“Adani Ports and SEZ Limited Investor Call”

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MODERATOR:	**MR. ACHAL LOHADE – NUVAMA INSTITUTIONAL EQUITIES**

Moderator: Ladies and gentlemen, good day and welcome to the Adani Ports and SEZ Limited investor call hosted by Nuvama Institutional Equities.

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

I now hand the conference over to Mr. Achal Lohade from Nuvama Institutional Equities. Thank you and over to you, Mr. Lohade.

Achal Lohade: Thank you. Good morning, everyone. On behalf of Nuvama Institutional Equities, I welcome you all to this Conference Call with Management of Adani Ports and SEZ Limited.

We have with us Mr. Ashwani Gupta – Whole Time Director and CEO; Mr. D. Muthukumaran – CFO and Mr. Rahul Agarwal – Head of Investor Relations and ESG.

Without further delay, I now hand over the call to the APSEZ team.

Rahul Agarwal: Thank you, Achal. Good morning, everyone, and thank you for attending our Analyst Call today. We would like to discuss the announcement that we have announced last night on this call.

So the pattern that we would like to follow for this discussion is we will kind of first give you a summary of the transaction. And we will then open up the queue for Q&A so we can then respond to your queries.

With that, I will pass it on to Mr. Ashwani Gupta and then Mr. Muthukumaran to take you through the transaction.

Ashwani Gupta: Well, thank you. Good morning, good afternoon, good evening, depending on the time zone you are in. Thank you for making yourself available. I understand in most part of the world today is the holiday. But when it comes to business, when it is port, it is 24/7. So our business is also 24/7. So thank you for accommodating yourself. I would like to draw attention on Slide #24. Just to use that Slide #24 to make my introduction. Is it okay? Slide #24, Rahul. Thank you.

So today we have requested all of you to participate in this great acquisition which we have done. And this is about NQXT, a very high quality asset with a cash generation and having a great potential to grow significantly. The nameplate capacity is 50 million metric ton. The cargo handled is 35 million metric ton. However, because of long-term take or pay, this is close to 40 million metric ton. And we are talking about $228 to $230 million of EBITDA. Now I would like to take from that reference is from 40 million metric ton, which is the take or pay to 50 million metric ton, there is a zero CAPEX, which will take us to roughly 400 million within four years, which is roughly 15% of EBITDA growth every year in dollar terms.

Now, where this 400 will come from? 400 will come from two things. Number one is the volume, which means going from 40 to 50 with zero CAPEX. And number two, most important also, which is the price renewals, which will not come from the commodity price increase, but which will come from the methodology of adjusting the asset value. And this is a common practice and already with one customer we have already done it. Now from 50 million metric tons to 60 million metric tons, there will be a very minor modification to add one water sprinkler which means at 60 million metric tons, we are talking about $500 million of Aussie dollars of EBITDA. Now what we have not included in the option is a great potential which will go from 60 million metric tons to 120 million metric tons of the facility we have here. We have not considered it as an option. We have not considered, of course, the CAPEX to do that, but this is a great potential.

And why we are so much confident in short-term, mid-term, and long-term. Number one is the multiple customer, multiple export destinations with long-term take or pay contracts. Number two is, as I said before, with a mix of price and volume, we are talking about 15% of EBITDA increase. And if I see last 10 years of Australian dollar, which has appreciated, when we will take it in the rupee term, it will be much higher than the 15%. That will come as a bonus to us, which means the contribution of this asset will be higher than the APSEZ contribution.

Now, most important thing is this is a port asset, but this is a part of the whole Adani Group ecosystem, which comes from the adjacencies, whether it is mine, or the rail network, which is also a strength, which makes us competitive to have the customers and also to have the new customers. And already we are talking to our new customers because we offer our end-to-end very competitive cost to them. And last but not the least, we are in a country which is very stable with the AAA rating and with continuous growth in front of us. So with that note, I think I would like to hand over to Muthu, Muthukumaran, our CFO, to take us through the presentations. Thank you.

D. Muthukumaran: Thank you, Ashwani. So I am actually going to just spend a few minutes to explain the transaction. You know, it's a no cash deal of 100% acquisitions of the port assets and the valuation, enterprise valuation of the asset is $3975 Aussie million. I am actually referring to Page #26. And there's a net debt and debt like item of $819 Aussie million. So after that, there is an equity value of $3156 Aussie million that actually translates to Rs. 14.38 crore equity shares, new shares to be issued. The net dilution or rather net accretion to the promoter will be 2.15% rounded numbers.

And this asset, just to quickly describe, it's an asset which is situated in Northern Queensland and it is an asset which is 50 million tons in capacity. And it is actually privatized a decade or so ago. It was privatized with 99 years of lease. We still have 85 years of remaining life, which goes up to 2110. It has a system of contracting the capacity. And for the contracted capacity, the revenue is actually fixed and the O&M is the passthrough. So 40 million ton out of 50 million ton is already contracted. And the EBITDA for the last year is $228 million Aussie, and we also take over in the holding company, there are some non-core assets and liabilities. This is going to be realized as soon as we complete the transaction. But that will have no impact on the valuation because on a net basis it is zero. We have undertaken a process that is sort of to start with what is required in law, which is basically we have gotten GT to do opinion on valuation. They are the registered valuer for this transaction. And we've also got GT to do desktop financial review. And because it is RPT as per the company policy, we have undertaken another valuation from SBICAPS. And Cyril Amarchand is the advisor in terms of for the entire transaction to APSEZ and Ashurst is actually the advisor locally.

Now, ESG, there is a full section starting from Page #33. We particularly would like to draw attention in terms of the ESG standards of this asset, which is very, very high. And ESG includes diversity metrics as well. In terms of market, Queensland contributes 22% of the total coal in Australia. It's mineral rich. And we have described the assets. You might see the pictures that are coming up. I am going to flip to the page, which is page number, Page #12 gives a very good eye view of the asset, if you're there. It actually opens up on the two terminals that we have got here. The long pipeline that you see is a 2.5-kilometer trestle. On the other side of the picture is actually the port.

If you actually see Page #13, there is a map on the right side which talks about the ports that are located. You will see up north port of Abbot Point and there are lines that show you, which is thick line. Those are the railway line that connects to the various customers. So we have direct connect to all the customers through the railway line. And the dotted line there is actually the Carmichael Rail, which is the only private train that is getting operated there. The rest of it is all actually, you know, sort of was part of the Port of Abbott and was again privatized along with the port and the thick line that you see connects to all the customers that we have.

The customer reserves as of now is 60 years. It has got a resource which is significantly more. And therefore, the business opportunity that we see for 50 million MMT to go up to 60 million MMT. And from there on, as we go sort of further into the future, we find it promising from these resources. And in addition to these resources, we are also exploring other opportunities like green hydrogen that would actually come as we actually go forward. That is also a volume kicker that we will work on, which is the energy source that we are focusing on as a group. And we are also expecting to benefit from both Bravus as well as the green hydrogen possibility.

And in terms of sort of financials, we have given the financials of this company in the flip to Page #18. What is important there to see is actually it's a 228 million EBITDA with 350 million revenue. But we have the operating contractors, so therefore on an incremental basis, this 228 million EBITDA will be 90% of the revenue that will come in. And also, one thing that I want to highlight here in the financials, which is unique for this particular company is, and the asset is accounting for fixed asset is done on mark-to-market basis, which means every year they revalue the asset. The reason why I am highlighting this is because the depreciation, which is a non-cash charge, is significantly higher than usual and it is not based on historical cost. So when we calculate PE ratio, we need to bear in mind that is why we have specifically highlighted that PE ratio is not particularly relevant on a comparable basis. Then we need to do the adjustment for this enhanced depreciation to arrive at the true PE ratio.

In addition to it, another aspect that I want to jump to is Page #22, wherein we have actually sort of put FY'12, FY'13, and FY'25 numbers. As you can see the cargo volume, here what we tried to capture is two different subjects. One is how APSEZ grew in the last decade, approximately. And then how did NQXT grow? Both the companies, the bottom-line is, delivered the growth. If you see NQXT, which is the second box, it went up from 13 million throughput. Today we are operating at 35 million. So it's gone up sort of took 3X in the last 12 years. In terms of EBITDA, you can see that it has gone far more, which is $63 million to $228 million. And in terms of APSEZ, in FY'12 and '13, we had three ports and today we have 18 ports and terminals. In terms of cargo volume, we had 106 and we are today 450. But the point what I am trying to drive here is that the purpose in FY'13, we actually got out of this in NQXT is because to focus on two things. Number one, domestic growth and number two, to take care of financial strength.

In terms of market share, you can see that we have grown from 10% to 27% today and from 3 ports to 15 ports. So therefore our strategy and agenda for consolidate in the domestic market stands significantly accomplished. From here on, we will continue to build on. We have shown you the strategy of APSEZ on a standalone basis. In the next milestone, we will get to 35% market share, and from there we will continue growing to 40%. So that's the strategy that we have in the domestic. So that actually execution is underway.

And the second thing that I want to tell you is that financial strength. At that time when we bought this originally, we were net debt to EBITDA of 9.4. And when we sold, we came down to 4.5. We did say that we will consolidate financially, we will achieve the consolidation strength. And today we are at less than 2X net debt to EBITDA leverage, both before and after the transaction. Under that 2X, we have significant sort of strength to carry forward. So given both these two objectives are accomplished, we are getting back to this asset. And in terms of valuation, we would like to actually bring your attention to Page #23, where we are saying that in FY'13, we have generated 17X multiple and we are now doing exactly the same multiple. So basically from here on, we are going to talk about the growth. The growth will come, as Ashwani mentioned in the opening remarks, on two fronts, volume increase that can happen on this port. Today, the contracted volume is 40. It can go up to 60 with virtually no CAPEX required. Of course, subject to the approvals required and environmental approvals and other approvals required. So, today we are firing at 230 EBITDA and just this 40 going on a pro forma full 60 million capacity will take you to 350. Plus, there are lot of these about 35 odd million ton of contract is coming up for renewal between June ‘27 all the way to July ‘30.

So obviously, we wouldn't get into the details because of the commercial sensitivity, but the amount of 30 million ton which is coming up for renewal, when it comes for repricing, it is based on the capital investment and, there is price increase that will happen which will actually sort of reflect the returns that we need to earn, which is also baked into the EBITDA increase. So with these two sort of substantially, the 60 million capacity I told you is just the current capacity. Eventually we have also guided that we will get into further expansion of capacity based on how we see growth on non-coal material, particularly the green hydrogen that will happen. So we see a visibility of going up to 120 million tons over a period of time. Of course, that's the long-term plan. And if you bake all these things in, it will give you some sort of picture of what the growth opportunity in this asset is.

In terms of near term that you can see, we have guided that between volume increase and renewals. We are talking about going from $240 million Aussie of EBITDA currently to $400 Aussie million. So if you look at the valuation, this particular data point is going to be super important for you to see that 400 million is already in the bag as we speak. And anything else that we grow in the next four years, we are going to add to the EBITDA and once we achieve volume growth and renewals and new product, in five years' time, from 400 to 500 will be our next target on this asset. So we are working from milestone to milestone. So 400 is the next one, which is clearly visible.

In terms of next steps, we have to execute the contract of SPA after the board has approved this. You know, it will be subject to all the approvals that are required from here on. The key ones that we require is first one from RBI because we will exceed one billion limit that is per annum allowed. But it is well within our 400% net worth. So we will go through this process. The second one that we require is a shareholder approval. And the third one is FIRB in Australia, which is a FIPB equivalent. Eventually, the controlling stake is with sort of a similar UBO, so to that extent, we expect FIRB also to come through soon. So we have guided to the market that we will actually complete this transaction in two quarters.

Our hope is that we will actually do even faster than that. There are some other customary approvals. We will obtain all of them. And once we actually achieve, once we obtain all these approvals, we will head to closure. And once we close, we will realize the non-core asset pretty soon. And we will get to a position where this asset will be added to our portfolio. And international business will actually get raised to four ports that we will have.

And the only closing remark that I want to say is, as Ashwani said, this ticks all the box of our international acquisition. There is a predefined criteria that we use to decide what port we will go to and what port we will not. This actually fulfills the conditions that we require. Fundamentally, it is about ability for us to operate efficiently, earn financial return and grow. So, these are the sort of criteria that we work and after this transaction in coming sort of months, we also hope to do more transactions in, sort of in the international, but those are likely to be sort of dependent on whether we are sort of meeting our condition.

So with that, let me hand it over to Ashwani back up closing remarks.

Ashwani Gupta: Thank you. I think please refer to Slide #21. I think to close, I opened with that how and why we tick all the boxes, and I would like to close with the Slide #21. And this transaction, it is an integral part of our APSEZ strategy, which is to find the opportunities on the trade route, which is between East to West. And this is going to contribute to our ambition of reaching 1 billion metric tons by 2030. And most important, whenever we go for any acquisition, we make sure that it is contributing to our top-line and bottom-line both. And here, our bottom-line contribution is more than 15% growth plus the depreciation, as I said before, which will come as a bonus. And having said that, as I said before, it's a cash operating asset, but most important thing is this is ring-fenced for all the fundraising which has already been completed before the acquisition. So with that note, I would like to say thank you for your participation and now we start the Q&A with you.

D. Muthukumaran: One quick point before we start the Q&A, let us introduce that Robbie is also here. He has joined us, so we three are available. So back to the moderator for taking the questions.

Rahul Agarwal: Yes, moderator, we can start with the questions, please.

Moderator: Thank you very much. We will now begin the question and answer session. Anyone who wishes to ask a question may press '*' and '1' on their touchtone telephone. If you wish to remove yourself from the question queue, you may press '*' and '2'. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Alok Deora from Motilal Oswal Financial Services. Please go ahead.

Alok Deora: Hello, good morning everyone and just a few questions on the acquisition. Just if we could go little back in time and just wanted to understand was this asset initially acquired by us sometime in 2011 and then we kind of sold it to the group and if you could just highlight on the background first and then we can, I have a couple of more questions on the operation side?

Ashwani Gupta: Yes, hi. Moderator, please tell if you can't hear me, please. I hope you can hear me. So yes, you're right. This asset was bought in 2011 and it was actually sold in March 2013 to the family. And the full details of that transaction is given in Page #23.

Robbie Singh: Just to add to that point and give you a bit of color pertaining to your question. There are two aspects of the transaction at that stage. One was as highlighted by Ashwani and Muthu in their commentary. APSEZ there itself was in a relatively fast-growing phase and this asset was acquired at roughly 9.5X in terms of its net debt will be about 9.5 plus it was facing its own CAPEX and the development of a rail line that had to be attached to the port. So it presented a significant construction development risk at that stage to APSEZ given its own development pipeline. So consequently at value for value, that risk was better to be borne by the promoter family. Now it completed that CAPEX. Now it's fully connected with the Aurizon rail network and plus the rail network of Carmichael Mine. Additionally, the promoter family has over this period of roughly 13 years, to do and wash leveraging in line with the mature running infrastructure assets, which is 2x. So it consequently now matches the capital profile of APSEZ with a better ability to operate and synchronize with APSEZ wider international strategy. So it makes, that's been the history of it, the completion of the rail connection, the completion of the de-leveraging exercise, and consequently now given, and the completion of APSEZ growth execution plan over the last 12 years in India. And that's how we have come to this point.

Ashwani Gupta: Does it answer your question?

Alok Deora: Yes, it does. Thank you so much for that.

D. Muthukumaran: The data that you're looking for are between Page #22 and 23, which describes the point in number terms, which Robbie mentioned. Fundamentally, operating efficiency and financial efficiency both are mentioned.

Alok Deora: Sure, thank you so much for that. Also in this 40 million ton contracted capacity, would there be any captive portion from the group side or it is all third party cargo? Because I believe it's majorly the coal business, thermal and cooking coal which will be coming into majorly into China and India. These two would be the two geographies which would be having the most of the share of the volume almost 50% or so. So is there any captive arrangement here or how is it if you could just highlight that?

D. Muthukumaran: Yes, 12.5 out of 40 million tons is from Adani Mining which is called Bravus. But not all of them come to India. The total volume that comes to India is about 6 million tons out of the 35 and China gets 12 million. So yes, to that extent you're right. I geographically, China and India are the two.

Ashwani Gupta: And one thing more which I would like to add upon is this is not only about thermal coal. So if you please look at Slide #17, the majority or more than half is the metallurgical coal which goes to the South Asian countries especially as you know that this is high quality coal used in the steel industry. So which means this is not related to the captive. So that's why with the combination of more than eight customers, with the combination of multiple export destinations and the combination of metallurgical coal and the thermal coal, the robustness of the business case can be confirmed.

Alok Deora: Just last question. See if I look at from FY'13 to 24, we have kind of grown less than double the EBITDA and even in the last year if you see, it has been like less than6%-7% sort of a growth. And now we are talking about 228 becoming $400 Australian by FY29. So I understand some incremental capacity would be there, but just wanted some comfort on how that would be achievable because that's pretty high number on this 228 base?

Ashwani Gupta: So I think, as I said in the opening statement, I think the logic is very clear for us. First of all, we already have the customers with whom we are talking to go from 40 million metric tons to 50 million metric tons. Number one is our competitive advantage of providing not only the port, but also the full ecosystem, including the rail network. Definitely, we can see that our surrounding ports are having the capacity constraints, and we have the capacity. So we attract the customer with capacity, we attract the customer with end-to-end solution. And this is bringing the volume from 40 to 50. Then from 50 to 60, of course, we have to do minor modifications like putting water sprinkler and so on. We will go to 60. And I am not including the 3% to 4% trade growth. I am talking about only the new customer acquisition. So new customer acquisition plus the normal trade growth will definitely take us to 60 million metric tons. But the point is, what in addition to the volume, which gives us the confidence to reach the $400 million in four years, is the renewal of the contracts, which is not commodity price increase. This is the methodology of resetting the reference of the asset cost. And we have already done it with few customers, and we are going to do that, and it's a general practice in that market. As you know, our CFO explained, it's mark to market. So that's why the combination of, let me say, 70% to 75% contribution of the incremental EBITDA to reach 400 will come from the volume, and 20% to 25% of the contribution to reach to 400 will come from the renewal of the price contract. And with this mix, we are very confident because we are competitive in that area, and especially as you can see the geography, you can see that all the mines, which is in our catchment area has got competitiveness in terms of end to end kilometers and the mobility when we are talking about rail and port. And that's where we are very much confident.

D. Muthukumaran: Can I just add? To your question, there are following components to the growth. One is what the demand is growing world over for this commodity, which is a normal growth. But you're reading it from that perspective that does not take into the most important aspect of this business model, which is the demand for this and our revenue and our contract signing comes in steps. When a new mine opens up, it actually opens up with 5, 10 million tons of capacity. So that is the reason why you're seeing the EBITDA growing from 63 million to 228 in the last 12 years. Because every time there is a growth, it will come in steps. That will take us from 40 to 60. And we know broadly where the growth is happening in that two basin that this particular port is serving to. So, there is reasonable and clear visibility on where we will get this growth from. And what you're talking about is annual price increase on volume and efficiency, but step up increase that will happen in the volume will come and that needs to be baked in and that's how we are getting the 400.

Ashwani Gupta: No, I think it is very important because when we talk about the international markets, we have to really understand what is the price increase. And I think we have gone through this exercise when we did the due diligence. What exactly this market is all about, right? This market is about pricing based on DORC, right, which is Depreciated Optimized Replacement Cost, which is for example, if we do the valuation of our assets today, the cost is roughly about $3.2 billion, the replacement cost, right? But when the pricing was set in the long-term take-or-pay contracts, the asset value was far more lower with that. So automatically, when the price contracts will come for the price renewal, we will have to reset the DORC based on the today's asset value. And this is very fair and this is very transparent. But that doesn't mean that it should skyrocket because the customer need to deliver the competitiveness and that's where we bring in our rail network, our whole ecosystem to offer to customer a competitive cost, including the appreciation which we will do in the DORC in the price increase.

Alok Deora: Sure, just the last question if I can. Any other assets which we are looking to buy or we are done with for now as far as international geography is concerned because we are largely on track for the 150 million tons which we are looking to do from the international geography. So that would be the last question from my side. Thank you.

Ashwani Gupta: I think I would like to repeat our international strategy. It has to be on the East-West corridor, which is the maximum trade exposure we should get. It has to be part of the ecosystem because we know we can create maximum value when we are in an ecosystem. Number three, we should be in a country where we have stability. Number four, anything we do should bring the growth, not only in the topline, but also in the bottom-line. Once we are done with the four things, we will go for acquisition. Of course, as we shared in last call, we are talking to many markets, but once again, with these four to five key success factors, definitely we will go for international acquisitions more and more.

Rahul Agarwal: Thank you, Alok. Moderator, can we go to the next question?

Moderator: Sure, sir.

Rahul Agarwal: Can we go to the next analyst, please.

Moderator: Thank you. The next question is from the line of Sumit Kishore from Axis Capital. Please go ahead.

Sumit Kishore: Thanks for the call. A few questions from my side. I was covering the stock in 2011 when NQXT Abbot Point Coal Terminal was acquired. And then I recall you had mentioned the asset value was about $1950 million Australian. Now in the presentation, you mentioned non-core assets are about $2.2 billion US, roughly $3.4 billion Australian today are going to get added. So what is the nature of these non-core assets? And could you also outline how the depreciation policy would pan out for the next few years?

D. Muthukumaran: Sure. First to your point on depreciation, it will pan out the same way that you are seeing today. We expect to maintain as we speak the policy on accounting of marking the assets to the market every year. Therefore, depreciation will be in the region of 100 million. And any increase in depreciation will flow to price as well. So that's something that we are actually trying to sort of repeatedly mention to you that perversely, increase in depreciation would follow price increase, which is actually the DORC that we keep talking about, the depreciated optimized replacement cost. So that is on your second question. On your first question of what is a non-core asset, so you're right. The value that you're mentioning, I mean the precise number we have put there $1829 million Aussie, which was I think US $1950 if I am not mistaken at that time because that was my memory of exchange rate 1.03.

Sumit Kishore: So 1829 was the acquisition cost you had mentioned on the call that time. The asset value on the books was 1950 million.

D. Muthukumaran: Oh yes, correct. You're right. So it is the asset value and then on the one side it keeps depreciating so therefore it would have come down. On the other side, there is marginal CAPEX that we actually have been pumping into this asset and which will increase the value. And number three, MTM will increase the value of this 1.9. So one reduction which is depreciation, two addition which is CAPEX and MTM and today that number is 3.2 because of that.

Sumit Kishore: So what is the nature of the non-core assets? Because what exactly does asset mean on books of the acquisition?

D. Muthukumaran: No, see the non-core asset is not in NQXT Australia. It is in the company that we are buying in the structure, which is above the NQXT. And, as you know, sometimes when we acquire, we end up actually buying the existing balance sheet assets. So here also we are actually going to buy the existing balance sheet assets and we will realize anything that does not pertain to NQXT within a few months of our acquisition.

Sumit Kishore: So what is the asset? Is it the railway line or what is it?

D. Muthukumaran: They are financial assets, borrowings and on lending.

Sumit Kishore: Against which asset?

D. Muthukumaran: So these are non-NQXT assets. These don't belong to NQXT assets. They are borrowing, sitting in the holding company and then onward lending. So all those will be realized.

Sumit Kishore: Why is it that Adani Ports is taking over these non-core assets?

D. Muthukumaran: Because it is part of the acquisition, it is sitting there in the balance sheet currently. So there are two ways in which we can actually separate what we want to buy. One is on the day of acquisition or second is immediately thereafter. So we are pursuing the second route immediately thereafter.

Sumit Kishore: Okay. So in the past, as Robbie pointed out, one of the concerns was the capex for the railway line. And, so the promoter taking over the assets was let us go off that concern. Is it likely that Adani Ports now going in future would invest capital to take over the rail adjacencies of the NQ or the Abbot Point Coal Terminal or the NQXT as it is called now?

Ashwani Gupta: So, it is not in the scope today. As I said before, if the asset is in line with our strategy and if asset is giving the return which APSEZ is looking for, we can always consider, but today we have no consideration to go for it.

Sumit Kishore: And what is the total investment that has been made in the rail line, which is related party investment within the group?

Jugeshinder Singh: I think for us, until and unless it meets APSEZ logistic requirement, it is not even contemplated. Secondly, the rail network itself is subject to significant regulations within the Australian regulatory system because many, many users can attempt to use the rail network. So consequently, it doesn't directly fall into something that we can see from an APSEZ logistic strategy point of view that owning that would add any significant value to APSEZ because it is already overall the entire system where it operates within the Queensland based industry, all of Queensland, the rail network, highly efficient, regulated and consequently no need to actually have that ownership.

Sumit Kishore: Excellent, that is clear. Last point on the previous question, you mentioned 12.5 out of 40 is to Adani Mining, Bravus. As 40 goes to 50 in terms of the contracts, you would have signed with Adani, what would be the share or how does 12.5 increase over the next four years or in terms of the contract tie-ups that you have with Adani Mining?

Ashwani Gupta: The main increase in the contractual volumes should come from the new customers and obviously what will be the captive that will be the normal global trade growth which we will see in the market.

Jugeshinder Singh: Captive from Bravus as we spoke separately within the AEL reports, they can go up to around 15 million tons and rest will come from as Ashwani highlighted from the other customers. So broadly speaking, the structure of shipment is unlikely to change as it grows.

Sumit Kishore: Thank you and congrats on advancing your visibility towards 1,000 million tons. Thank you.

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

Parash Jain: Thank you and hi, Ashwani and Muthu. I have two questions for you to start with. First of all, by when do we expect this transaction to be EPS accretive. And secondly, when we look at your track record of M&A, both overseas and domestic, particularly in the domestic, whether it's the Dhamra, Kattupalli or Krishnapatnam, the multiples that you have paid were significantly small. So, is it the cash flow visibility? Is it the stability of the region where you operate? What was the attractiveness which allowed you to pay the multiple that you have not paid into the past M&A that you have made in India? Thank you.

Jugeshinder Singh: I will answer the technical first aspect and Ashwani will embellish that with the full APSEZ. The first part of the answer is that this is an asset in which the capex profile is completed. If look at say Krishnapatnam or Dhamra, we were responsible for taking those assets from the acquisition capacity, reconnecting and building the, for example, Dhamra from 5 to 6 million to 40. So all of that work we had to complete in relation to APSEZ front which Ashwani will go through. For this asset, the rail development planning, Aurizon is doing it. They have done it. We have to accept the ramp up risk. So that's one part. The second part is that when we acquire this asset, Australian dollar is a hard currency, so you are actually buying the depreciation growth as it is from a rupee sense point of view. So we are not, when we compare Dhamra, Krishnapatnam, there we are taking the rupee and rupee. So here you are actually acquiring that the long run depreciation as part of which we have not paid for, but which is in the numbers. The third aspect is that for APSEZ, it adds customers plus geography, which is significantly higher rated from cost of capital point of view. And now so, but roughly now 8% of APSEZ is operating in a AAA jurisdiction, which in the medium to long run will have a downward pressure on APSEZ's own cost of capital because it has a slightly higher hard currency assets in its balance sheet, not just hard currency equivalent assets in its balance sheet as it has today. In addition, Ashwani mentioned in his opening comment in relation to the strategic and other benefits to the operating East-West strategy, Ashwani can, how it works with APSEZ.

Ashwani Gupta: No, thank you. Thank you, Robbie. Robbie said it all. If I precise, and I think we had that discussion many times that what is our acquisition strategy when we go to international market? Now, the main difference, when we take over the Dhamra, we know exactly how to do a turnaround to take the EBITDA from 20% to 70%. We have that medicine, we have that recipe, we have that talent. We have done that in Karaikal, have done that in Krishnapatnam, now we are going to do that in Gopalpur. And that is embedded in our acquisition strategy that what will be the return which will come from this asset. And that's why we go for that kind of multiple. But here, when we do the acquisition, we have a very stabilized business in a stable country where we can build the confidence on the strong foundation which has been built, whether it is currency, whether it is investment rating, whether it is multiple customer base, whether it is take-or-pay long term contracts, whether it is export destination. And most important, most important that it is part of the Adani Group ecosystem, which means that today we are having an EBITDA margin of more than 90%, which is much higher than an EBITDA margin which APSEZ has. So with all these considerations, the multiple for this acquisition is not exactly calculated or paid in the same way if we would have acquired the Dhamra or Gopalpur and so on. This is more about confidence in the future with a very stable growth and a minimum risk.

Parash Jain: Can you just touch upon by when do you expect this transaction to be EPS accretive?

D. Muthukumaran: Second year. See today, our EPS of APSEZ is late 50s, let's high 50s. So we should get to high 50s EPS from this asset in two years.

Parash Jain: That's helpful. Thank you so much and have a good day.

Jugeshinder Singh: Thank you for your question, but just wanted to highlight actually as it stands today at EBITDA perspective, it is already accretive. On the EPS perspective, it is a ramp up, but on the EBITDA perspective and cash flow perspective and the EBITDA margin perspective, it is accretive day-1.

Parash Jain: That is helpful. Thank you so much.

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

Pulkit Patni: Thank you for taking my question. So my first question is in continuation what somebody else had asked. This has been an operation for about 13 years, and it generated about 10% EBITDA CAGR and we are guiding for 15% EBITDA CAGR. 13 years is long enough to have all price increases etc. volume increases benefit. So 15% like how should we get confident that an AU

$400 million is something that this port can hit? That's first question and related to that is if that number is already in the bag, then why would the promoter group sell it at this stage when they can clearly see that there's going to be a significant ramp up in EBITDA over the next three years? So that's question number one.

Ashwani Gupta: Yes, so I will answer the first part and then I will request Robbie to answer the second part of your first question. Once again, if I do my math, which I have done and I should, at 40 take or pay, we are at close to 230. 40 to 50, I have zero capex. And I can go from 230 till 300 or 320 with just a volume increase. The second, because of the DORC, you know, the Depreciated Optimized Replacement cost, which we have already started agreeing, that will give us roughly 25% to 30% of the contribution, which means 400m Aussie. Now, what we are working on is to take from 50 to 60 with the new customers and with the minor investment, which may have to do like water sprinkler to go up to 60. And if we do 60, then we will be very close to 500. That's what is the growth trajectory. And now the second part of the question, why now? Maybe, Robbie.

Jugeshinder Singh: I think the part, as Ashwani highlighted, the benefit to this asset of the depreciated optimized replacement cost methodology being priced into the role of the contracts will occur. Second is that it is likely that as promoters we are also aware that likely that this is the port closest to Asia, so likely outlet port for Green Hydrogen. So we didn't want to have on the promoter side an asset that could potentially be seen to be competing with our primary listed asset. It would have been a bigger and more problematic question for us. Whilst we know that DORC related uplift is coming, 40 to 50 uplift is coming, possibly green hydrogen related uplift is coming, but it is better than that remains in our primary and flagship port companies, even those things. So even if from a value perspective, as promoters, we give up some value, but it's not the first time we have actually undertaken this action. We invested from promoters as shareholder roughly 30,000 crore in Adani Power to support it over five years without asking for any capital from minority shareholders. So consequently, this we believe that our ports flagship shareholders in our flagship company should benefit from these potential three steps that are coming of which two are in play already. And so, we wanted this asset to go into the port assets of which we are significant shareholder ourselves. So consequently, we will get benefit of that growth, but we did not want to face this question in 3-4 years' time that whilst we knew this and this growth is occurring in port asset that we own on the family side, while the flagship port is the natural home of this asset given the position now.

D. Muthukumaran: So, Pulkit, one data on the question that you've asked. These hopefully addresses if there is any follow up questions on these topics, please ask. The other question that you've asked is percentages. See, Pulkit, I repeat, the percentage doesn't tell you the full story. In 2013, when we bought this asset, the contracts were priced until 2000, I mean 15 years. The very first contract that came up for renewal was about a year ago. The second one was about eight months ago. And it is starting now, all the contracts are coming up for, you know, repricing or renewal. So therefore, to that extent there will be a step up. This is the second aspect of the step up in EBITDA. The first one I told you is volume. As the new mines open up, as the new reserve part opens up, as the new pit opens up, we see uptake in the volume which is step up. And this one, next three years is going to be a series of reprices. So this is the first time it's happening. And therefore, 2013 is not comparable. The situation now is actually sort of clearly identifiable and different.

Pulkit Patni: Sure. That answers. So my second question is, this asset has its own shares of ups and downs in terms of lot of local level news flow, etc. Any significant litigation outstanding or contingent liabilities that we need to be aware of?

Jugeshinder Singh: No, not really. Also, one thing we very deliberately, and that was driven by Ashwani and team, is that this asset operates as a ring-fenced asset. It is its own independent capital profile. So consequently, all of those steps have been taken. APSEZ already is the operator of this asset, has been an operator of this asset. And consequently, while yes, we will answer these questions, there are only about 2 or 3 elements in relation to ESG where this asset is not aligned with APSEZ at the moment. But on our, I think it's on slide number #38, we will move the remainder of the three points that they specifically relate to the scope, decarbonization plan, reporting aligned with the TCFD framework, and the participation in ESG ratings, which APSEZ does all of these, the NQXT terminal it does not, but we have highlighted in our presentation that APSEZ will complete these three steps. So then even on the ESG matters, this asset will come into line with APSEZ's commitments. But more importantly, it remains ring-fenced with its own board as well. So consequently, it is net cash flow or free cash flow provider to APSEZ rather than need in APSEZ….

Ashwani Gupta: And I think this was also part of our due diligence, which is Slide #38. Once again, what is there which is going to be focused is just the disclosure and reporting matter. All the hard actions, all the results are already there in the NQXT. It's only question of aligning the reporting and going for the disclosure, which we are going to do.

Pulkit Patni: I was just slipping in one small question. In terms of composition of volume, is there any green hydrogen you are doing today or is that futuristic cargo?

Jugeshinder Singh: No, we are not doing it anything today, Pulkit, what we can share with you, which we have publicly also said that full-fledged study and pilot is going on and the results and applicability, suitability, market analysis, all of that is positive. So that we can share with you. And that depends on the user profile as well. But the pilot study and inputs that we have today are positive. Obviously when APSEZ goes through it, some of those things will now become available for public dissemination. This is what we can share with you today.

Pulkit Patni: Sure.

Jugeshinder Singh: And this initiative is a joint initiative and NQXT has been already identified as a potential green hydrogen cup by the authorities of Queensland.

D. Muthukumaran: I think we mentioned that in the presentation somewhere in the asset description. I was also looking for that. I think it's in Slide #12 you'll find that mentioned. So, Pulkit, just to be more technical about it, there was no issue or case against this asset. It was about actually building the other assets and that is behind us now and they are also operating, they are also contributing so those case issues don't pertain to this asset and the one that matters to us has been resolved and the volumes are coming through.

Pulkit Patni: Sure, very useful. Thank you.

Moderator: Thank you. The next question is from the line of Bharat Shettigar from Standard Chartered Bank. Please go ahead.

Bharat Shettigar: Yes, hi. A couple of questions from my side. Firstly, this non-core assets and liabilities, can you help us better understand what exactly it is and what you mean by APSEZ will realize it once the acquisition is completed? And the second question is on NQXT's debt, can you help us understand what the composition of that debt is? Is anything coming to you in the next one or two years? Those are my two questions.

D. Muthukumaran: Sure, Bharat, this NQXT debt is actually the refinanced debt of AU $800 million and they are long-term debts but they can be refinanced one year from now again if we want. So it's a ring-fenced borrowing in NQXT from two separate issuances totaling 800 million dollars and they can actually be repaid if we want in one year from now or approximately, on average. Then your question on the non-core assets, see like I said when we are buying this company at the Holdco level, the Holdco itself already has a set of borrowings and onward lending to other assets which is not NQXT. So the cleanup is going to be happening as soon as we do. We will realize them. If we would like to keep, we will keep. But our current plan is to actually realize all the financial assets. So we will repay all the borrowing and we will actually sort of receive all the loans payable or we will sell it off in the market. So whatever we do, we will dispose all of them and we expect not much other than zero impact on the valuation because of this. And we are just inheriting the structure. So once the structure is…once the acquisition is complete, we will actually sort of realize all the non-core assets.

Jugeshinder Singh: I think that's the structure of it, which just as accounting artifacts sits on the balance sheet, that structure will be and APSEZ will simply have this port asset other than that nothing. The asset that of NQXT, as Ashwani has mentioned in the comments, is part of a ring-fenced asset. Consequently, it has its own liquidating profile. They are amortizing debt; it will just liquidate itself the debt from the cash flow of NQXT. So consequently, we don't anticipate anything in relation to capital management activity in relation to this asset, other than continuing to work on the contract roll over and on the volume.

Bharat Shettigar: Sure. So just to be clear, once the acquisition is completed, APSEZ because of this acquisition, they will not have any inter-company loans or deposits to other group companies or the promoter based on this acquisition, correct?

Jugeshinder Singh: There is no such thing, anyways as I explained. It is just a normal Singapore entity. Okay, so there is no, and I don't think this is even a question of any of that. There's no such thing applied across the portfolio anywhere, so it will not be like. It's purely a financing structure that has been inherited and financing structure that will go up.

Bharat Shetkar: Okay, that's very clear. Thank you.

Moderator: Thank you. The next question is from the line of Priyankar Biswas from BNP Paribas Exane. Please go ahead.

Priyankar Biswas: Thanks for taking my question. Just I wanted to discuss about the tariff structure, I mean the pricing that you are discussing. So how does this contract pricing mechanism work? So are there some annual escalations built in or is it more of a regulated nature? And if you can highlight when you are saying like some this long-term pricing that will get reset because of DORC, what is exactly the mechanism, so I am trying to understand that?

Jugeshinder Singh: This asset under the Australian Law you can have three types of assets. One which are regulated fully, NQXT is not a regulated asset. Second asset which have to adhere to the rules and regulations of the access regimes under in that regime of access is the depreciated optimized replacement cost. And you earn a return with various inputs on the depreciated optimized replacement cost. So for example, to give you a working example, if the depreciated optimization cost was 100 and you determine your weighted average cost of capital…

Priyankar Biswas: I think there was some echo, so if you don't mind...

Jugeshinder Singh: No, sorry. So if the depreciated optimized cost was 100 and the weighted average cost of capital was 10, you will be entitled as a owner of the depreciated replacement cost, a revenue profile of 10, which will then get spread across the volume. And that's how you determine your tariff. So you first calculate what it would take you to develop this asset today on an optimized basis. Then calculate the weighted average cost of capital for an asset of this nature that gives you your revenue profile, which then gets divided across the volume committed for that asset. In addition, you add to it in a calculated way, the fixed operating cost and the variable operating costs and a small operating margin, which is part of the overall calculation. So these are the four elements.

Priyankar Biswas: So sir, if I have to compare, let's say, if let's say the pricing is renegotiated, as you were saying, like over the next 3-4 years. So currently, how does our pricing compare with the, let's say, neighboring coal ports in Queensland? So are we lower and higher or is there a possibility like if our tariffs are too high, then would it be us to get qualified?

Ashwani Gupta: Yes, you're absolutely right. You know, at the end, price increases not the objective. Price increase should be an enabler to keep the competitiveness and then only customer will come, right? And for customer, as just Robbie explained the whole mechanism, it's not about only NQXT or now APSEZ, it is about the market. And market is not only about NQXT. So we have to follow that monitoring, which is follow the DORC. But in addition to following only the DORC, we have to create the competitiveness, which we are creating by providing the end-to-end solution to the customer. So that's why even if we are talking about this, I will not call it renegotiate, but I would say let's say price escalation or price increase, which is in line with the market. But we are providing a competitive solution for all who are in our catchment. And once again, this is not that we wake up tomorrow morning and we go to customer that we want to increase from tomorrow, this is at the time of renewal of the contracts and that's how we are going to proceed. We have already done one, we have already agreed for second one and now we are moving as and when the contracts will be due for renewal.

D. Muthukumaran: Sorry, if I may just highlight, I just want to spend 10 seconds just reiterating what Ashwani just mentioned. I am not going to repeat, but it is worth mentioning to you that let's ponder over this because we are trying to draw financials, we are trying to explain how we are going to go to 400 million, we are potentially over-discussing this whole concept of contract renewal. Frankly speaking, the point I want to sort of reiterate is let's be clear what is cause and what is the effect. The cause is a business and the strategy and the price is just an effect. We are not here to actually sort of put the price up here. It is in natural course, the way the contract is constructed, for all the reasons that Robbie explained as to how the system works, this is happening. So I understand why we are over focusing on this, but we just need to be careful that actually, you know, the business is not about price increases. So, you know, it just happens naturally. So we just like to explain to you how we are arriving at the number. So we don't want to actually put more emphasis on this beyond that. And the second point I wanted to tell you is we have a few more questions. We are way over short on the time, but we are actually going to make ourselves available until actually it gets over. So thank you for the participation. We will now go to the next question. Oh, sorry, unless you have another question.

Priyankar Biswas: Just one question I wanted to squeeze in. Just on this transaction multiples, so I am sure you would have benchmarked also against peers having similar assets. So can you give us some comparable peers and what their trading values are, if that's possible?

Ashwani Gupta: Yes, for sure. We have different ways of checking on the multiple and of course, do the external benchmark. Obviously, in this sector, the acquisitions do not happen every day. So in the international markets, I am excluding China because of the question of disclosure and so on I am excluding China. But in the international markets, whether it is Newcastle port or it is port in Poland, you would see a multiple anywhere between 18 and going up to 24-25. The closest one you can see in the public disclosure of Australian port which went through it in 2019 or 2020, which happens to be our competitor. I will not name the competitor, but you can go to the public disclosure document, and you will come to know the multiple was more than 18. So that's where the sector plays between 18 to 27. The closest competitor in Australia, even if it was not 100% was around 18.6 or 18.7, but that's publicly disclosed figure.

Priyankar Biswas: Thanks, that's very comforting. I missed that disclosure.

Moderator: Thank you. The next question is from the line of Aditya Mongia from Kotak Securities. Please go ahead.

Aditya Mongia: Hello, everyone and thank you for the opportunity. I will be quick with my question. Just taking you to the last question, when you see two comparable transactions and you compare it to this one, you see asset life much higher for this portfolio and will that have a bearing on the valuations?

D. Muthukumaran: I didn't get your question. Can you please repeat if you don't mind?

Aditya Mongia: Sure, Muthu. So what I was asking was that with the 90-year asset life, I am just trying to compare with other transactions that you were talking about, if 90 years is a meaningfully larger number and that should have a bearing on the valuations that you're paying?

Jugeshinder Singh: It's not directly but I think it's the 90 year plus against a 100-year lease. So basically it's a proxy for a freehold. So actually in technical terms, it's a freehold asset, so for all practical purposes.

Moderator: Okay, Vikram. Can you please confirm?

Rahul Agarwal: Yes, we can. We are back on now. We were cut out for about a minute.

D. Muthukumaran: No. But let us go with asking the next question, who's asking the next question? Paras?

Rahul Agarwal: Vikram.

D. Muthukumaran: Vikram, can you please comment whether you were able to hear us or did you miss anything out? You want us to repeat this question?

Vikram: Yes, sir. I can hear you.

D. Muthukumaran: Okay. You go ahead, Vikram, with your question.

Vikram: Okay. Thank you very much, sir, for the question. Just one thing I want to clear because we are already being O&M for this asset. So some of this already included in our consolidation. So what will be that number broadly just to get, figure out the incremental benefit? I do understand that growth is something which we clearly highlighted and that will be a benefit. But as of now, if you adjust for current O&M, if what we get, how will we get impacted?

D. Muthukumaran: Yes so good question. Thanks a lot. Basically, we are the O&M operator of this asset, but we just do the O&M. Today, the O&M contract is consolidated in the current Adani portfolio and EBITDA, I mean, if I can go back to the page number #18. So, out of the $350 million revenue that you are showing here, approximately $110 million, just to give you an indicative number, not exact number, to $110 million is O&M. And the balance 240 is the assets revenue. So that is why our incremental revenue that we will get is over 90%. And the current EBITDA we are getting against this 228, we will get new EBITDA of 228 when we buy this asset. From this O&M contract, we earn approximately $10 million today. So it will give you a sense of how important ownership of asset is. And also actually, while O&M gives us the ability to maintain efficiency and benefit from it, asset ownership is far more strategic because A, it adds the 228 million EBITDA and B, most importantly, let me use this opportunity to tell you that if we have the asset, we are able to pursue our growth opportunities the way we want. So therefore actually what we are doing now will obviously be sort of continuing, which is 10 million, but what we will get new is 228.

Vikram: Got it. That was helpful. And last question on, our revenues linked to take or pay, but just to get a sense on actual volume, what we can handle. That 43 million ton to 50-million-ton capacity what we are talking does it have enough capacity from ship loader side or loading side or there will be some requirement to upgrade?

Ashwani Gupta: So as I said before, till the 50 million metric done there is zero capex starting from the unloading, to ship loaders, stacker, conveyor and tripper. So this is what definitely we will not have. Going from 50 to 60, there will be a little bit of capex, when I said water sprinkler and so on. But on the other side, this port is also integrating the APSEZ logistics platform which is LMS, which I think we explained in last call or I think in the investor seminar, the digital platform which we have prepared which is LMS. So we are going to implement LMS also which is going to increase the efficiency by itself. That's why there may be a minor capex between 50 and 60, but going up to 50 there is zero CAPEX.

Vikram: Got it. And currently coal is the only cargo type or there is also some mix of other cargo type?

Ashwani Gupta: So at present, I will not call it only coal, but I think what's very important that it has got more than half the metallurgical coal is high quality and the rest is thermal. But as we explained, every country is going for the energy transition. And when we talked about why we want to go from O&M to asset ownership, because we believe that in asset the first value will come from obviously the metallurgical coal and the thermal coal. But as the countries, the whole world go for transition, this port is ideally located for the renewal because Australia being considered as one of the strategic country to export the green hydrogen and its derivatives to Japan to Taiwan to Hawaii and to Korea. And this is how this country is located. I will not go beyond and India is also considered as one of the strategic locations for export of this commodity to these countries which I mentioned. So as a whole ecosystem, this could be a very good future potential for APSEZ to do the conventional handling of the coal, but also to transit in line with the country's strategic priority towards the renewable energy.

Vikram: Got it. Thank you very much.

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

Koundinya Nimmagadda: Yes, hi, sir. Thanks for the opportunity. Couple of questions from my end. So firstly, I lost you briefly when you were explaining the depreciated method. So just trying to understand if you can repeat that, please, there was some connection issue. And also, how does that work if the interest rate costs are something reduced? Because you also spoke about PAT linked to WACC. Is it something that happens on an annual basis, or is it that, or say that when the interest rates are low, you have to bear the burden for 10 to 15 years, whatever the time frame is. That's one. And the second question is, if you can help us understand what happened maybe sometime in 2022 or 2021 when there were some issues with China that is stopping the import of coal from Australia, what was the experience out there? Do you foresee any such challenges out here with any specific thing? Thank you.

Jugeshinder Singh: I think just to go through it, the depreciated optimized replacement cost methodology is a highly stable well laid methodology in Australian regulations well since the mid-90s. So it is a well-known, 30-year old, more than that methodology. So basically what it does is it says the asset owners should earn a reasonable return for providing infrastructure that is critical to consumers or businesses. So that idea is to maintain world class infrastructure. So consequently, the methodology was set up as depreciated optimized replacement**.** So the words were selected carefully. The depreciated means where you are today. Optimized means use all engineering optimization and what will be the cost of asset if you had the benefit of the knowledge today. Once you establish the asset cost, then it looks at standard form cost of capital. So it says, what is the rating that you, credit ratings you can get on an asset? And it gives you what is normative capital structure. And based on the normative capital structure, it gives you what is the estimated cost of debt you can recover, estimated cost of equity you can recover. That becomes what is the weighted average cost of capital or WACC in this case. And the WACC multiplied by DORC gives you the revenue stream. And then the revenue stream, depending on what it is, in our case, it is per ton. It then gets spread across the per ton throughput. So that gives you what you can return, you can earn the asset. Now, independently, in an open book manner, it allows you to earn your operating costs, which are fixed operating costs and variable operating costs. And that's an open book array. And it allows you a certain margin on the operating cost, which APSEZ has been getting that margin, which is roughly $10 million a year. So it allows you to earn the margin on your operating costs plus open book operating costs, fixed and variable, plus the WACC times the optimized replacement cost. It allows to maintain world class infrastructure, get the market benchmark in relation to rates and equity costs built into it. So you're not overcharging or you're not building those costs. And it's an established methodology which everybody can test. So no surprises comes to anybody. So there's no real, your capital is protected, your asset base is protected, and the users are protected from any surprises.

Ashwani Gupta: I think regarding your second question, in 2021. You know, there was, you can check the history, but there was no impact because China became zero, but Vietnam picked up. And that's where, know, I said before also because of the granularity we have in this business with multiple customers, multiple export destinations, it minimizes the risk of any abnormal or disruption. So with more than 15 countries of export, if one country goes zero, it does not change or move the needle.

D. Muthukumaran: But that said, sorry, actually we are on a take or pay. We get our fixed charges in this asset that we are talking about. And as a data point, let me tell you, the volume throughput of NQXT for 22 and 23 was identical. So there wasn't actually a loss eventually in the throughput either. So I guess the miners find the way in short of actually supplying it elsewhere and from our point of view anyway we get the fixed charge.

Koundinya Nimmagadda: Sure, that answers the question. Sir, if I may harp a little bit on the first question. I mean, because you've renegotiated the pricing with a couple of customers already, how has been the experience? What are the key pushbacks that you get? And is there a chance for these customers to, or the new customers to move to some of your competing ports? If you can provide some comfort on that, please?

Ashwani Gupta: So, we at APSEZ have not negotiated with the customers because we just acquired, right? We just became the asset owner. But definitely during the due diligence process, we went through the methodology. And the methodology is very simple because this is a fair practice, which is done in Australia. With the fair practice, what is that we should have in the price renewal contract? And then second part, with that kind of pricing, what will be the competitiveness which customer will have? Because at the end, it's also customer willingness to pay. So the result was a healthy discussion and arriving at a win-win price, which keeps the competitiveness, but also which keeps a healthy return on the assets based on DORC.

D. Muthukumaran: And once again, I will repeat, once you sign the contract, they are long term, 10 years, 15 years. So year-on-year it doesn't move. it just have to….

Jugeshinder Singh: I don't know the reason why the methodology is adopted this way to answer your other question implied in your thing is that the reason why DORC and WACC methodology and monitoring and access regimes are applied is that actually there is no competition per se. You are locked into a basin and for North basin and for Carmichael basin, Abbot Point is the only output port. So if you are in that basin, then there is, actually this is the only port, and that's the reason why this methodology is there and why the access regime is there.

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

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

Parash Jain: Yes, hi. And thank you for taking my question again. Just a reminder type. Can you remind us what's the non-major shareholders approval requirement? Is it like two-third or 75%? And when do you expect that to be completed for the approval of the project?

D. Muthukumaran: Majority are present for voting.

Parash Jain: So 51% is it?

D. Muthukumaran: Yes.

Parash Jain: Okay. Thank you so much.

Moderator: Thank you. The next follow-up question is from the line of Aditya Mongia from Kotak Securities. Please go ahead.

Aditya Mongia: Yes, I think most of the questions have been answered. Just a clarification, you said renewal happens over what period? You said '27 to '30. Did I hear it right?

D. Muthukumaran: That's correct.

Aditya Mongia: Okay, understood. And any guidance that you would want to give for the topline, for the next one year in terms of topline in March?

D. Muthukumaran: Any guidance for the next year? Next year we will be light on renewal and some pick up on volume. So, you will find sort of not much increase next year happening. That is why we gave the guidance of actually what is going to be the numbers four years from now, which is where the heavy sort of uplift in volume is going to come. I am going to repeat it again. It is worth repeating because I just got a message again. You know, this price increase that you over-focused on this call, it is actually that. It is over-focused. Basically, I understand why you guys want it because you want to model it. You want to get the understanding. But we getting the business model wrong if we actually sort of over-focus on the price. That just happens as a part of the routine thing. Our strategic focus is going to be volume. We are going to move this volume from 40 to 60, which will not entail much of a capex that was made repeatedly in the opening remarks. And we need to focus on that as well. So it's important that we give proportionate sort of importance to both these two. And also actually we realized that we modeled what this contractually put into the sort of renewals, but that's not our business model. It just consequently, or rather it happens as a consequence to what is already written there. So we are not focused too much on renewals and price increase. That is just modeled.

Ashwani Gupta: So thank you. And I would like to emphasize once again, our focus is getting the new customers for the volume, which is already being there. Second is follow the trade growth, which happens normally. And last, but that price should follow the market, but it has to be competitive. And for us, competitiveness does not come only by the port, but also comes by the ecosystem to give that value proposition to the customer and we have to keep that in mind as I said. And that's why the 75% of the contribution should come from the volume and 25 % should come from a natural pricing impact which happens. We are not going by ourselves to the customers tomorrow morning, look APSEZ has acquired, that's why we want the price increase. This is not our business and this is not what we are accounted for.

Aditya Mongia: So maybe a last question from my side and I am just trying to clarify this entire process that Robbie and others are talking about, about calculating price. If I just look at this asset, from where is the alpha being or can be generated? Typically it is cost efficiencies, pricing power and CAPEX efficiencies that lead to any kind of alpha for any operator. Are there scopes over here to kind of capture that alpha? Or is it a fixed return on the CAPEX that you do, the more CAPEX you do, the more returns you get kind of business model?

Jugeshinder Singh: See the part that is in the implied in the DORC is optimization. So if we exceed the optimization benchmark which we strongly believe that APSEZ once it is the asset owner will be exceeding the optimization benchmarks will be exceeding the capital deployed into the DORC benchmarks that alpha will accrue to APSEZ. It has done on all various posts that we have acquired in India and otherwise. So yes, efficiency on the deployment belongs to the owner. So that will definitely occur over the ownership. And this is practically a freehold asset so that we have lot of scope over a period of time, continue to add long-term measure.

Ashwani Gupta: The measure which I shared with you already, that we identified the opportunity of having LMS, that how we can synchronize the cargo movement from mine to rail and from rail to the port, and having a complete end-to-end logistics management system. So definitely once we are in, we are going to define the optimization using the APSEZ, the centralized enablers.

Aditya Mongia: Got that. Those are my questions. Thank you for giving me a second chance. Thank you so much.

Moderator: Thank you. The next question is from the line of Love Sharma from J.P. Morgan. Please go ahead.

Love Sharma: Hi, good morning. Just one question from me. I think sorry if that has been answered before. I joined a little bit late. On the debt side, I see there is about AUD 770 million of the debt which is at the asset level. Could you just highlight what is the pricing of that debt? And even I think now this debt under APSEZ umbrella, does it offer you any benefit in terms of pricing, any refinancing thing you could do of that debt in the later? Thank you.

Jugeshinder Singh: Thanks for your question, Robbie here. This debt is priced around the high single digits. Given the ring-fenced nature and given the underlying asset structures and it is of fully self-liquidating nature in the sense it is amortizing in a defined manner. We don't expect that to change. We neither have counted any of that possible benefit what we do occur because evidently APSEZ cost of capital is significantly lower than this asset. But none of that is counted into the planning by APSEZ. So there is no plan in the short or medium term to disturb the capital structure of the underlying asset.

Love Sharma: Thanks, Robbie. But is it contractual in nature that you cannot refine immediately on the near term? Or is it more like just….

Jugeshinder Singh: We have the capacity now to do that in 12 months. So if we want it to be good.

Love Sharma: Thank you. That's it for now.

Moderator: Thank you. As there are no further questions from the participants, I would now like to hand the conference over to APSEZ team for closing comments.

D. Muthukumaran: So, closing comment, first of all, thank you so very much for you guys to have joined. We can see that the total participation is actually 113. Since it's a Good Friday, it is a holiday. We are really, really sorry for actually spoiling your holiday, but we are very enthusiastic about this transaction. You know, we completed it, so we just didn't want to delay it. So, in terms of the asset itself, we tried to highlight to you as to how by adding this asset, A, it furthers our international strategy and within that, why this asset is actually ticking all the boxes. I would like you to go to that page and see. We have given all the details in Page #22, #23 and #24 as far as the synergy is concerned. And it satisfies all the conditions that we want to acquire an international asset, number one. Number two, there is specific identified underlying growth opportunities on volume and the EBITDA glide path has been, actually not glide path, point has been given, that in four years from now it will get to 400. We are extremely comfortable with that sort of forecast that we have laid out there and that went into baking into the evaluation and we followed the process that is required given that this is a related party transaction. And in any case, actually it will go through sort of the approval process from here on as well. The business is excited. This opens up multiple opportunities in terms of understanding the market. Hopefully we will keep furthering. And thank you very much once again for taking time.

Ashwani Gupta: And thank you and moving forward, even if you have any question which comes to your mind in the evening or tomorrow, please feel free to reach us. We are working, as I said, same as Port 24x7, very happy to answer the question or take any feedback. Thank you so much.

Rahul Agarwal: Thank you. Thank you for taking the call. Moderator, you can close the call. Thank you.

Moderator: Thank you. On behalf of Nuvama Institutional Equities that concludes this conference. Thank you for joining us, and you may now disconnect the lines.