Management Discussion

Pallav Agarwal - Analyst, Antique Stock Broking
Yeah, thank you, Yusuf. Good evening, ladies and gentlemen. We have the management of Adani Ports and SEZ represented by Mr. Ashwani Gupta, the Whole-Time Director and CEO; Mr. Krishna Menon, the CFO; Mr. Neeraj Bansal, the Head of Ports; and Mr. Rahul Agarwal, the Head of Investor Relations and ESG. Today we will discuss the 2Q FY27 results and the outlook going ahead. Now I would like to hand over the call to Mr. Rahul Agarwal, the Head of Investor Relations and ESG. Over to you, Rahul.

Rahul Agarwal - Head of Investor Relations and ESG, Adani Ports and Special Economic Zone Limited
Thank you, Pallav. Good evening and welcome to Adani Ports second quarter FY27 earnings call. We will begin with opening comments from Mr. Ashwani Gupta and then we will open the floor for Q&A.

Ashwani Gupta - Whole-Time Director & Chief Executive Officer, Adani Ports and Special Economic Zone Limited
Good evening and thank you for your ongoing interest in our business. Post a strong quarter one, momentum accelerated further in quarter two. Consolidated revenue grew 24% year-on-year to INR 11,340 crore, while EBITDA increased 23% to INR 6,807 crore. Importantly, growth is broad-based, with all the four engines--domestic ports, international ports, logistics, and marine--delivering strong performance. The strength and visibility of this growth gives us the confidence to raise our FY27 guidance. We are increasing both our revenue and EBITDA expectations by INR 1,000 crore.

We now expect FY27 revenue of INR 44,000 to INR 46,000 crore and EBITDA of INR 26,000 to INR 27,000 crore. We are also increasing our FY27 capex guidance by INR 3,000 crore. Now when we come to the details, domestic ports business delivered 13% revenue growth while maintaining an industry-leading EBITDA margin of 72.5%. We are increasing our domestic capacity to one billion metric tonnes with multiple ports, including Mundra, Vizhinjam, Dhamra, Kattupalli, and Ennore, in various stages of expansion. The recent 18 million metric tonnes expansion at Paradip is a key milestone .

Reinforcing our east coast franchise and strengthening our access to the mineral and industrial heartland of eastern and central India. International ports business delivered its best ever performance. Revenue grew 71% to INR 1,839 crore, while EBITDA more than tripled to INR 878 crore. EBITDA margins expanded sharply to 47.7% from 24.2% a year ago, demonstrating operating leverage, scale effects, and earning potential embedded in our international portfolio. CWIT Colombo achieved a remarkable milestone of handling two million TEUs within just 18 months of operations.

We are doubling the terminal capacity from 1.6 to 3.2 million TEUs, strengthening Colombo's position as a key transshipment hub on the east-west trade corridor. Our integrated shore-to-door logistics network continues to gain scale and strengthen its market position. Quarter two FY27 logistics revenue grew 21% year-on-year. After a temporary slowdown in quarter one due to disruptions arising from the West Asia crisis, container volumes rebounded strongly, growing 15% sequentially in quarter two. What is particularly encouraging is the rapid growth of our asset-light and asset-zero businesses.

Truck revenue increased 28% year-on-year, while integrated freight network revenues more than

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

Today our fleet has grown to 138 vessels, making it one of the largest and most diversified marine fleets globally. Growth has accelerated while financial discipline has remained intact. We have deployed more than INR 30,000 crore capex in past two years while maintaining net debt to EBITDA 1.8x, demonstrating the strength of our business model and the capital prudence. As we move into the second half of FY27, our outlook remains robust, with diversified growth engines, industry-leading margins, and strong balance sheet. With a disciplined approach to capital allocation, APSEZ is uniquely positioned to create long-term value for our stakeholders.

Thank you.

Rahul Agarwal - Head of Investor Relations and ESG, Adani Ports and Special Economic Zone Limited
Thank you, Ashwani. Moderator, we can now open the floor to questions, please.

Questions & Answers

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

Alok Deora - Analyst, Motilal Oswal
Hello, good evening, and congratulations on pretty decent numbers. Just wanted to understand a couple of things. One is there has been a strong traction in the logistics business, which was kind of muted the last few quarters. What has changed there, and whether this kind of double-digit growth is sustainable ahead? That is question number one.

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

Ashwani Gupta - Whole-Time Director & Chief Executive Officer, Adani Ports and Special Economic Zone Limited
Can you hear us?

Alok Deora - Analyst, Motilal Oswal
Yes , please. I hope you got the questions.

Ashwani Gupta - Whole-Time Director & Chief Executive Officer, Adani Ports and Special Economic Zone Limited
Yes, yes, I got the question. Thank you. On the logistics, it is very much sustainable and it is going to improve day-on-day, because we are really executing the strategy which we talked about. What is the strategy we talked about? We talked about that we are going to use the multimodal logistics fully

integrated, not only to capture the Indian trade growth, but also to capture the cargo from our neighboring ICDs using, a, the trucking, and b, the international freight forwarding business.

That is helping us in making more and more cargo at our ICDs. That is number one. Number two is, with all the 12 ICDs, Virochannagar, one of the biggest ICD, and the Malur, they were at a ramp-up stage, and now both are running towards the growth. On one side when we see the growth on ICDs like Patli and Tumb and so on and so on, on the other side the new ICDs Virochannagar, Malur have also started ramping up. Obviously you will see the growth. Of course, rail and ICD is directly linked to the trade, but when it comes to truck, when it comes to EXIM, when it comes to international freight forwarding, these are all businesses where there is unlimited opportunity on the trade and there is an open playground to play.

That is where we believe, and we believed two years before when we launched Ambition 2030 at that time, that logistics is going to be one of our pillar moving forward. Your second question was about EBITDA margin. When we do the guidance, we do the guidance based on an hypothesis. This is not a mathematics. The quarter one results are mathematics, the quarter two results are mathematics, but the quarter three, quarter four forecast is not a mathematics. It is an assumption, and that is why we have given a range of EBITDA as well as revenue.

Please do not divide it to get to the 58.2% or 58.3%. What we can promise you is we keep on one side a very strict cost discipline at our operations as we do in terms of cost per tonne, and on the other side we capitalize each and every opportunity on the revenue which you would have seen in the quarter two results. Please, it is too early to say 58.2% or 60.2%. Please wait till the quarter three and quarter four.

Alok Deora - Analyst, Motilal Oswal
Sure. Just a follow-up question. While the guidance for revenue and the EBITDA has been increased, even the capex number has been increased. What is the reason specific for that, and also are we scouting any international acquisitions, and what has been the status there if you could just throw some light there? Thank you.

Ashwani Gupta - Whole-Time Director & Chief Executive Officer, Adani Ports and Special Economic Zone Limited
At first, the increase in capex do not include any international capex, even organic. I am not talking about inorganic. I am talking about even organic, we have not estimated any capex which we will do in the increase. This increase in capex is mainly in India, where we are accelerating the projects because we see clearly the potential. Where do we see the potential? We see the potential in Mundra, where we saw that quarter one and quarter two, where we were running almost close to 90%, 91%, 92% in average, because some of the terminals were running more than 100%.

When we had the disruption of the Middle East, especially the transshipments, where we had to store them to support the maritime industry and the country, we saw that disruption at our port. On the other side, we had the CT5, which we are starting in few weeks from now. Definitely, we missed that opportunity to have the additional capacity which we will be launching very soon on the CT5. Based on that prediction and based on the fundamentals of Indian economic growth, we are accelerating the investment in the capex, which is Mundra, Dhamra, Hazira, and the other ports, but mainly Mundra, Dhamra, Hazira, and of course the Vizhinjam.

As you remember that couple of months before, we launched the EXIM in Vizhinjam, and the traction has been extremely good. Of course we are waiting for the whole port ecosystem, the highway, the

railway, and so on, to come into the place, but the traction is really good. That is why we are accelerating the capex in India to anticipate that growth, and we see already the growth. We are just waiting for CT5 to start the operations.

Alok Deora - Analyst, Motilal Oswal
Any international acquisitions which you can indicate on the radar or anything we are looking to close?

Ashwani Gupta - Whole-Time Director & Chief Executive Officer, Adani Ports and Special Economic Zone Limited
We keep on evaluating the international acquisitions. We have more than 20 today around the world which we are evaluating. However, as I shared in the previous call, our playground for the acquisition is very clear. The first playground is any acquisition we do should bring the contribution to the top line as well as the bottom-line growth of the APSEZ, and the growth should be at least at average or more than the APSEZ growth.

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

Alok Deora - Analyst, Motilal Oswal
Got it. Thank you, sir. That is all from my side.

Ashwani Gupta - Whole-Time Director & Chief Executive Officer, Adani Ports and Special Economic Zone Limited
Thank you.

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

Achal Lohade - Analyst, Nuvama Institutional Equities
Good evening, sir. Thank you for the opportunity. Congratulations on excellent show. Two questions. First, if I look at the EBITDA margin for the international business, that has expanded from 41%, 42% in last two quarters to 47.7% in this quarter. If you could call out what has driven this, how sustainable is this, and can we expect further margin improvement? If you could give some heads-up, that would be great.

Ashwani Gupta - Whole-Time Director & Chief Executive Officer, Adani Ports and Special Economic Zone Limited
I think the main contribution is coming from Colombo, and Australia is also doing good. Why it is coming from Colombo is it is a fully automated terminal. On one side, what we anticipated as revenue, we are getting that revenue. On other side, what we anticipated as volumes, they are much more than the expectation because of two reasons: number one is the overall trade cargo, and number two is the efficiency and the customer satisfaction our CWIT is able to give as compared to its competitor in Port of Colombo.

I talked about revenue, I talked about volume. Then comes the most important thing, which is also

linked to the increase in the volume, is the operational excellence which CWIT has already achieved because of the great automation, but also the great team we have over there. That is why we are able to do more volumes with the existing setup, but at a lesser cost. That is why the realization in CWIT is really becoming a new benchmark for us with the automated container terminal, and it is going to sustain. It may increase because as we move to the 3.2 million, definitely there will be more economy of scale effect.

Rahul Agarwal - Head of Investor Relations and ESG, Adani Ports and Special Economic Zone Limited
Just to add to that, Achal, the proportion of Colombo to the aggregate revenue will also increase as CWIT Phase two starts commissioned, and that is obviously coming at a higher margin. There is a potential upside there. In addition to Australia consolidation coming into impact, plus CWIT, we have also had very good throughput in Tanzania. Tanzania during 2Q has actually delivered its highest ever container volume, so that has also been a plus for us.

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

Rahul Agarwal - Head of Investor Relations and ESG, Adani Ports and Special Economic Zone Limited
Achal, obviously it has had an impact, but we do not break the revenue into those individual components. Obviously, it has had a positive impact on our overall revenue composition.

Achal Lohade - Analyst, Nuvama Institutional Equities
Got it. Just last question, if I may, with respect to the SEZ, earlier it used to be a INR 500 to INR 600 crore kind of a run rate annually. How do we see where are we on the SEZ part, because increasingly we do not discuss it as much? If you could give some clarity as to what different locations, what is the status, is there anything meaningful which we can expect over next couple of quarters?

Ashwani Gupta - Whole-Time Director & Chief Executive Officer, Adani Ports and Special Economic Zone Limited
That is a great point. In front of domestic port, international port, logistics, now in, we have total now 31 P&Ls, so definitely SEZ gets, but it is one of the important pillar. Obviously in last two quarters we did not focus on the land especially, but definitely this remains there, first of all to capitalize more and more in Mundra, which we are doing it, including building up the warehousing, and so on, and so on.

But we are also thinking of capitalizing more, I will not call it SEZ, but more of an industrial zone, especially in Krishnapatnam, in Dhamra, where we have the land parcel available and we hope to get more cargo because of the industries. Yes, you are right. Last two quarters SEZ was at the low profile, but that does not mean that we have forgotten it. We are just looking for the right opportunity to have the industry set up over there.

Achal Lohade - Analyst, Nuvama Institutional Equities
Got it. If I am allowed further one question, in terms of you have incorporated a subsidiary in Oman.

Any comment on the same with respect to this particular geography?

Ashwani Gupta - Whole-Time Director & Chief Executive Officer, Adani Ports and Special Economic Zone Limited
As I said, we are evaluating more than 20 assets globally, and obviously, country by country, the feasibility study needs a different kind of setup. That is why we opened that, and it is just part of the feasibility study we are doing. Nothing has been decided. It is same as we did the feasibility study in UK, we are doing the feasibility study in Europe, in US, everywhere. Nothing is decided today, but for sure this is part of 20 projects which we are studying around the world.

Achal Lohade - Analyst, Nuvama Institutional Equities
Great. Thank you. I will come back in the queue. Thank you.

Ashwani Gupta - Whole-Time Director & Chief Executive Officer, Adani Ports and Special Economic Zone Limited
Thank you.

Operator
Thank you. Next question is from the line of Paras Jain from HSBC. Please go ahead.

Paras Jain - Analyst, HSBC
Thank you, and hi, Ashwani. Two questions, if I may ask. First, following on the discussions around international expansion, is it fair to say that as you are exploring the opportunities across the world, are you also becoming cargo agnostic in terms of your acquisition targets, or it will still be predominantly container focused? Also, is it fair to understand that those 20 targets are primarily in the developed market, as you articulated earlier?

Ashwani Gupta - Whole-Time Director & Chief Executive Officer, Adani Ports and Special Economic Zone Limited
Thank you. We have a little bit different way of looking at when we are looking at the international asset. In India we know exactly what we want to buy, and how we want to buy, and how we are going to fix it. Which means we know exactly if the EBITDA is X, how we will make it 3X in two years and two-and-a-half years. This is what we have demonstrated, whether it is Krishnapatnam, or Gangavaram, or now Karaikal, and so on. That is the know-how we have.

However, these are possible because of two things: one, we are in GDP-driven economy, and b, we have the DNA to run zero to 100 by ourselves and we know how to fix that. When we are talking about going abroad, especially in the developed markets--to answer to your question, yes, we are looking at the developed markets--then we have to see the acquisition from the viewpoint of a value-driven economy and not exactly the GDP-driven economy. If we have to create the shareholder value in a value-driven economy or an inflation-driven economy, then the way we look at is little bit different. Here we are not looking at that we will turn around from A to 5A.

Here what we are looking at is not the asset first; we are looking at the commodity business profile first, and what is the opportunity this commodity is having in the future in that particular economy. Then I come to the answer to you. That is why our strength is container, so definitely the first thing we look at where is the opportunity driven by the container, because the whole trade container will always keep on growing because of commoditization, because of industrialization, because of anything.

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

As you know that Hazira is the biggest one-stop terminal in India for the liquid; we handle more than 140 types of liquid. That is why when we go overseas, we are looking from the commodity perspective, then we come to the asset, and then we see what is a return profile of this acquisition. Hope it answers the question.

Paras Jain - Analyst, HSBC
Yes, and now that Associated British Ports transaction is done and dusted, I am not sure how much you want to share, but there was an article that Adani Ports was interested in it. You guys never accepted or denied it, but can you share anything about if you have looked through this asset, and what are certain things that ensure that you do not go after it? Associated British Ports

Ashwani Gupta - Whole-Time Director & Chief Executive Officer, Adani Ports and Special Economic Zone Limited
As I said, we keep on assessing, evaluating, and yes, we did evaluate AB Ports. But it did not fit in in our playground of the return on the capital. This is what I have been repeating since the first day: we do not want to do acquisition for the purpose of doing an acquisition; we want to do acquisition which is meaningful and which is bringing more return or at least the same return as APSEZ is today. Definitely when we did the study, it did not fit to our shareholder return profile.

Paras Jain - Analyst, HSBC
That is very helpful. One last question coming back to the India business. For one or other reason, because of the cyclone, because of the disruption, in the last few quarters the portfolio has grown slower than the underlying growth of the domestic business. Do you see that trend to continue, or you think that on a business-as-usual basis you will go back to grab slowly but surely couple of percentage point of market share gain over the Indian domestic cargo volume growth?

Ashwani Gupta - Whole-Time Director & Chief Executive Officer, Adani Ports and Special Economic Zone Limited
You said it right, Paras. There has been some disruptions. I would say these are all one-time. The fundamentals are in place. We are already coming back. You already saw the quarter two in terms of growth, especially the key commodities. But I think this question may come up from everyone, so let me give you some very precise answers. First we look at the containers. On the container, quarter one, if we all remember, we talked about that we helped the industry to store the containers 28 kilometers from the Mundra Port in a playground of 100 acres to support the maritime industry, to support the country, and so on, and so on.

Obviously we did that based on the manual operations. Obviously it impacted little bit of the productivity, and I think it is not only Mundra, we saw that congestion at all the ports in India and also abroad. Then we got into April, May, June, where we started seeing the impact of the productivity, and as in Mundra we are running at 91%, 92%, definitely we saw that impact in quarter one. Then in quarter two, starting July, we started cleaning that up, and the trade was open, especially for the transshipment terminals.

Then we see that even in August we do more than 800,000, and I think the way we are running this month is also very close or close to that. Which means that is what is the container. There is no impact on Vizhinjam, it is doing extremely well; Ennore is doing extremely well; Gangavaram is doing extremely well; Hazira is doing okay. Now the second commodity which we have to see, because liquid we have gained the market share significantly. Now in the second, if we say dry cargo, in dry cargo I will see three commodities.

The first commodity is the iron ore. Iron ore because of the structural decline, because export was banned because of one sad incident of the vessel, so they stopped the export of iron ore. That is why the iron ore export in Dhamra was impacted. The second commodity which I would pick would be the coking coal. There we are doing fine, because with the contracts which we have the customers and the steel consumption which went up helped us in having the coking coal growth.

The third I would take the coastal coal. In the coastal coal, I think the analyst must be working on it. Coastal coal is not easy to capture in the market share because the data is not like that. EXIM we can always capture the data, but coastal coal is something because you have the loading port and you have the discharge port, and it is very difficult to say that who gains the market share less or more. But what we are trying to do is to bifurcate it, because coastal is the future and maximum growth will come definitely from the coastal coal.

In the coastal coal, we have to see now what is the market share at the loading ports. If you would see that, we have the maximum, maximum growth, much more than what India grew in the loading ports. But when it comes to discharge ports, so loading ports are linked to the mines, so it is very easy to get the coal loaded at our ports. But when we do the discharge, and when we see the ports like Karaikal and these kind of ports, they are dependent on the discharge to the power plants in their catchment area.

If the power plants are not in the catchment area, then we will get the market share at the loading port, but we will not get the market share at the discharge port, which is definitely a structural issue which may happen. That is what now we are working on, that how we make this RSR, which is rail-sea-rail strategy for the coastal coal, to get the maximum. Because on the loading port we are getting extremely higher share as compared to the discharge port. This is I would say on the coal.

If you put everything together, Paras, as on today, we are 28th of October, we already see double-digit growth in the domestic volume. As you rightly pointed out, it was just a spot and it was a short-term correction, which was due, a, because of Middle East crisis; b, because of some of the decisions which were taken on ban on the iron ore; and third, because of the coastal coal movement which came up at last moment with an urgency to feed the power plants to keep the energy supply in the country.

Paras Jain - Analyst, HSBC
That is very, very helpful. Thank you, Ashwani, and have a great evening.

Ashwani Gupta - Whole-Time Director & Chief Executive Officer, Adani Ports and Special Economic Zone Limited
Thank you.

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

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

Ashwani Gupta - Whole-Time Director & Chief Executive Officer, Adani Ports and Special Economic Zone Limited
We do not control the signature date, but we control the process. It is going on definitely well, and as we said, it will be completed within the timeline which we informed in our investor relation meeting. We are in the process and it is going on very well.

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

Ashwani Gupta - Whole-Time Director & Chief Executive Officer, Adani Ports and Special Economic Zone Limited
I will start with marine. Marine, we have Astro, which is our offshore vessel. It is just a direct link with the utilization of the vessels. Because of the Strait of Hormuz was closed, we had the contracts--for example, in Mozambique we had the contract, but the vessel has to cross the Strait of Hormuz, which could not. We had roughly seven or eight vessels which were standby, where we had the business, we had the contracts, but they could not sail. On the other side, we had the war insurance and also the fixed cost.

Though the fixed cost and the war insurance was paid, but it is cost to cost, so that is why at the end it ends up with the deterioration of the EBITDA margin. This happened mainly in July, August, and we already started seeing from September a better margin because now vessels time to time are getting the entry through the Strait of Hormuz and they are able to travel to West Africa and so on, where they want to be. On marine, it was mainly because of Strait of Hormuz, mainly because of the utilization, which is coming back.

The basic fundamental of the business operation already exists, which is revenue versus cost. Then on the international one, Manish, I think you have to wait. As I always say that we have to see more quarters to really give you a very robust answer that what should be our ideal EBITDA percentage entity by entity. In India it is very easy to generalize and sum up all the 15 ports based on the commodities: if this port is doing more container we know exactly; if port is doing more liquid we know exactly; if this port is doing only dry cargo we know exactly.

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

Haifa, because of the war situation or disturbance situation, is keeping that. I do not think it will

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

Manish Somaiya - Analyst, Cantor Fitzgerald
That is super helpful. Then just lastly for me, when I look at your updated guidance for the full year, what is the or I guess what are the biggest upside or downside risk to the EBITDA guidance pertaining to volumes or realizations, etc.? Maybe if you can just help us understand and give us sort of a lens as to how you are thinking about the second half. Thank you.

Ashwani Gupta - Whole-Time Director & Chief Executive Officer, Adani Ports and Special Economic Zone Limited
Thank you, Manish. It is very simple for me, because we did the bottom-up. It is not a top-down; it is a bottom-up. We are already 50% through, more than 50% through, and now I have CT5, which is starting and already secured with the volume and the revenue, and cost we know. Then Colombo already started on 1st of October. I was there, I myself signed many contracts with the shipping lines, so we know exactly what is the revenue, what is the volume in Colombo.

We know exactly what is CT5, so these are the two, and we know exactly what is Vizhinjam. These are the three main ports which are going to drive obviously the second half performance. As we are already through more than half, and we have the additional business which is coming up, definitely we had to be clear in giving that guidance. For capex, why we did it I already explained. There are some new businesses which we have already started in the month of September, and we will see the second half coming up with those new businesses impacts.

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

Manish Somaiya - Analyst, Cantor Fitzgerald
Super helpful, Ashwani. Congrats. Wish you the best, and also happy Diwali to you and the team in advance. Thank you.

Ashwani Gupta - Whole-Time Director & Chief Executive Officer, Adani Ports and Special Economic Zone Limited
Thank you, sir. Happy Diwali to you also.

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

Aritra Banerjee - Analyst, Nomura
Thanks for the opportunity and congrats on a very good quarter. My first question is regarding the guidance upgrade. We have also upgraded the capex guidance for FY27. Does that mean there is a possibility of us achieving FY31 targets earlier than the stated timeline, given that we are front-loading the capex as well?

Ashwani Gupta - Whole-Time Director & Chief Executive Officer, Adani Ports and Special Economic Zone Limited
That is a great point. We are creating the capacity because we see the potential. We clearly see the potential in Mundra, in Vizhinjam, in Colombo. Sorry, I cannot answer the question, but yes, if the way we are working if it continues, maybe we will finishing the one billion capacity little bit before 2031. This is what I can tell you.

Aritra Banerjee - Analyst, Nomura
My second question is regarding the Vadhavan Port project that is going on, the HAM project. Could you give any color on by when we can expect announcement regarding the winner, and if at all we win the project, how will the revenue recognition and that work out to be?

Ashwani Gupta - Whole-Time Director & Chief Executive Officer, Adani Ports and Special Economic Zone Limited
It is too early to say. There was just the bid for the reclamation and the near-shore development. We do not know when it will be out. No visibility for us. Only thing we know that start of the first something-something is targeted in 2028 or 2029, but more than that we have no idea. We are just following the bidding process which was out, especially for reclamation and the development of the near shore.

Aritra Banerjee - Analyst, Nomura
Understood, sir. One last question regarding the Mundra power plant. Now that Section 11 has been extended till December 2026, how much of an incremental benefit do you see coming from Mundra this year because of the Tata Power power plant being able to operate?

Ashwani Gupta - Whole-Time Director & Chief Executive Officer, Adani Ports and Special Economic Zone Limited
You already see in this quarter, both the plants are running at peak. What you saw in this quarter will remain in quarter three and quarter four.

Rahul Agarwal - Head of Investor Relations and ESG, Adani Ports and Special Economic Zone Limited
Aritra, actually third and fourth quarter CGPL was shut down last year, and we will have the benefit of those volumes coming through in the remaining two quarters of this financial. There is upside on a like-for-like basis.

Aritra Banerjee - Analyst, Nomura
Understood, sir. If I may squeeze in one last question regarding our market share in pan-India volume. That has been not increasing over the past few quarters and has been on a marginal decline level. What would you say are one, two, three factors that can help us increase our market share at a pan-India level if you could throw some color on that, please?

Ashwani Gupta - Whole-Time Director & Chief Executive Officer, Adani Ports and Special Economic Zone Limited
I think we answered that question before. What we saw in the first two quarters is not a normal case. Container was impacted because of Middle East crisis; dry cargo was impacted because of the policy, and so on, and so on. You already see in October it has started recovering. That is what I would say. One observation which I may, if I may, please make a deep dive on the market share,

especially on the denominator, and please try to compare it like-wise-like with respect to the last year same quarter.

You will find lot of cargo at all-India level which is STS, and this STS happened because the Strait of Hormuz was closed and the bigger vessels could not pass. There were many feeder and a smaller vessels which were used to transport the goods which could not come through Strait of Hormuz, and for those vessels, they were all done STS at the anchorage. I am not sure whether we should count those STS in the all-India market share, because those were very temporary and one-stop.

We know exactly how much it was at all-India level. If I exclude it, we are very good on the market share, but at the end data is data. I have to just respect the data which is published. Internally we know that where we are in terms of market share. I would request please also make a deep dive on the real all-India cargo data seen from the pure maritime cargo which comes to the jetty, which is handled at the port, and then evacuated from the port either as a transshipment or as an EXIM in the hinterland.

Aritra Banerjee - Analyst, Nomura
Understood. This was very helpful. Thanks for answering my questions. All the best for the coming quarters, and happy Diwali in advance. Thank you.

Ashwani Gupta - Whole-Time Director & Chief Executive Officer, Adani Ports and Special Economic Zone Limited
Thank you, sir. Happy Diwali to you.

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

Vishal Mehta - Analyst, IIFL Capital
Thanks for giving me the opportunity. Congratulations on a good set. My first question was regarding Mundra. There was some news around local strikes with regards to yard operators and transport agencies on back of your announcement on inaugurating your empty yard. Did it disrupt Mundra operations, and what was impact like, and how are the operations now?

Ashwani Gupta - Whole-Time Director & Chief Executive Officer, Adani Ports and Special Economic Zone Limited
Thank you. I think we have to go to the root cause of the problem. The root cause was that the safety and the security of the cargo as well as the city was compromised by all these empty yard which were mushrooming in more than 900 acres outside our port. Which means there was a port operation in addition to our port operation, let me put it like this. We got the advisory that to fix it, and we fixed it in a very transparent way, in a very collaborative way.

We had a great meeting with CFS, with empty yard owners, and made them realize that it is good not only for safety and security, but also good from the cost efficiency viewpoint that the empty yard should be inside the port premises. It would definitely improve the productivity as well as the turnaround time end-to-end because everything will be inside the port. Finally, we had a great agreement with them and we have opened the empty yard in 120 acres, and this 120 acre is already full.

Now we are planning to have another 200 acres to do the expansion of the empty yard. The CFS and the partners are very happy, because we are providing all the services inside the port. That is

number one. Number two is the integrated warehouse which is important for de-vanning of the containers. This is also what we said that we are going to build that, that will give end-to-end facility to the customers, especially CFS. To answer to the question, yes, it started with a challenge, but it finished with a shaking hands that the win-win situation is to have it inside the port and move forward.

Having said that, we are always open to support our partners, and this is a discussion which is already going on because we respect what they have contributed to us in last decades to grow the cargo. Last but not the least is by operating empty container yard with integrated warehousing by ourself again comes back to our fundamental strategy that we want to capture more and more cargo by doing end-to-end services, and this is one of the profitable business which is empty yard with integrated warehousing.

Vishal Mehta - Analyst, IIFL Capital
That clarifies. My second question was on Vizhinjam Phase 2. Now we are operating chocker-block there also. Any advancement on commissioning the Phase two in part phases, anything that you can share?

Ashwani Gupta - Whole-Time Director & Chief Executive Officer, Adani Ports and Special Economic Zone Limited
We said we will deliver by December 2028, we will.

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

Ashwani Gupta - Whole-Time Director & Chief Executive Officer, Adani Ports and Special Economic Zone Limited
Yes, it is going on, and one is already done.

Vishal Mehta - Analyst, IIFL Capital
Thanks a lot.

Ashwani Gupta - Whole-Time Director & Chief Executive Officer, Adani Ports and Special Economic Zone Limited
Thank you.

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

Koundinya Nimmagadda - Analyst, Jefferies
Hi, sir. Thanks for the opportunity. I hope I am audible. My first question is on transshipment volumes, just double checking, is that share of transshipment at Mundra back down to that 22%, 23% or is it still elevated?

Ashwani Gupta - Whole-Time Director & Chief Executive Officer, Adani Ports and Special Economic Zone Limited
I think it is little bit dropped down, because as you would have seen that JNPT gained the share on the transshipment: a, because we wanted to focus more on EXIM because it gives us more realization; and b, we were waiting for CT5 to start. After CT5 starts, it will come back to the normal transshipment mix, which is around 20% to 22%.

Koundinya Nimmagadda - Analyst, Jefferies
Understood, sir. My second question is, sorry for harping on the domestic business, if I were to look at the market share, it has been hovering around that 27% number for nearly two-and-a-half years now. When do you see this volume-driven or disproportionate growth for you reverting back again? If you can also weave that with the capacity addition plans, are the contracts placed for incremental capacitation which you are targeting, if you can speak a little bit on that, please?

Ashwani Gupta - Whole-Time Director & Chief Executive Officer, Adani Ports and Special Economic Zone Limited
Let us see quarter three and quarter four. We are very much confident that we will increase the market share. But once again, I would request because all of you are much more expert than us, please make a deep dive on the market share, and please try to eliminate the one-stop cargoes which came to India because of Middle East crisis, because they will not come again to have STS at the anchorage or even beyond anchorage. But quarter three, quarter four, definitely we will see the increase.

Koundinya Nimmagadda - Analyst, Jefferies
Sir, my second question if I may ask is on the international expansion plans. Obviously, you did provide certain checklists before evaluating the assets. My question is little different as you have evaluated little bit closer to 20 assets now as you speak, what are some of the learnings here, how is the competitive intensity like? Obviously from media we pick up there are some marquee assets out there available in the Middle East, Oman, etc., so just trying to understand how are you gauging the market?

Ashwani Gupta - Whole-Time Director & Chief Executive Officer, Adani Ports and Special Economic Zone Limited
The learning which we have is especially we go to the developed markets, which are not GDP-driven economy, but the value-driven economy, most of the assets are held by the financial investors. For financial investors, the timeline is between five to seven years, which means their expectation on the return profile are different and very unique to financial investors. Whereas when we go as a strategic investor, our time profile is 30, 50, 70 years, which means our return profile is totally different, which is driven by capital deployment for the growth out of that asset.

Definitely as a strategic investor, which is mid- to long-term perspective, has to compete with a financial investor who is five to seven years. Definitely you can understand the expectation on return on equity between financial investor and a strategic investor are totally different. Then this is where is the strength which we have as a strategic investor, and this is where we have to look for the commodity-driven asset where we can justify the value creation as a strategic investor. Let me say, a strategic investor is not in the race, but we have to do a rally, and financial investor is always in the race mode.

Koundinya Nimmagadda - Analyst, Jefferies
Got it, sir. Lastly, is there any update on the concession agreements from GMB?

Ashwani Gupta - Whole-Time Director & Chief Executive Officer, Adani Ports and Special Economic Zone Limited
It is going on very well. You already saw the comfort letter issued to Pipavav. It is in the process. You will hear very soon from us. Definitely they are ahead in the process.

Koundinya Nimmagadda - Analyst, Jefferies
Sure, sir. Thank you very much and all the best.

Ashwani Gupta - Whole-Time Director & Chief Executive Officer, Adani Ports and Special Economic Zone Limited
Thank you.

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

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

Ashwani Gupta - Whole-Time Director & Chief Executive Officer, Adani Ports and Special Economic Zone Limited
I would go by the commodity, because I think non-Mundra ports are linked by that. Kattupalli is container, you already see the increasing over there; Ennore is also container, you see the increase over there; Hazira is liquid, so it goes by its own speed. Then you come to the dry cargo ports, which are mainly Gangavaram, Krishnapatnam, Karaikal, Dahej, and Dhamra. Here on one side the iron ore, so this has started picking up, so I think iron ore should be okay. I am not counting fertilizer, agri, and so on, which is a seasonal product.

Then on the coal, steel coal will go on. With the demand which India is asking for the energy, the coal demand will go up. I think the coastal coal is the key success factor for the next two quarters and the years to come. That is why we have a very specific focus on coastal, and because we have the loading as well as the discharge port, it will add much more value to our business. That is what is and will be our focus in coming quarters, because we have to capture the coastal coal growth.

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

Ashwani Gupta - Whole-Time Director & Chief Executive Officer, Adani Ports and Special Economic Zone Limited
We are very much in line with our plan, and as I promised, we are better than our competitors. Obviously we will not compare IFN margin with the Mundra Port margin, but IFN, the margins which

we are making with the zero capex is state of art, and also we are bringing the volumes to our port and ICDs. That is also the additional advantage because of IFN.

Baiju Joshi - Analyst, Macquarie
So margin should hold up, is that a fair understanding?

Ashwani Gupta - Whole-Time Director & Chief Executive Officer, Adani Ports and Special Economic Zone Limited
Yes, it should be around that, yes. Because there is no capex and it is only manpower cost. We are not running the machines and fuel and so on so that we should be worried about EBITDA. It is just manpower cost, so the margins will always remain similar.

Baiju Joshi - Analyst, Macquarie
Right. Thank you, sir.

Ashwani Gupta - Whole-Time Director & Chief Executive Officer, Adani Ports and Special Economic Zone Limited
I really want to say a big thank you. Your confidence in APSEZ has been extremely helpful. The way you all ask the questions help us to think, and obviously I would say that at some times your questions and feedbacks become one of the most important pillar when we build the strategy, or we evolve out of the strategy, or we change our strategy. I would really appreciate in future also you please keep challenging us, asking us the question, giving us the feedback, and with that, I am pretty sure we will take the APSEZ to the next level together. Thank you and wish you a great festive season, starting with Diwali. Thank you.

Operator
Thank you, sir. [Operator Closing Remarks]