B. Ravi: No, you can expect that to be, if not this contract, the other contract. We are looking at some other contracts also, so you can expect it for the next two quarters too. The amount can vary but it will be there.

Sumit Kishore / Deepika Mundra: Okay. And my last question, just generally wanted to understand given that commodity prices are low crude prices have fallen so much the shipping indices indicate a decline, is there any risk whatsoever to the port realizations as well for the commodities you handle?

B. Ravi: See we have given out certain realization and if you really see that it is better than before. Frankly, that is demonstrating that our realization have not followed that general economic trend of low. So we have our in-built pricing mechanism as well as we do increase the prices. So we have actually, if you see that, per tonne realization has gone up by 8% and that is also because quite a few of our cargo almost 70% of our cargo is on as you know on a constant basis take-out pay plus partnership and tied up cargo and there is an in-built pricing there. So actually if you see on a nine month consolidated all ports put together it has gone up by 8% to 481 per tonne, we have put that on the website also.

Sumit Kishore / Deepika Mundra: Yes, we saw that. So I am saying that does the pricing power still remain with the port and can you still increase the prices by say about on an average by say about 3% a year for the consolidated entity now which you are reporting? I just want to get a sense on at what pace the inflation and realizations can happen?

B. Ravi: Yes, like to tell you the prices what we have increased or what we increase is on a yearly basis only for any spot cargos that we may have a different pricing for that quarter-on-quarter basis. But our price realization actually would increase as we go by not because of the price increases but because of the better cargo mix we have. As we just said, coal is lower but containers improved is higher, there the price and the realizations are better. And therefore, price as well as the EBITDA margins will continue to be in this vicinity. Even going forward also the moment our total composition of container which was only 30% or 32% has gone up to 38% now at 40%, if it goes to 45%, yes, this overall price relization will be better.

Moderator: Thank you. The next question is from the line of Pulkit Patni / Mohit Soni from Goldman Sachs. Please go ahead.

Pulkit Patni / Mohit Soni: My first question is others in the quarter, other cargo actually saw a decline, could you just tell what this cargo actually would be? And wanted to get your sense on as we go into say the next 12 months - 18 months which parts of cargos do you see getting a positive number for us, in lieu of the coal cargo where the pressure continues? So just a broad sense on what kind of cargo could actually benefit the port?

B. Ravi: Yes, going forward I would say, it will be the container and agri that would be increasing and crude of course and what has led to this, the question was what is the other cargo? That means these are all certain seasonal cargos which will not necessarily be listed. For example, fertilizer the season is different it did not come in every quarter it is normally is not there in Q3, it is there in Q1, a little Q2, it goes up and then comes back in Q4 because of the swing and the different seasons. And there could be certain steel cargos which are all following a particular pattern so, it can increase or decrease as per that seasonality. But generally containers, crude, agri business, petrochemical and going forward the coastal cargo that we are looking at from you know which I just said in the beginning that we are looking for in a large bigger way all that will lead through the growth.

Pulkit Patni / Mohit Soni: Ravi, my second question is related to the coastal cargos since you also spoke about two national waterways, could you just elaborate a little more as to what role would we play there and how big that opportunity could be given the way you see it today?

B. Ravi: Yes. Karan is answering that, yes.

Karan Adani: So from national waterways side the role which we are looking to play is to have terminals on at the Dhamra side as well as at the mine side and we are looking at coastal movement of coal through Indian waterway. We see a potential of almost 30 million tonnes which can happen through this waterway. The timing and all we still have to work on it but that is the potential that we look at and from coastal point of view, right now, there is almost 25 million tonnes which happens from East Coast of India to South India. We are looking at tapping that because by 2020 we expect that volume to go to almost 100 million tonnes and so we are targeting at least if not 50% but even 25% volume if we can capture on that, will be a significant chunk which can offset the import of coal.

Moderator: Thank you. The next question is from the line of Chokalingam Narayana from Deutsche Bank. Please go ahead.

Chokalingam Narayana: Just wanted to understand what is our CAPEX outlay for the next if you can say for 15 months?

B. Ravi: We have hardly any CAPEX left for next, this quarter. As I said earlier, we have halted certain capital expenditure way to do. We are only doing at Dhamra so very little for this quarter. For the next year we will be having a complete fresh assessment we have a budget session on, so may be when we speak to each other in May we will be able to tell you.

Chokalingam Narayana: Okay. Second one was the other business your margins are almost 66% on that. So what exactly, how come you get such a high margin, if you can just help us understand that that will be really helpful?

B. Ravi: Yes. Can you repeat your question please?

Chokalingam Narayana: Your other businesses, export your sales is about 167 crores your EBITDA is about 111 crores. So that seems about 66%, so if you can help us understand how this will fluctuate?

B. Ravi: All the ports have a margin ranging from 62%, 63%, 64% all the way to 68% and 74% too. So on average, on a consolidated basis it could be around 64%, it is increasing. But port by port, we do have consistently increasing the margins. As and when more and more mechanization happens in Dhamra even there the margins would increase from the present level of 65% to much higher levels like let say 67% or even 70%. Dahej has already gone towards that level so it is that which is driving the consolidated margins up.

Chokalingam Narayana: No, sir, sorry, I think, I did not put the question properly. Your port revenues is about 1,551 crores which implies that the other business revenue is about 167 crores. Now your our port EBITDA is about 960 crores which implies that the other business EBITDA is about 111 crores, so you have 111 crore EBITDA on 167 crore top-line for other businesses so there is a 66% EBITDA margin, so how should we understand this part of the business?

B. Ravi: Okay. I think we talked about the other operating income, which Ravi earlier explained. And I think as Ravi also stated in answer to another question, we are likely to receive such income for at least a couple of quarters though quantum may vary and I think, for your near-term predictions you can use 60% - 65% of margin in this other income as well.

Chokalingam Narayana: Sure, that is useful, sir. Last thing, if I can slip in one more, on the interest cost, the annualized number is coming at about 5% on the overall gross debt number. So what are the average cost of debt if you can just help us on…

B. Ravi: What we see is that it would be as I said, in the last quarter you will see a fuller impact of certain things will happen. So it could be in that vicinity 4.5% to 5%, gross cost.

Chokalingam Narayana: That is all fully hedged, all in cost?

B. Ravi: We have natural hedge therefore, wherever hedging is involved, yes, rupee debt will be on that basis. Wherever hedge is not there absolute cost on a consolidated basis both hedge, non-hedge put together, it will be 4.5% to 5.0%.

Moderator: Thank you. The next question is from the line of Inderjeet Singh Bhatia / Amit from Macquarie. Please go ahead.

Inderjeet Singh Bhatia/Amit: My first question is on Kattupalli, can you just run us through kind of whatever you can share, either on financials or operating metrics and given that we have now been running the port for three months - four months now. Any signs of improvement that you have managed to kind of bring about in Kattupalli the way returned around Dhamra when we took it over?

B. Ravi: I would say in one sentence we took it over of course over two months back. We have worked a lot on the turn it around in terms of getting your liners to the business and improving the present container position. I think the real impact of that would be felt in this quarter. So when we meet on March I will be able to really tell you as to which liners and how the business turn around would happen on a longer-term basis.

Inderjeet Singh Bhatia/Amit: Okay. Would it be possible for you to share some bit of financials on the deal?

B. Ravi: You are talking about the deal itself, no. We are awaiting probably in the next one month or so we should get certain clearances from the Tamil Nadu Government. Thereafter, as we have said earlier, thereafter the whole deal contours will be completely ready. We will be able to tell you but till then, whatever kind of numbers we have given is still stands.

Inderjeet Singh Bhatia/Amit: Okay. One last question from my side is what is the percentage of our revenues which is in dollar denominated?

B. Ravi: It has gone towards 35% of the total revenues and if you see on EBITDA level it is 45%.

Moderator: Thank you. The next question is from the line of Achal Lohade from J. M. Financial. Please go ahead.

Achal Lohade: Sir, if you could tell us what is the operational cash flow for nine months for standalone as well as console entity?

B. Ravi: We have to take that offline; I do not have it immediately available. Kankshit, will be able to help you on that, sorry.

Achal Lohade: Sure. And if you could also talk a little bit about the LNG terminal, what does it involve? Does it involve, we also doing the maintenance part of it, operational part of it in terms of profitability part?

B. Ravi: No, we are only involved in the infrastructure use and the land and building the jetty that is all. We are not involved in any operations of that terminal. It is all GLL that is GSPC LNG Limited, they would do that, we would not be involved in that.

Achal Lohade: Would we be holding any stake and also if we have already realized the money with respect to the line development?

B. Ravi: We would not be holding any stake in that. As a port company, we are not interested, I mean we are not involved in the equity part of it at all and the land along with the other infrastructure the total agreements together is being done. So it will be all coming together with the infrastructure usage so, it cannot be separated out at this point in time.

Achal Lohade: Got it. And secondly, just a related question on the SEZ part only, sir, about the clusters what you are developing how do we understand that part? Is it similar to just providing the development stage land or does it includes even setting up the capacity as well?

B. Ravi: No, we normally have either the CT3 or CT4, the container terminal we set up as a joint venture that kind of an SEZ or it is purely the land monetization and the infrastructure usage which are there both in terms of the lease-rentals and the maintenance not more than that, except where we are involved in terms of development of port business itself along with it.

Achal Lohade: So in other words, we would not be kind of looking at a joint development of units out there in the cluster, right?

B. Ravi: No, Mundra Solar Park we are not going to be in any joint development with any of the units, in the cluster we will only create the infrastructure that is the project for creating the Mundra Solar Park that will be our job, not beyond that.

Moderator: Thank you. The next question is from the line of Nitin Arora from Emkay Global. Please go ahead.

Nitin Arora: Sir, can you guide us for the port income and EBITDA for the standalone business?

B. Ravi: We will take that offline as we have told you at the beginning, Kankshit will have the numbers and you can send him an e-mail or he will be available. Just hold on, I think as far as guidance goes, we would only talk on a consolidated basis.

Ameet Desai: It is a part of evolving dynamics of business strategy as to how we manage cargo given the client needs in different ports. So as far as guidance is concerned, what Ravi said, during the call would be a consolidated number that we would deal with.

Nitin Arora: Okay. Sir, would it be possible to share standalone debt and cash?

Ameet Desai: Sorry.

Nitin Arora: Standalone debt, debt levels at the standalone.

Ameet Desai: I am just going back to my remarks at the beginning of the call. I think internally also we are trying to discipline ourselves as to look at this business on a consolidated basis. And therefore, it would be only appropriate that we look at the entity on a consolidated basis. We have no problem in sharing these numbers but as a professional, my belief and therefore my very requestful suggestion to all of you is let us make a bit of a departure from the past. This is a Company with eight operating ports and standalone is possibly an incorrect way of analyzing the financials of a company which is much more than standalone.

Nitin Arora: Sir, respect your view for that. We just require it so that we do not go wrong anywhere in terms of forecasting on a consol side, so that is why I was asking…

Ameet Desai: I think we would possibly provide some but I think from the next quarter onwards we would only be dealing with consolidated numbers.

Nitin Arora: Sir, the debt, the interest cost which has come down on a sequential basis my question was that was that also related to any debt reduction being done on a standalone or a consol level?

B. Ravi: No, it is more of refinancing the debt levels are more as the same.

Nitin Arora: Sir, in terms of the coastal part, when you mentioned it and I think you also said about 25 million tonnes is currently getting evacuated from the Eastern Coast to the Western side. Was it included both the bulk and the containers or is it purely bulk?

Ameet Desai: That one was bulk, containers has a different number. In my understanding that is bulk. I can always check again and get back to you.

Moderator: Thank you. The next question is from the line of Bhavin Chheda from ENAM. Please go ahead.

Bhavin Chheda: Sir, what would be now the consolidated capacity across all the ports and how much you are expanding to and what would be the CAPEX number in 2016, 2017, and 2018?

B. Ravi: So, maybe Bhavin you were not on the call when Ravi mentioned that in the balance few weeks of the fiscal we do not anticipate any CAPEX. As far as 2016 - 2017 is concerned, we are in the midst of working our budget plans and when we have the call for Annual Results at that point of time we would be happy to share with you the CAPEX and what kind of capacity build-up we intent to do across different ports.

Bhavin Chheda: What were the current capacity be to handle across the ports right now?

Ameet Desai: Including the two SPMs of 50 million, it was 310 million tonnes.

Bhavin Chheda: 310. And just how much would be the coal handling capacity out of that?

Ameet Desai: No, we do not have any specific coal handling capacity expect for Goa and Vizag which are dedicated coal terminals rest of the and Ennore which is only a container terminal, we have a multi-cargo handling capabilities.

Moderator: Thank you. The next question is from the line of Salil Desai from Premji Investment. Please go ahead.

Salil Desai: Sir, one clarification, the volumes do not include Kattupalli, right as of now in this quarter?

Ameet Desai: That is a very small percentage, so it is as good as not being there, not to worry. Without that it does not make much change.

Salil Desai: Okay. And sir secondly, if you look at the Company's say journey, Mundra started out as a port which was say offering better value than a lot of ports on the West Coast and that is how it has really grown to becoming the largest in the country by picking up market share from some of the competing ports. But now, you have a more number of ports along both East and West Coast. Where does incremental cargo come and what pace the cargo growth happened because it does it happen that you end up competing for two ports within the group for cargo or are there any specific niche cargo volumes or sources that you would target for each port and see that each of them becomes independently large enough?

Ameet Desai: Salil, I think a very elaborate question, I will try and give simplistic answer, so that I do not end up confusing you or others. I think, it would be hard for us to give you an analogy to how Mundra grew as to which next port can grow expect for Dhamra which we believe can really see a growth trend and a pattern which is to some extent similar to Mundra. Second point is, what is the differentiating feature or a factor which each port provide? The answer to that would be slightly complex because each port does provide a certain unique proposition to the client. And that is what the business developments teams try and educate the clients about and get the business either diverted or get the business created vis-à-vis any other means of transportation. So for each hinterland for the particular type of cargo, coming from different ports will be a different business development strategy which business people are very well educated to pursue. For that, they have to have understanding about alternative means and their costs, what are the beneficial points in terms of number of days, et cetera, and that is something that we keep doing on an ongoing basis to win and retain business. As far as your question about cannibalization of cargo is concerned, we do follow a twin-port strategy, keeping the customers interest in mind. So we look at Mundra and Tuna in a way as twin ports just as we look at Dahej and Hazira and that is how we would want to develop Kattupalli with Ennore once we have the deal done. Now, these are very detailed day-to-day nuances of business and what you may like to get an answer I may not be able to provide it now, but I think the outcome or manifestation is going to be in terms of results. In fact, that is the reason I have been sort of pleading on this call that henceforth, it would be in your communication interest just as in ours to look at amalgam of ports across because then otherwise without having sufficient understanding at least I am talking about ourselves as to what each hinterland denotes for different set of clients it would be very hard to just look at numbers and answer questions.

Salil Desai: Sure, thanks a lot. And sir, just to follow up on this, is there any, are you seeing any further gaps you would like to fill on either on the coasts or right now after Kattupalli, you are largely done in terms of the presence you would like to have?

Ameet Desai: Yes, I think India is a very vast country and there are large tracks of hinterland which are currently not even being catered to by port facilities and we do believe that port is an enabler for economic growth something that Mr. Adani has said this publicly. Having said this, I must tell you that there are many opportunities that our people keep evaluating. But we are extremely careful when it comes to making new commitments and therefore, it would be fair to say that while we keep looking at opportunities if there is something which is likely to materialize, you would possibly get a communication from us pretty soon but nothing as we speak seem to be on the horizon.

Moderator: Thank you. The next question is from the line of Vibhor Singhal from PhillipCapital. Please go ahead.

Vibhor Singhal: Sir, my question was a bit related to the last question that was asked, so just wanted to check, I mean, if you could sort of throw some light on the kind of opportunities which are there right now in the port projects, especially from the expansion of major ports in terms of which we are evaluating and the ones which we could actually be looking at adding to our portfolio over the next year or so maybe?

Ameet Desai: So I can't not really be talking about what we are evaluating and how each of them fits in to or not because there could be some evaluation that business development people keep doing from time to time. But in terms of value proposition, one big value proposition that we are seeing and I think Ravi or Karan talked about, it early on is the coastal movement of cargo and some of this has already started from upper Eastern side to the Southern Eastern side in terms of mineral movement, particularly of coal and we do think that for a country like India, which is having perennial problem of inadequate rail capacity, it is only going to be a viable solution that minerals particularly coal moves from East Coast to the West Coast through the coastal route rather than through the Railway route. Third point is I think, in the beginning remarks that Ravi made, we have talked about our active participation in two waterways projects who utilize them for our cargo growth. So I think all-in-all as business strategy we are quite actively and proactively looking at various opportunities which originate and terminate in different parts of the Indian in hinterland and we remain committed to growing our business in a very meaningful way.

Vibhor Singhal: Sure, sir, that is very helpful. Sir, just last question on the Vizhinjam port, so could you just apprise us basically what is the status I mean we have started construction on that how is the timeline progressing? And by when do we expect to commission that port?

B. Ravi: The timelines are as we had declared in December. The work has started on that and one thousand days is what we have said and we are on target of that.

Moderator: Thank you. The next question is from the line of Alekh Dalal / Abhinav Jain from 130 Capital. Please go ahead.

Alekh Dalal / Abhinav Jain: Just seeing the traffic trends in Singapore, Hong Kong and Shanghai it looks like traffic volumes are down about 10% to 20%. How are you building sort of base plus sort of the global turmoil into your CAPEX planning because obviously as you have alternatives in terms of expansion in various places, how do you think about either curtailing or cutting back the CAPEX given you would want more financial flexibility going forward?

Ameet Desai: Yes, I think it may not be appropriate to talk of ports in other countries. But yes, port traffic in India is not seeing an encouraging trend other than the ports which are part of our company. And therefore, we have seen a very robust growth in terms of container, crude and few other commodities which has resulted into overall growth. We are obviously given the volatile economic **0:44:01 (Inaudible)** looking at CAPEX very carefully and maybe I am sounding repetitive but the fact is it is only in the months of May when we reconvene we would be able to share in detail of our CAPEX plans. But on the principal side, we are increasingly getting more cautious in our capital expenditure commitment as we wait and study the evolving economic situation.

Moderator: Thank you. We have a follow-on question from the line of Akshay Soni and Robin Narang, Morgan Stanley. Please go ahead.

Akshay Soni / Robin Narang: Thanks. Ameet Bhai, this is probably for you or Karan. I wanted to understand that in this quarter, of course it is mainly led by coal, ex-coal you have done better than the major ports but given the coal cargo issues the performance for once has actually been behind major ports for the company as a whole. So in that sense, why do you think there has been a bit of a market share loss and how would that change, if you have got some visibility around that?

Ameet Desai: See, Akshay, I mean, I may not sound politically correct but if I look at the pharma company I would not really beyond a point get into segment wise sales some segments growing and some segments not growing as long as the revenue is showing a robust growth. So while your question and observation is fully justified but I am actually looking at our position in our ports and position of strength in as much as we are not just dependent on coal. Other ports are unable to handle other cargos and a cargo under competitive squeeze is something that we operate and handle if I can say on a select basis rather than on a widely pervasive basis and that is how our business team, they focus on garnering more volume for in fact, container is a far more profitable and crude is more profitable than container in terms of segment. So I think this challenging times have opened us up to a better situation and I would not really get excessively concerned about coal being the driver of growth in major ports versus not at Mundra Port.

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

Ameet Desai: So, ladies and gentlemen, thank you for all the questions. I may sound repetitive but I have been insisting on our colleagues also inside the organization to look at the ports business as one unified number. I do appreciate some of you have this requirements to fulfill in terms of your model basis to be filled in but at the same time, I would requestfully suggest that let us be prepared for change because there would be maybe next quarter onwards we may not really go deep dive into that level and not going to block any information flow but I think, it may not cannot make economic sense for anybody to evaluate a single port at a given point of time. So I would request that let us all try and understand the business in totality, having said that, we remain committed to provide all the information and details which may be required by you. So thank you very much and look forward to meeting up with you at the next call. Thank you.

Moderator: Thank you, members of the management. Ladies and gentlemen, that concludes the conference. You may now disconnect your lines. Thank you.