



“JSW Infrastructure Limited
Q2 FY25 Earnings Conference Call”
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Moderator: Ladies and gentlemen, good day and welcome to JSW Infrastructure Limited Q2 FY25 Earnings Call hosted by ICICI Securities. As a reminder, all participant 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 the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Mohit Kumar from ICICI Securities. Thank you and over to you, sir.

Mohit Kumar: Thank you Shlok. Good evening. On behalf of ICICI Securities, we welcome you all to the Q2 FY25 Earnings Call of JSW Infrastructure. To discuss the results today, we have with us Mr. Arun Maheshwari, Joint Managing Director and CEO, Mr. Rinkesh Roy, President, Mr. Lalit Singhvi, Whole Time Director and CFO, and Mr. Vishesh Pachnanda, Head Investor Relations. Without much delay, I will now hand over the call to management. We'll start with brief opening remarks by the management, which will be followed by Q&A. Over to you, sir.

Arun Maheshwari: Thank you Mohit. Good evening, ladies and gentlemen. Welcome to our quarterly Earnings Call for the period ending September 30, 2024. As you know, this will be my last conference call with you all from JSW Infrastructure. I want to start by expressing my gratitude to each one of you and to the JSW management for this opportunity. Also joining us today is Mr. Rinkesh Roy, who will be taking over from me as a Joint Managing Director and CEO on November 7th of 2024.

Rinkesh has been associated with the Government of India since 1992 as an IRTS officer, bringing over 30 years of experience in ports, logistics, railway operations and shipping. He has held the position of Chairman at major ports such as Paradip, Visakhapatnam, Tuticorin, and Kamraj Port at various times. He has also served as the Chairman of the Dredging Corporation of India. I firmly believe that his extensive and deep expertise in ports, logistics, and railways will propel JSW Infrastructure to newer heights.

Moving on to the operational and financial performance of the quarter for the period July 24 to September 24, the total cargo handle stood at 27.5 million tons. This is 16% year-on-year growth. Our third-party cargo grew by 48% year-on-year to 12.7 million tons and the share of third-party increased to 46% in the overall mix from 36% an year ago. Total revenue for the quarter stood at INR1,088 crores reflecting a growth of 22% year-on-year.

EBITDA for the same period stood at INR607 crores, which is 22% growth year-on-year and net profit for the period was INR374 crores, a growth of 46%. During the quarter, 36 million tons per annum Brownfield capacity expansions at Jaigarh Port and Dharamtar Port was approved by the board of the respective subsidiary companies. The total capex of INR2,359

crores plan includes mechanical, civil and electrical work for the new berths and additional infrastructure such as railway siding for Jaigarh Port to boost third-party cargo movement.

The expansion at both ports is expected to generate an additional cargo handling volume of approximately 27 million tons per annum. Construction at both ports is anticipated to be completed by March 2027. I am pleased to share that we have emerged as a winning bidder for the development of a Greenfield port at Murbe in Maharashtra. The port is designed to be an all-weather, multi-cargo commercial port. The proposed port is located near major highways such as National Highway 8 and the State Highway Boisar Road and rail corridors such as Delhi-Mumbai-Trunk Rail Route and the dedicated Western Freight Corridor.

On October 11th, we successfully completed the acquisition of Navkar and assumed control of its operations. We are now in the process of integrating the best practices what we practice in our existing operations. At JNPA, we have received clearances from the relevant authorities to manage additional liquid cargo. This means we can handle more liquid cargo even while the pipeline work is ongoing.

Overall, we are making significant progress on our growth projects, aiming to increase our capacity from current 170 million tons per annum to 288 million tons per annum by FY28 and 400 million tons per annum by FY30. With this, let me hand over to Mr. Lalit Singhvi to take you through the financials and other details for the quarter.

Lalit Singhvi:

Thank you, Arun and good evening everyone. In Q2 FY25, the company handled cargo volumes of 27.5 million tons as compared to 23.7 million tons in the quarter ended September 23. This 15% cargo growth is mainly driven by the volumes at Mangalore Coal, Paradip Coal and Ennore Coal which grew by 87%, 17% and 15% respectively on Y-o-Y basis and the incremental volumes from the newly acquired assets PNP and liquid terminal at Fujairah UAE.

Third party cargo has increased to 12.7 million tons from 8.6 million tons representing 48% in growth and the share of third-party volume stood at 46% versus 36% a year ago. The growth in cargo volume resulted in an increase in operational revenue for the quarter from INR848 crores to INR1,001 crores, a year-on-year growth of 18%. The other income for the current quarter is INR87 crores as against INR47 crores in September 23, mainly driven by increase in income from fixed deposits and gains on mutual funds.

EBITDA for the quarter ended September 24 was at INR607 crores from INR499 crores in the quarter ended September 23, an increase of 22%. Strong EBITDA growth was mainly on account of increased revenue. Depreciation was INR134 crores and finance cost was INR75 crores in the current quarter as compared to INR101 crores and INR75 crores respectively in the quarter ended September 23.

PBT for the quarter ended September 24 stood at INR554 crores from INR328 crores in the quarter ended September 23, higher by 69% year-on-year. Similarly, PAT for the current quarter was higher by 46% at INR374 crores as compared to INR256 crores in September 23. As of September 24, we have a net cash of INR87 crores and one of the strongest balance sheet in the sector.

This coupled with steadily increasing annual cash flows from the current asset base, we are well positioned to pursue the growth plan to enhance our present cargo handling capacity to 400 million tons by FY2030 or earlier. With this, I request the operator to open the line for questions. Thank you.

Moderator: Thank you. We will now begin the question-and-answer session. The first question is from the line of Ketan Jain from Aventus Spark. Please go ahead.

Ketan Jain: Hi, sir. My first question is on the forex gain or loss item reported in the P&L. If you could speak about it a bit like how is it derived and are we net long on USD or are we net short on USD exposure?

Lalit Singhvi: Sure. So, we have our revenues coming in the dollar also, the vessel related charges we get in the revenue. So, this revenue is around 17% to 18% of our total revenue and our foreign currency, the bonds what we have with us. So, if you look at our net outflow versus inflow, our inflows are much higher than our outflows. So, we have got a natural hedge because of dollar income. So, we follow IndAS 109 hedge accounting wherein we account future cash flows which are discounted at forward interest rate and then they are matched with the spot rate of dollar loan.

So, with this accounting, every quarter they are again restated and based on those discounting rates, the amount goes to OCI instead of PNL. So, this is basically accounting where you will see that every quarter they are reinstated.

Ketan Jain: So, every quarter it gets marked to market and that comes to the PNL from OCI.

Lalit Singhvi: Absolutely.

Ketan Jain: Yes. So, my next question is on Navkar. From when are we going to start consolidating Navkar's financials into our financials?

Lalit Singhvi: We have taken over from 12th of October. So, from there to 31st March, it will be counted in our books.

Ketan: Okay. Understood. Thank you. I will go back to the queue.

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

Priyanka Biswas: Yes. Thank you, sir for the opportunity. And my first question is regarding, let's say, because you highlighted about the Murbe port. So, can you please share some details on what sort of ramp up we should be expecting like what should be the initial cargo and what are the royalty rates for this? So, if you can shed some details?

Arun Maheshwari: So, this port is just about 100 kilometers North of Mumbai. And because we have our production units in Vasind, Tarapur and Dolvi. In addition to that, the hinterland is very rich. There are gas and pipelines running through it. As I said the Western dedicated freight corridor and the national highway also abutting that entire place. So, overall, it gives a good potential because Mumbai is

becoming more and more congested. Jaigarh is also reaching to its increasing capacities and we see that further capacity enhancement can be done at a different port.

So, with that keeping in mind, we have gone for this port, and we look forward to develop this port in another 4 to 5 years' time. We have applied for all the approvals and now we are in the process of getting all the things in place. Initial capacity would be 33 million tons per annum. Overall, it would be the capacity can be increased further. So, as we move forward probably we can talk about it. The royalties are all subject to when we sign the concession agreement, probably we can come out in open, and we can mention about it.

Priyankar Biswas: Okay, sir, if I may ask like last year you did something like INR20 billion in EBITDA broadly and you have a lot of growth projects that are supposed to come on stream in late FY27 and over FY 27 to FY30. So, if I have to take the EBITDA potential for this project, what sort of EBITDA can we be looking at, let's say, around FY28 or FY30? So, if you can shed some color on that?

Arun Maheshwari: So, see, any Greenfield port as you know, the ramp up takes a bit more time. So, it will be difficult to put a number onto the EBITDA numbers of FY28 or 29 in the first year of operation. But once we get all the clearances in place, once we have the concession agreement all signed up, thereafter we'll have a realistic date of operations, and we can probably give a color to the numbers. So, just bear with us for another one quarter or two quarters. By the time we get all the approvals in place. I think that would be more appropriate from our side to give a number by that time.

Priyankar Biswas: And sir if I can just squeeze one more in.

Arun Maheshwari: Yes.

Priyankar Biswas: So, for the second half of FY25 so that is this year, how do you see the volumes panning out? So, seasonally 2Q is weaker, but then how do you see the volumes ramp up and specifically at which ports, if you can shed some light?

Arun Maheshwari: Yes, Mr. Biswas, thank you for asking this question. See, typically, as you rightly said quarter 2 is generally weaker, but fortunately for us this year quarter 2 has been very strong, very good as compared to previous years. So, the overall growth guidance, I believe for the year if I have to look at it, it will be around 10% on the volume front. And similarly, the revenue and EBITDA and everything flows through that. So, I think for the year, we can consider the guidance of about 10% on the volume front. And similarly, we'll get adjusted.

Priyankar Biswas: Okay. Thank you, sir.

Moderator: Thank you. The next question is from the line of Alok Deora from Motilal Oswal. Please go ahead.

Alok Deora: Hi, sir. Good evening. Just a couple of questions, so, first is on, Jaigarh and Dharamtar port. So, we were expecting some improvement on a Q-o-Q basis, but it's still kind of subdued. So, any thoughts on that because this was something which was quite weak in the first quarter and just a minor improvement we've seen in the second quarter. So, is it like a normalized growth rate from here on in these two ports?

Arun Maheshwari: Thank you, Alok. I believe in the first quarter results we had given; we had explained that time because there was a quarter 1 drop was there on the volume as compared to the previous years. That was largely because of there was a planned shutdown of JSW Steel at Dolvi Works, which had impacted the volume at Jaigarh as well as Dharamtar. So, that was a quarter 1 impact which cannot be recouped because once the production loss was there, it is a loss. So, that is having an overhang on the quarter one performance, H1 performance of Jaigarh as well as Dharamtar port.

Going forward, because this largely handles about 90% Dharamtar or 85% handles captive cargo, and Dharamtar is 100% captive cargo. So, the growth which is coming at JSW Dolvi plant will have a real impact on this growth volume for which the capacity enhancement work is going on. So, recently like the board has approved an investment of close to about INR2,400 crores on both the ports. That is largely to increase the capacity at these two ports to support the expansion of JSW Steel at Dolvi Works, which will essentially happen in FY27 or somewhere around the middle of FY28.

So, that's where the real volume of the physical cargo volume we expect about 27, 28 million ton flowing out of that expansion. So, that will be the real growth. And in between we will have an LPG terminal starting which we had stated at the time of IPO, that will be additional volume. We also expect LNG terminal to start operating, physical volume will start flowing in. So far as we are getting - we are getting the revenue out of those terminals, but the physical volume will start flowing in the moment LNG terminal starts operating from that. So, these are the upsides available.

Another upside is that the sugar export, which was discontinued last year, will also likely to start this year. So, that will be additional flow of cargo. So, we see overall a decent growth. The guidance remains intact for overall as a company and Jaigarh and Dharamtar as a port individually as well.

Alok Deora: Sure. And, sir, if I just see this 2030 roadmap. So, now with Murbe port also we are getting a LOI. So, we are pretty much identified or rather kind of we have the LOI for a lot of these expansion plans in place except for that 49 million tons of potential projects which will come by?

Arun Maheshwari: Yes.

Alok Deora: So, this number of 400 should be pretty achievable?

Arun Maheshwari: Yes. So, if you look at that presentation out of which 288 million tons by FY'28, all the construction is going on or everything is in place. From 288 to 400 million tons journey Keni is already signed for the land acquisition and all the approvals are getting in place now. On top of it, Murbe we have now got an LOI. So, that approval process will get into shape. The identified project of 49 million tons which are defined and identified which will come to the market and give the details about it as and when it gets signed or gets into paper somewhere.

So, when we are mentioning 400 million tons, it is very much in sight. And we don't see any ambiguity or anything which we will not be able to achieve 400 million tons which is apart from that any bidding comes into the government terminals, which we have not considered in this or

any acquisition happening throughout. So, those two elements would be on the upside over and above 400 million tons by FY'30.

Alok Deora: Got it. So, anything comes up now - so this 288 could also be higher or this is like whatever project now come?

Arun Maheshwari: If we successfully bid any of the terminals or we acquired something in between, that would be over and above this. So, these are all defined and identified projects for which we are working on. The construction is going on or the approval processes are in the process and all this stuff. So, we don't see any uncertainty in this 400 million ton journey. It can only improve from here on.

Alok Deora: Got it. That's all from my end. Thank you and all the best.

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

Paras Jain: Sure. Thank you. All the best for your next visit. It was pleasure working with you.

Arun Maheshwari: Thank you, Paras.

Paras Jain: Yes. I have one picture question on your growth expansion. Is it fair to say that given the increased commodity prices, cost of capital labor, all the future Greenfield projects, all being equal, would likely to achieve a lower IRR than your existing portfolio? And how are you thinking of balancing Brownfield and Greenfield expansions going forward or given another USD1 billion of share sale down and you will be more focusing on the Greenfield expansion to deploy the excess cash flow that you have?

Arun Maheshwari: Thank you, Paras. You have asked a very detailed question. I'll try to answer everything on that. So, the projects which are coming on to stream are all very thought off. It's a blend of captive, it's a blend of third party, it's Greenfield, Brownfield terminal. It's a mixed bag of everything. So, we don't see anything, which is slipping out of our way. JSW as a group is also known well for its execution capability.

And so far as we have delivered all our projects on time, whatever we have committed to the market in the last several years, we have done that. So, we are very hopeful. That's why we in our presentation, we make it dark green, light green and grey colour so that we have our control on those projects. So, I think we will be well on time in delivery. Maybe a quarter here or there could be a timeline shift. Otherwise, we are pretty sure about it.

Coming to the total volume growth, I think 65% to 70% is the general utilization in the port industry of the capacity. So, you can take an inference on the cargo with those capacity enhancement as and when we get it. So, this would be our guidance on this subject.

Paras Jain: Got it. Just to follow on it, is it fair to assume that IRR on those projects would be somewhat lower than your existing portfolio?

Arun Maheshwari: No, not really so. Generally, typically Greenfield ports are better in terms of IRR. It's only heavy on capex. And because of as we do the more and more utilization, the IRR keeps on improving.

Our ROCE also goes up for that matter. And typically, as I said IRRs are better and all our approvals internally also our guidance is 16% project IRR what we consider. So, that is the guidance basis by which we pursue a project, or we start going for a project. So, this has been a general guidance for us for any project which we take for execution.

Lalit Singhvi:

So, Paras, I would just like to add that whatever Greenfield projects we are taking where we have a cargo visibility. So, that is our great advantage whether in terms of anchor investor or any other investor. So, in our case once the project is ready, our ramp up is normally very fast. So, once I reach the level of 60% utilization, my ROCE comes to around 18% or so. So, ROCE is linked to the utilization. In our case, utilization would be quite fast because the locations what we identified will give us a fast ramping up.

Paras Jain:

Okay. That's very helpful. Thank you so much.

Arun Maheshwari:

Thank you, Paras.

Moderator:

Thank you. The next question is from the line of Nidhi Shah from ICICI Securities. Please go ahead.

Nidhi Shah:

Hi, thank you so much for taking my question. I would like to ask mainly on the capex for the JNPT terminal, the Tuticorin terminal, the Jatadhar Port and the slurry pipeline. So, how much capex was undertaken in first half of the year and how much we are planning for in the rest of the year for these four projects?

Lalit Singhvi:

So, Tuticorin will take 18 months to complete, capex is around INR600 crores and JNPA capex is INR100 crores, and it will take 12 months. And Mangalore container will take six months, and it is already under construction, some cranes have already arrived. So, its total cost is INR150 crores.

Nidhi Shah:

I was mainly asking how much capex have we already incurred in the first half and how much is yet to be incurred?

Lalit Singhvi:

First half what we have spent is mainly in the Mangalore container where we have spent around INR40 crores. Total capex all put together because that is - no this the total capex what we have spent on all projects put together is around INR383 crores. So, this is not only Tuticorin terminal and container. There are other capex going on at Jaigarh, Dharamtar, Goa. All these things, LPG all put together in the first half is close to say you can take INR400 crores we have spent.

And now what we are going to spend in the second half, we have already spent 4th September in Navkar where we have already paid around INR1000 crores to the promoter. And open offer is getting closer although we have not received any major response in that. And the slurry pipeline what we are acquiring, we are in the process of acquiring where we expect to pay around INR1,700 crores to JSW Steel for the work already done because they have already completed more than one third of the project. So, those things are lined up for the second half apart from the regular capex what we have spent in INR400 crores. So, those types of spend will continue in the second half.

Nidhi Shah: All right. Could you also give me the royalty for PNP port? So, how much revenue shall we be paying on that?

Arun Maheshwari: This is as per the state policy MMB which is about INR42 to INR43 per ton kind of cargo. So, this is what we per ton of cargo we share over there with the government.

Nidhi Shah: All right. Thank you so much. If I could just lastly ask one question, one broad based question on what do you think is the outlook this year and the next year for bidding in terminals and minor ports both?

Arun Maheshwari: So, Nidhi, this is a difficult question to answer because we do not know which are the terminals would be coming up for bidding, but as a company, we being one of the largest terminal operators in India, we would continue to look for such opportunities where we can bid for more cargo terminals because we feel this is a very good way of increasing our cargo profile and the reach.

As and when any terminal comes up, we definitely look at it. And if it really makes sense for us in terms of IRR, in terms of product profile and geography we would be participating in all such opportunities. So, as of now we don't have an idea how many such terminals would be coming up for auction, but as and when it comes we will definitely participate in it and we will give a suitable guidance to the market accordingly.

Nidhi Shah: All right. Thank you so much for taking my question and all the best for the rest of the year.

Arun Maheshwari: Thank you, Nidhi

Moderator: Thank you. The next question is from the line of Achal Lohade from Nuvama Institutional Equities. Please go ahead.

Achal Lohade: Yes. Good evening, sir. Thank you for the opportunity. So, first question on Navkar. If you could give us some broad trends in terms of how do you see Navkar acquisition playing out over the next 3 years to 5 years? What kind of thought process do you have in terms of revenue and margins? What kind of business can we expect?

Arun Maheshwari: So, Navkar is definitely one big step we have taken in terms of making it a complete port and logistic solution provider to our end customers. It's a step towards catering to the last mile connectivity to the customers because it increases the stickiness of the customer to the port. That is one thing. The way India is growing, the way India has a lot of movement of cargo is happening and probably will be going the way the other economies have gone. From 4 trillion to 10 trillion, definitely we'll have more and more cargo movement happening.

And we felt that last mile connectivity, having a control on logistics will definitely give us an upper hand as compared to any other service provider in this industry on a standalone basis. So, this is one step towards that. We are likely to get into this area more and more deeper, more and more outreach and not limited only to two or three locations. Our intention is to spread out most of the geographies of India. And we have been actively scouting all those opportunities and we have been assessing it. We will give guidance to the market as and when any opportunity fructifies in reality. And definitely, we will advise all of you.

As of now, giving any guidance on the revenue and EBITDA on Navkar would be difficult from this table, but we will revert very soon, maybe January, we will be able to give a fair color on that because we just took over on 11th October and now our management is sitting there and we are assessing all pros and cons and everything, what all we can do. More about it than what we thought because we see this as a great opportunity, good location and very, very good traction is what we are already getting a feel over there. So, I think a fair assessment would be given by January.

Achal Lohade:

Understood. And the second is in terms of the acquisition. So, how do we see in terms of, given the capital what we have, what kind of cash flows we will generate? You will be more inclined towards support or the logistics? What kind of, I mean, what are the differences between the two in terms of ROCE?

Arun Maheshwari:

So, ROCE is definitely a resultant at how well we utilize the assets and all. But currently, which is about 18% for us, whether to port or logistics if your question is that, we would remain committed to both the verticals. Logistics is our new vertical. So, definitely we would like to grow it as much as possible. And we have a very clear roadmap how we want to grow it because of our outreach within India, how we want to spread out. Port remains a focus area because that's a base industry for us.

And anything moves around port only for us, whether it's a port connectivity project or last mile connectivity or anything. So, port any opportunity coming to the port sector definitely we'll be looking very closely to it. And last mile connectivity or logistics will be moving around our existing assets or any other value-added assets which comes independently of it.

Achal Lohade:

Understood. And just last question, if I may with respect to the Fujairah terminal. If you could guide us in terms of how the scale-up has been, what kind of revenue EBITDA we are generating out of this particular location?

Lalit Singhvi:

So, Achal, we have, say, 15 tanks and all are rented now for one year. And it has been much higher than what we had anticipated because rentals have pumped up and then at a higher rate, we have logged in say for one year. So, we spent that USD187 million and we are looking at EBITDA of \$34 million. So, that way it is giving us a good return. And the market is again very tight there, supply is less, and demand is more. So, we foresee that in the foreseeable future, this will continue to give us a strong result.

Achal Lohade:

And does it also present an opportunity to do any acquisition in this particular location, sir? Is there any opportunity available?

Lalit Singhvi:

Yes wherever we go, if there is an opportunity at a good price if we get it. So, we can add up to have a efficiency of scale, etc. So as and when if anything comes up, we will certainly have a look at that.

Achal Lohade:

Understood. Thank you so much and I will fall back in the queue, sir. Thank you.

Arun Maheshwari:

Thanks, Achal.

- Moderator:** Thank you. The next question is from the line of Dhananjai Bagrodia from ASK Investment Managers. Please go ahead.
- Dhananjai Bagrodia:** Hi, sir. Congratulations on the set of numbers. I wanted to ask you what is the third-party revenue number for this quarter?
- Arun Maheshwari:** Third-party for this quarter is 46%.
- Dhananjai Bagrodia:** No, the revenue, not volume-wise.
- Lalit Singhvi:** It is the INR470 crores is the revenue from third-party.
- Dhananjai Bagrodia:** INR470 right?
- Lalit Singhvi:** Yes, INR470 crores.
- Arun Maheshwari:** That is close to the proportion of the volumes.
- Dhananjai Bagrodia:** Okay. So, that means effectively...
- Arun Maheshwari:** Because our total revenue was INR1,011 crores out of which INR470 crores is about 46%.
- Dhananjai Bagrodia:** Okay. So, that means effectively our JSW Group business has 0% growth this year and this is mainly because of steel volumes decrease year-on-year?
- Arun Maheshwari:** Yes, Dhananjai your question is right, and we had given a guidance in the beginning of the year, if you were on the call that JSW Steel is generally a lumpy growth. Whenever the project starts, that is where the lump growth happens. And we had mentioned that the third-party business would be close to about 50% this year and this will remain 50% for maybe next year or it may go slightly up next year.
- But the moment JSW Steel production starts happening a new project, then the captive cargo goes again high. So, it would range between 45% to 55% somewhere in between that, whether it's captive or third-party. It will fight in that range. So, JSW Steel captive cargo will see a jump in FY 2027.
- Dhananjai Bagrodia:** Okay, sure. And sir, regarding the slurry pipeline, any thoughts on how the numbers could look? Will it be completely captive, or do we have any other customers also there?
- Arun Maheshwari:** So, first of all, we are waiting for formal approvals from both the shareholder side. So, once we get those shareholder approvals then we'll get into those agreements. However, giving a colour to it this is a dedicated pipeline. However, we are allowed to do a third-party business on this because it is connecting mine area to the port area. We'll have to work on the nitty-gritty because such pipelines are very dedicated corridors, wherein the input and output points are very much stable.
- So, how best to utilize for the third party is what we are exploring. And once we get a very stable buyer or input provider or user of this pipeline, we'll definitely explore that part of it.

- Dhananjai Bagrodia:** Okay. Sure, then I'm done with my question. Thank you so much.
- Arun Maheshwari:** Thanks, Dhananjai.
- Moderator:** Thank you. The next question is from the line of Ankita Shah from Elara Capital. Please go ahead.
- Ankita Shah:** Yes. One quick question. Is there any kind of a slowdown in volume in the Southwest port or is it just seasonality?
- Arun Maheshwari:** No. So, -- yes, Ankita, thank you for asking this question. See, we are in a capacity expansion mode at the Goa port. We had given a guidance earlier this year that we are making a covered shed over there to increase the capacity from 8.5 million tons to 15 million tons. So, by the time because it's an operating terminal and if you have to do the operation as well as do the construction, so we have to compromise on some of the volume.
- So, this compromise of volume is largely to increase the capacity. So, it was known at the beginning of the year that this is what was going to happen. We are still doing better than the budgeted volumes. But, yes, I agree, as compared to previous year, it has dropped. But this was a planned drop. It was to increase the capacity of the terminal.
- Ankita Shah:** Got it. And, sir, I wanted to understand this larger thought process behind the Murbe port, which is going to be very close to Vadhavan Port both Greenfield. So, what is the thought process? Will it be competing against each other? Will this be a 100% captive cargo port? Can you just throw some light on that?
- Arun Maheshwari:** So, I think this port has been on our wish list for almost 7 8 years. It's not today's development which we have been working on it. And Vadhavan has been also there for 15 20 years now, I believe in the government mind. So, the locations are so superb. Anyway, in any case we have two production units nearby to this port and Dolvi is also there, which can further increase. And Jaigarh, Dolvi, this is a combination today.
- Tomorrow, we would like to have Jaigarh, Murbe and Dolvi as a combination. On top of it, that port is very close to the national highways and the Western dedicated freight corridor, as I said earlier. And that would be a deep sea water port. It would be like 18 meter, 20 meter kind of draft port and the hinterland is also very rich over there. So, it would be a combination of captive plus commercial port wherein we will handle part of the cargo in the captive front. It will be liquid, gas and other products over there.
- So, Wadhwan is coming over there which is a very ambitious project. And we really look forward to that kind of -- because that will further increase the ecosystem in that entire area. So, I think these are two independent projects as what we look at it. We have our own rationales of making this port. And Wadhwan is largely for container or liquid gas wherein we would also like to have some bulk cargo happening at these ports. So, we have to have our own supply chain control. And we want to have this port coming as early as possible. Wadhwan has taken quite a number of years before it got onto the approval side. So, we hope that, you know, we'll be able to make this port well in time.

- Ankita Shah:** Got it. Thank you and wish you all the very best and Happy Diwali.
- Arun Maheshwari:** Thank you Ankita.
- Moderator:** Thank you. The next question is from the line of Aditya Mongia from Kotak Securities. Please go ahead.
- Aditya Mongia:** Good evening everyone. Thank you for the opportunity. I think most of the questions have been answered. Just a few bookkeeping questions. Could you give us a sense on the tax rates and where should things be stabilizing? Because it seems that in the last two quarters, the tax rates have -- implied tax rates have meaningfully gone up?
- Lalit Singhvi:** Yes, Aditya. So, the tax rate as you see, it is definitely effective tax rate is higher compared to what we had in Q2 24. So, this is mainly three things. One is that our 80IA, as I explained last time also 80IA benefits are now coming down. And non 80IA income is rising. And apart from that, there were one or two more things that happened during this period. One is you can see that our forex gain INR155 crores lower. So, that has affected the full rate of tax. This is a deferred tax, but that is also part of this tax. And similarly, we have got other income, if you see 47 versus 86. This is again at a full tax rate. So, these are the two things.
- Third is again because of some finance bill which has affected some capital gains also where this indexes and benefit has been removed. So, INR15 crores is out of that. So, all these things put together, the rate has come to 32% or odd against the last year, but this one time will not be there in subsequent quarters. But at the same time, since 80IA income is coming down and non-80IA is coming up. So, the effective rate would be now will be going high only.
- Aditya Mongia:** Okay. So, is this 25% a good assumption to be making or can things be higher than that as well?
- Lalit Singhvi:** Sorry.
- Aditya Mongia:** Is 25% a good assumption to be taking incrementally?
- Lalit Singhvi:** Yes. So, you can consider 25% rate.
- Aditya Mongia:** Understood. And again, just to clarify, I have somewhere heard 10% growth guidance, just kind of double-clicking on that. And I thought it was more like 13%, 14%, low teens or so that was guided earlier? I just thought I would clarify on that aspect. What should one be looking through for volume growth for this year?
- Arun Maheshwari:** So, the guidance was 10% to 12% of what we have been mentioning about it. And because of this shutdown which did happen, that's why we have tapered it around 10%. So, I think we maintain our earlier guidance with a margin of about 1% to 2%.
- Aditya Mongia:** Understood. That's clear. I also wanted to get a sense of as in a lot of projects are on the verge of starting Jatadhar, Keni and then Murbe. Specifically, on Jatadhar and Keni what is the status right now? As in, has the capex already started or is it completely yet to start? And how do we think through in that light, FY26, in terms of capex numbers? I'm asking so because it's important

to set a benchmark for us to kind of see the progress of these projects. That's going to yield meaningful data over time?

Arun Maheshwari:

So, Keni is progressing extremely well, as per our expectations on our timelines. So, all the approvals and all those meetings are happening. And we expect we should get in all the clearance within one to two quarters from today and thereafter the construction will start on that particular project. So, Keni is completely on, as per the timeline as what we envisaged. Maybe a quarter ahead of the timelines, what we thought so initially.

Jatadhar all the approvals have been in place. There have been some delays in signing the construction agreement, which we expect should be signed within November or so. This is what the expectations are, and I think we are all set to start the construction over there because this will be largely under our control, all the status. All the approvals are already in place, whether it's environment forest or land and other stuff. So, the moment it is there, our dredges are ready. All the scheme of things are fully done over there. So, the first project to come on stream in terms of construction probably will be Jatadhar. We are just waiting for the signature of the concession agreement, which should happen within this month or so -- within the next month or so.

Aditya Mongia:

Understood. And just a final comment from your side. Given these sound bites coming from JSW Steel of some deferral in the capex for Vijayanagar, does it really impact us in terms of timelines for Keni or how should one think through it?

Arun Maheshwari:

No. This is very independent capex to that because as such Keni has big hinterland. The total hinterland of Keni is about 65 million tons. And we are building this port of phase one of 30 million tons and out of 65 million tons, almost 35 to 40 million tons is independent cargo as compared to JSW Vijayanagar. So, we are completely nowhere dependent on Keni port for JSW cargo in any which case.

Aditya Mongia:

Understood. That clarifies. Thanks a lot for the responses and these are my questions. All the very best to you.

Arun Maheshwari:

Thanks, Aditya.

Moderator:

Thank you. The next question comes from the line of Shreyans Daga from Barclays. Please go ahead.

Shreyans Daga:

Hi, thank you for the opportunity. I have one or two questions. So, at Jaigarh and Dharamtar Brownfield expansion, can you mention what are the timelines and when are you expecting to complete them?

Arun Maheshwari:

So, we are expecting these projects to be completed by March 27 which is about 30 months from today. And this will be in sync with the capacity ramp-up at JSW Steel Dolvi. So, we are syncing it along with that. And that project is going on a very, very stable pace. So, we are okay to go ahead with the construction of them. So, the work has already started at both the locations whether Dharamtar or Jaigarh port. So, 30 months from today.

Shreyans Daga:

Okay. And how much capex is earmarked?

- Arun Maheshwari:** Close to about INR2,400 crores is what the guidance and approval what we got from the board. And we expect to complete the entire project within that guidance.
- Shreyans Daga:** Okay. Thanks. My next question is so at the time of IPO, the promoter shareholding was close to 85% and you need to bring it down to 75% by next two years. So, I know you are previously guided to primary issuances. So, are you expecting anything within FY25, FY26?
- Lalit Singhvi:** So, we still have time. So, it's one year in the past, two years are still left. So, we have not yet decided about the timing part of it because today we are already sitting on cash. So, as and when capital need arises or within the timeline anyways we have to do it. So, it is yet to be decided.
- Shreyans Daga:** Okay, thanks. That's it for me.
- Arun Maheshwari:** Thanks, Shreyans.
- Moderator:** Thank you. We will take the last question from the line of Bharani from Aventus Spark. Please go ahead.
- Bharani:** Can you throw some light on the status of the Navkar deal like how much have we spent, how much yet to be spent?
- Lalit Singhvi:** So, Navkar promoter stake of 70.37%. We have purchased at say around INR1,000 crores and EV value is INR1644 crores. So, that is the total thing and out of that open offer we have not got any response as such. So, it remains at that level only.
- Bharani:** Okay. So, we are expecting to spend for the open offer by end of this year?
- Lalit Singhvi:** So, open offer is already closed. That was open for 10 days and just got closed on Friday. So, this is all over and what we understand that around maybe less than 2,000 shares have been given. So, prices are much higher than the open offer price. So, it didn't elicit any response.
- Bharani:** So, should we take the final percentage stake in Navkar that we will end up with for this year at around 74%?
- Lalit Singhvi:** Yes. So, it remains same whatever we have purchased from the promoter, 70.37%.
- Bharani:** Okay. My second question is on the performance of Navkar in the first half. Can you give some colour on what is the revenue EBITDA PAT for the first half of FY25 so far?
- Arun Maheshwari:** So, thanks for asking this question. I believe we had clarified in one of the questions earlier that we will come back to you with Navkar because we just took the control on 11th October. So, we will come back to you by January with a clear roadmap how we are looking at it because whatever we have thought, it looks better than that. So, it is better to give guidance with a clear thought and getting into the deep management. So, January calls probably we can give an update on this particular subject.
- Bharani:** Okay. So, I was not asking for the full year number, maybe the first half number?

- Arun Maheshwari:** We have taken over on October 11th. So, I think our management control starts from that date. So, that is where we will be.
- Lalit Singhvi:** So, second half result will only be consolidated in our book. The first half in any case is not relevant for us.
- Bharani:** Okay. No, I am trying to understand the trend basis the first half number that we are aware of, I am just trying to see how much will be the full year number that is the reason?
- Arun Maheshwari:** We are still awaiting those.
- Vishesh Pachnanda:** Bharani see Navkar is a listed company. So, the results are already out in the public for the first half, and we have taken control on 11th October. So, we digest the information and then we get back to you on the guidance.
- Bharani:** Okay sure. No problem.
- Arun Maheshwari:** Thank you Bharani.
- Moderator:** Does that answer all your questions. Mr. Bharani.
- Bharani:** Sure. Yes. I am done.
- Moderator:** Thank you. As there are no further questions, I would now like to hand the conference over to the management of JSW Infrastructure Limited for closing comments.
- Arun Maheshwari:** Thank you, everyone. Thank you for imposing so much of confidence on JSW Infrastructure and making it so interactive call. This being my last call from here, nevertheless this is a festival season. I wish all of you a great Diwali, great festive times and your continued support to Mr. Rinkesh Roy, who has a very very extensive experience in this field. And I am sure you will extend the same support and guidance to them. Mr. Rinkesh Roy is here with me.
- Rinkesh Roy:** Good evening everyone. I am Rinkesh. A very Happy Diwali to each one of you and your families. Wish you all the best. Thank you so much.
- Moderator:** Thank you sir. On behalf of ICICI Securities, that concludes this conference. Thank you for joining us and you may now disconnect your lines.