“JSW Infrastructure Limited

Q3 FY '24 Earnings Conference Call”

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MODERATOR: **MR. MOHIT KUMAR – ICICI SECURITIES LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to JSW Infrastructure Q3 FY24 Earnings Call hosted by ICICI Securities. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touch-tone phone.

Please note that this conference is being recorded. I now hand the conference over to Mr. Mohit Kumar from ICICI Securities Limited. Thank you and over to you, sir.

Mohit Kumar: Thank you, Tushar. Good afternoon. On behalf of ICICI Securities, we welcome you all to the Q3 FY24 earnings call of JSW Infra.

To discuss the result today, we have with us Mr. Arun Maheshwari, Joint Managing Director and CEO, Mr. Lalit Singhvi, Whole-Time Director and CFO, and Mr. Vishesh Pachnanda, Head Investor Relations. We will start with a brief opening remarks by the management, which will be followed by Q&A. Over to you, sir.

Arun Maheshwari: Thank you, Mohit. Good evening, everyone. And thank you all for joining our earnings call for the quarter and nine-month end of December 31, 2023.

To start with, India's economic growth remains strong, led by the momentum in the manufacturing and continued investments in the infrastructure, as the tax collections are supporting a robust increase in capital outlay. As for the latest interim budget, the infrastructure capital outlay for FY25 has increased by an impressive 11% to INR11.11 lakh crores, which will continue to spur a huge multiplied impact on the economic growth momentum. Further, the government is taking major steps to make the logistics sector much more efficient and effective.

The growing need of strategic modern logistic assets to bring down the overall cost has been the flair of the past few years of the country's budget as well. On the global front, a lot is being spoken about the ongoing Red Sea conflict, the extended disruptions in the Red Sea trade route, pose a risk to the stability of the supply chain. However, we are immune to these developments because our cargo mainly comes from the bulk terminals originating out of Australia, Canada, USA, and Russia.

Before discussing our operational and financial performance, I'm delighted to announce that in addition to our other – our flagship port, -Jaigarh Port has been awarded a five-star rating by the

British Safety Council. This recognition is a clear indication of our commitment to maintain the highest safety standards in all our operations. We are proud of this achievement.

For the nine-month period, April 23 to December 23, the total cargo handled stood at 77.2 million pounds. This is impressive, and 17%t growth year on year. Our third-party cargo grew by 37%t year on – to 28.8 million tons, and the share of third-party increased to 37% in the overall cargo mix from 32%t a year ago for the same – similar reference period.

This is in line with our strategy to grow third-party business to 40% in the near term. Total revenue for the nine months ended December 23 stood at INR2,832 crores, reflecting a growth similar to our volume to 18%t year on year, while EBITDA for the period stood at INR1,549 crores, which is 22%t growth year on year basis. I'm happy to state that JSW Infrastructure emerged as the winning bidder for the development of an all-weather deepwater greenfield port at Kenney in the state of Karnataka on public-private partnership basis.

The Karnataka Maritime Board – the government of Karnataka has issued a letter of award to JSW Infrastructure, further to which the concession agreement has been signed with Karnataka Maritime Board. The estimated cost of the project is INR4,119 crores, with the initial capacity of 30 million ton per annum. With a strong balance sheet in the sector, we are well-positioned to pursue organic and inorganic growth opportunities.

During the quarter, we acquired majority shareholding of PNP Maritime Services, PNP Port, an operating port company located in Raigad district of Maharashtra on the Amba River, which is about 20 nautical miles from Mumbai Anchorage. The port has a current capacity of 5 million ton per annum, and the potential to expand to 19 million ton per annum. Purchase consideration was INR270 crores for 50% plus one share of paid-up capital of the PNP Port.

We have also successfully completed the previously announced acquisition of a liquid storage terminal of 465,000 cubic meters, capacity of 5 million ton per annum, at the port of Fujairah in United Arab Emirates. With the ongoing capacity increases and acquisition, the total cargo handling capacity now stands at 170 million tons per annum, from 158.4 million ton per annum stated earlier.

As such, JSW Infrastructure Limited is uniquely positioned to capitalize on India's growth opportunity with a strong balance sheet and ambitious growth targets. With this, let me hand over to Mr. Lalit Singhvi to take over the financials and other details for the time period. Thank you.

Lalit Singhvi: Thank you, Arun, and good evening, everyone. Moving on to our quarterly financial results, in Q3 FY24, the company handled cargo volumes of 28.1 million tons as compared to 24 million tons in the quarter handed December 22. This 17%t cargo growth is mainly driven by Paradip I&O Terminal reflecting 91%t Y-on-Y growth.

Paradip Coal Terminal delivered a cargo growth of 30% in the current quarter. Similarly, cargo at Mangalore Coal grew by 49%t year-on-year. Also, the Mangalore Container Terminal volumes grew by 33%.

The increase at Paradip and Mangalore locations has significantly contributed to an increase in third-party cargo of 47% in the current quarter on an overall basis. The third-party cargo has increased to 10.9 million tons from 7.4 million tons. The growth in cargo volume resulted in an increase in operational revenue for the quarter from INR940 crores to INR798 crores year-on-year growth of 18%.

Other income for the current quarter is INR78 crores against INR44 crores in December '22, mainly driven by an increase in income from fixed deposits and gain on mutual funds. EBITDA for the quarter ended December '23 was at INR558 crores, up from INR421 crores in the quarter ended December '22, an increase of 33%.

Strong EBITDA growth was mainly on the increased revenue, operating leverage on account of higher capacity utilization of 68% versus 60% last year, and cost control. All these drivers contributed to EBITDA marketing of 54.8% in the current quarter as compared to 49.9% in the same period last year.

Depreciation was INR108 crores and finance cost was INR67 crores in the current quarter as compared to INR102 crores and INR72 crores respectively in the quarter ended December '22. As for the current quarter is at INR254 crores, as against INR116 crores for the quarter ended December '23, representing an increase of 118% on a year-on-year basis.

Increase in PAT is a reflection of increased total income, efficient operations resulting in lower operating expenses and lower finance costs. As of December 23, our net debt is INR639 crores.

Also, I will take a moment to reiterate the usage of IPO proceeds. So, out of total funds of INR2,800 crores, approximately INR880 crores was meant for debt repayment, which has been completed in the current quarter. Also, funds available towards general corporate purpose of INR666 crores has been fully utilized in the acquisition of PNP and marine oil terminal at Fujairah.

Balance of INR1,188 crores is for capex, mainly for the two [inaudible] LPG project at Jaigarh port and expansion of Mangalore Container Terminal. Both are progressing well and are expected to be completed by January '26 and February '25, respectively, as emphasized in the prospectus. We have received additional EC approval for additional 1.6 million tons at Ennore Coal Terminal, which means total capacity now stands at 9.6 million tons from 8 million tons.

As highlighted earlier by Arun, during the quarter, we have completed acquisition of liquid storage terminal at Fujairah and acquired a majority stake in PNP port. The revenue and EBITDA of both these assets have been accounted. Given the closure of both acquisitions happened towards the end of December '23, a meaningful contribution will be seen from quarter 4 and beyond.

With this, I request the operator to open the line for questions.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Priyankar Biswas from BNP Paribas. Please go ahead.

Priyankar Biswas: Hi. Thanks for the opportunity, gentlemen. My first question is regarding, I would want some more details like how do you intend to expand your third-party volumes, let's say in the region around Jaigarh and Dharamtar, because what I understand the strategic rationale for acquiring PNP is actually to increase the third-party volumes. So, are we planning something like moving into an integrated logistics or that sort of a thing to capture more third-party? So, that's the first question.

Arun Maheshwari: Okay. Thank you, Mr. Biswas, for asking this question. Of course, definitely there is a rationale behind acquiring PNP to increase the third-party volumes. If you see the [inaudible] of Jaigarh Port, and Jaigarh Port along with PNP makes a very decent combination to increase the volume to new heights. Now, if I have to look at Jaigarh Port, which was largely getting limited by virtue of railway connectivity being a little far off, PNP Port has a railway connection right at the port. So, this gives a very, very good synergy impact for increasing the volume.

And this is just about 120 nautical miles away from Jaigarh Port. And there's a robust infrastructure already being utilized for this channel on the marine side. So, we intend to utilize that and enhance the utilization of PNP Port as well as Jaigarh Port by increasing the volume and making a hub-and-spoke model, which has been our strength right from day one.

On top of it, if I have to look at it, the railway connectivity, which is there at the PNP Port, and the government trust on RSR, Rail-Sea-Rail route of movement of cargo, definitely gives an impetus for us to do more and more, explore more and more such opportunities, which gives -- already we have been doing some cargo through PNP Port, through RSR route.

Now, with this in our fold, we will definitely make an attempt to utilize it to maximize. Though the capacity is stated as 5 million tons for PNP Port, but the clearances are available for 19 million tons. And definitely, once we have the business case, we will go ahead with up to 19 million tons we can handle the cargo there.

And Jaigarh Port has a capacity available for the capex's are done. So, without doing much of capex at Jaigarh Port, we can handle more cargo there. And PNP has the EC available, so we can utilize those assets. So, in this part of the world, if you have to look at it in parts of India, there's hardly any deep-sea port and with this combination of hub and spoke model, there are no other ports available.

So, this will definitely be a great idea to start this business over here now.

Priyankar Biswas: So, since this is going to be third-party model, sorry, third-party cargo, so would it be fair to say that this would be more like a liquids or a container-oriented port? Like, what is your thoughts on that?

Arun Maheshwari: It will be a combination of everything. We are not limiting ourselves only to one particular commodity or product. So, definitely, that is in our horizon to make it ICD-CFS kind of structure because there's a sea available, there's a rail available, there's a road available, and it's very close to JNPT and Mumbai Port.

So, definitely, it makes sense for us to make it as an ICD-CFS kind of model as well, in addition to the hub and spoke model, what I spoke earlier. And also, liquid terminals are in great demand in and around Mumbai. So, probably, this could be an opportunity for us to develop that as well.

So, we have been working on multiple products now, as of now, since it has come to our fold just about a month back. So, we have been working on a variety of models, which we had worked on prior to takeover. And now, we'll fast-pace this, and we'll come back to you all, giving the details of what all we are doing in this area.

Priyankar Biswas: Sorry, if I just can squeeze just one question more. So, regarding the coastal coal movements, so, we have been doing quite good volumes at Paradip Port of late. So, what we understand that even competitor Dhamra is also reporting some good growth in volumes. So, can you please explain that, what sort of coastal coal volume trajectory we should be looking at specifically for Paradip, let's say, over the next two, three years? That's my last question.

Arun Maheshwari: Yes, good that you asked us this question. As I said earlier in our earlier calls, last quarter and before that, in other investors' meet, coal, there has been no major coal thermal power plant came into India in the last couple of years, which needs a coastal cargo movement. Still, the coastal cargo volumes are growing up tremendously, because there has been a shortage of coal movement.

Indian coal is preferred, because it's cheap. And, of course, even Indian government's target is that to reduce import of coal. And they have been promoting coastal coal movement. Coastal movement has been encouraged. And RSR is part of that route. This terminal, which we have started in Paradip Port, which is the single largest coal export terminal, one of the most modern, 30 million ton.

This is the third year of operation, and we are running almost 60%, 70% of the capacity, 60% of the capacity as of now. Which is a testimonial that, you know, there was so much of facility shortage within India, or infrastructure shortage within India. This has come as a boon to many of the users.

Dhamra, Paradip themselves are, Paradip Port government is running that port. Our terminal is there. Gopalpur is there. So, there are several other ports in and around. But, Paradip being one of the closest to the MCL, Talcher mines, definitely becomes the first choice of preference for the customers.

However, I see that this cargo growing up, looking at the demand which is there of power within India, there is no regular substitute of thermal as of now. Of course, there's a lot of thrust on renewables and all. But if I have to look at RTC power and the peak power demand, coal thermal is still a place of preference. And the demands are growing.

The PLFs are increasing for those units. And the power plants which were not running fully, started running now. So, the national demand is there without much of investment in the power plants as of now.

Priyankar Biswas: So, should we be looking at a capacity, by when should we be looking at a capacity utilization, say 80%-90% for this asset?

Arun Maheshwari: It is difficult for me to give a number on to that. But then looking at the trajectory, the way it has been increasing and the way the demand is likely to go up and the government is pushing for RSR. In the first year, we operated at 40%. Second year, we are operating at 60%. I think in another two to three years' time, we should be somewhere around 70% to 80% for sure.

Priyankar Biswas: Thank you so much, sir.

Arun Maheshwari: Yes, thank you. Thank you.

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

Achal Lohade: Yes, good afternoon, everyone. Sir, I just wanted to check on the acquisitions for the two, three bids we were talking about in the last quarter. Is there any update on to that? And is there any increase in terms of the pipeline, if you could help us understand the current status as well?

Arun Maheshwari: I think we had given for PNP and we had given for…

Lalit Singhvi: You are talking about the privatization of the three bids, what you are saying?

Achal Lohade: Yes, sir. Yes.

Lalit Singhvi: Okay.

Arun Maheshwari: So, no, we are still awaiting as we are also as eager as what you are. We are still awaiting because it's a procedure at the government. Though it has taken a little longer time, it is almost seven, eight months now. There are a lot of clearances required within the system at the government end, which they have to clear. So, the bids, all the bidders are still waiting for the outcome of those bids. And hopefully, what we understand unofficially is that probably within a month or so, one or two bids should be out and open and we will know the results about it. But as of now, we are also waiting as what you are.

Achal Lohade: Understood. And if there is any further new pipeline being created with respect to the privatization, any new opportunities?

Arun Maheshwari: There are further opportunities which we continue to assess. But as of now, nothing much, nothing we have bid it so far. But then we keep exploring that. So, we are into assessment stages today.

Achal Lohade: Understood. And one more question pertaining to, again, the Greenfield with respect to the Eastern Integrated Facility at Jatadhar. Any update on the same, sir?

Arun Maheshwari: So, all the approvals, ECFC, everything has been done now. Day before yesterday also we got the final clearances. Hopefully, in all fairness, what we understand is that the concession agreement should be signed within the next four weeks or so. So, in all fairness, we see it's happening within this financial year, everything. On the document side. Thereafter, we'll start on the project.

Achal Lohade: Understood. Just to recap, so basically, the concession agreement will be novated to us immediately after this initial signing, right? And then we'll start the work on the project.

Arun Maheshwari: That's right.

Achal Lohade: Great, sir. I'll come back for the follow-up. Thank you so much.

Arun Maheshwari: Sure. Thank you.

Moderator: Thank you. And the next question is from the line of Noel from Union Asset Management. Please go ahead.

Noel: Yes. Thank you for the opportunity. So, just wanted to get a sense of, is the company looking at inorganic opportunities for growth that kind of fall within the same logistics space, but not necessarily within the space of, say, ports or terminals for that matter? I just wanted to get some idea. And if the company were to go in that direction, what would be the criteria under which you would go in that direction? Yeah, that is also my question.

Arun Maheshwari: So, anything which is value accrued to port businesses or otherwise, not necessarily only port businesses, but then which is largely to do with the infrastructure of the growing economy, largely to do with the logistics sector or efficiencies or whether it is railways or pipelines or roads or CFS, ICDs, anything. But it has to be value accretive to, it should be scalable, and it should be independent. So, these are a few of the criteria which we have at tick marks. If that is going on, and if our IRRs are decent enough, and it is adding to value to our existing supply chain businesses, then it is definitely a go for us.

Noel: Yes. Thank you. Thank you so much.

Arun Maheshwari: Sure. Thank you.

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

Parash Jain: Thank you. Congratulations on a great set of results. If I may have two questions. Maybe first maintenance question. The sequential yield deterioration, at least on the back of the envelope calculation, is it more to do with the mix change or there are some discounts which occur in one quarter versus the other?

And my second question is, can you give us a timeline of your capex outlay for the Keni project, how the INR4,000 crores will be spread over the next several quarters and years? And with that regard, what sort of capital structure will you be comfortable going forward given how strong your balance sheet is at the moment? Thank you.

Arun Maheshwari: So, on the second part, I'll ask, answer first. On the capital outlay side, we'll, keep on meeting our guidelines, whatever we have, maintain internal guidelines of the debt equity ratio or the other key ratios because the balance sheet is strong enough, robust enough to take any of the capex is for now. But we would not like to deviate from our overall guidance internally on the ratios. So, that is one very key area for us. There's enough, good enough opportunities available for us to do that.

Now, coming to your first question, which I would request Mr. Lalit Singhvi to respond because the question itself was not very clear for us. So, if you can just repeat that question.

Lalit Singhvi: Yeah, we would like you to repeat that you said sequentially we are somewhere down. I would like to, know from which number you are referring to?

Parash Jain: I was looking at your quarter-on-quarter revenue and the quarter-on-quarter volume. And on a blended basis, it shows a bit of yield erosion? It could be.

Lalit Singhvi: Quarter-on-quarter revenue, Q3 over Q2, our growth is 19% in terms of cargo. And in terms of total revenue, it is 14% growth. And EBITDA is 12% growth.

Parash Jain: So, the revenue growing slower than volume implies a yield dilution, right? What is driving that? Is it a mix? Is it seasonality wise mix?

Lalit Singhvi: It's purely a mix. It's purely a mix.

Parash Jain: It's a mix.

Lalit Singhvi: Yeah. Because at certain terminals, your revenue per ton is much lower. And, in the second quarter, the revenue of Jaigarh and Dharamtar were higher. There we have higher revenues. And this time, our Mangalore and other terminals were there. So, it's like that. Yeah.

Parash Jain: And on my first question, if again check with Arun. Arun, I was not worried about probably you crossing your debt limit on the other side, you just have a too strong balance sheet. And in an absence of any big ticket opportunities around the corner, would you pay this back to the shareholder in some shape or form?

Arun Maheshwari: No, not really. So, see, there are enough opportunities available. As we said earlier, you know, Keni is about INR4,000 crores project. If we have to come up with timeline, that is another close to about INR3,000 crores that we have to assess and get the board approval. But INR7,000 crores over there, then these three terminals what we have bidded for, we don't know how much we'll get. If we get all the three, then there's a capital outlay for that as well.

Then we keep continuing to increase our Jaigarh and Dharamtar capacities. That would be another. And we have to keep certain cash for any, low hanging acquisition opportunities coming in our way. So I think we would be more interested in redeploying the funds into the growth of the company. That would be making a much robust sense for all the stakeholders.

Parash Jain: So, no, dividend for fair at least, no dividend guidance.

Arun Maheshwari: No, nothing as of now, nothing has been approved by the board as well.

Parash Jain: And just one last thing, INR4,100 crores of capex. Do we know, like in timeline, will it be spent over FY25-FY26?

Arun Maheshwari: Well, once we have applied for the approvals of ECA and MOEF and other stuff, once we get that, then in three years, three to four years' time, it will get deployed.

Parash Jain: Okay, lovely. Thank you so much and have a wonderful rest of the day.

Arun Maheshwari: Thank you.

Moderator: Thank you. And the next question is from the line of Aditya from Kotak Securities. Please go ahead, sir.

Aditya: Good afternoon, team, and thank you for the opportunity and congratulations for a very strong set of results. I'll just move on with my questions. The first one relates to the uptick in volumes seen in Paradip from an iron ore perspective. I wanted to double-check whether these volumes are coming in from an uptick in coastal shipping or are these exports to outside countries that is leading to the uptick?

Arun Maheshwari: No, these volumes are largely for exports. See, basically, coastal volume has been done by JSW as well as a few other players within India, AMNS, JSW, and a few players in Kandla and Karnataka. Otherwise, everything is exports. So in our case, it is largely exports. 80% of the volumes are exports.

Aditya: Understood. The related question over here was that I think if I see your presentation correctly, you've already crossed 9 million tons in the nine months at this port, whereas the capacity switch is about 10 million. So is there potential to do beyond 10 million in a single year? How should we think about it on a full-year basis and go from here on?

Arun Maheshwari: A very relevant question. See, in Paradip, there's a global environment approval at the Paradip port level. And this terminal capacity is about 18 million tons as a design. So the concession agreement is about 10 million tons. But even if we do more, then there are global capacities available in terms of environment approval. So far as the revenue sharing is there, we don't see any challenges coming in. So definitely, we see a case in this year at least that it will be crossing 10 million tons.

Aditya: So is it fair to assume that since you have the physical infrastructure, you can reach 18 million tons in the next few years? Can you double up from where you are today?

Arun Maheshwari: Well, 18 million is the capacity. So probably in a port, generally, it's about 70%, 75%, 80% type of utilization of the capacities. So we can assume that 14 million, 15 million tons could be a possibility if the market remains as strong as what its today.

Aditya: Understood. The second question that I had was just to get a better sense about 4Q of last year, which if the run rates are huge, kind of spike up in terms of revenues on a Q-on-Q basis. Is there some seasonality associated with 4Q, which plays every year out? Or was last year's 4Q something specific?

Arun Maheshwari: Q4 is generally the strongest quarter for us. But then Lalit, if you can add some more to it.

Lalit Singhvi: Yes, so every time if you can see that Q4 is always higher than Q3 and H2 is always higher than H1. So Q4, you will expect that it will be higher, largely because take or pay triggers in the fourth quarter. So by the end of the year, only they are built. So certain take or pay agreements, we are sure to get the revenue built in the fourth quarter. So that will definitely, you know, Q4 will definitely be better.

Aditya: Understood. Just a last question from my side. Of the two assets that you acquired, you said that the full quarter contribution happens from the fourth quarter. Can you quantify a number over here for the revenue EBITDA…

Lalit Singhvi: Number it's difficult to say, but you can see that the PNP and these assets were just acquired like 26th December or maybe 20th December. The full quarter number EBITDA, we perceive it should be in excess of INR50 crores. So that would get built in the fourth quarter.

Aditya: And just finally, you can see, while third party volumes have done fantastically well for us, congratulations for that. The group volumes have kind of broadly been flat on a Y-o-Y basis in the third quarter. Anything to read into that or is it just a quarterly issue and gets sorted out incrementally?

Arun Maheshwari: No, regarding the group volume it depends on, what are the capacities adding near to our ports. So it comes into a spur, like if JSW Steel or JSW Cement, others are getting into capacity expansions, which are closer to our ports. Definitely you see a spur in the volume and which we see happening because all these companies are growing at a very, very quick speed.

So those volumes will keep triggering in. If you remember our earlier calls when we were speaking about it, we don't look at the quarter-on-quarter, what is the share of third party or captive. We look on a longer horizon. Probably we will reach 40% within next quarter. It could be a possibility of the third party. But if I could look at a longer horizon for three, five, seven years, then it would remain 60-40 ratio, 60 in terms of captive and 40 in terms of third party.

Our endeavour would be to make it 50-50, which we are striving for. But then largely on a longer horizon, it looks like 60-40. At times when the new capacity comes up for the captive cargo, those will jump up. And thereafter, again, the third party will start growing up, taking their share and all this stuff.

Aditya: Maybe I'll just rephrase my question. What I was asking was that if I just consider the group revenues or group volumes that are coming to JSW Infra, do you see in them any kind of [yachts], the way it has been seen in the third quarter? Or do you see levers and drivers to ensure that the growth continues in that part of the portfolio, independent of whatever happens in third party?

Lalit Singhvi: The group volumes will remain almost similar. Because, you know, once the steel capacity is increased, then they get increased. Otherwise, the level almost remains the same.

Third party definitely is growing. You can see that Q3 also has grown and Q4 also will continue to grow. So once their capacity increases, steel is working on various capacity expansion plans, then only it gets added. Otherwise, it remains almost in a similar fashion.

Aditya: I got that clarified. Thanks a lot and all the very best. Thank you.

Moderator: Thank you. We would like to remind participants that you may press star and 1 to ask questions. The next question is from the line of Nikhil Abhyankar from ICICI Securities. Please go ahead, sir.

Nikhil Abhyankar: Thank you, sir. Thanks for the opportunity and congrats on a good set of numbers. My first question is basically for clarification.

You mentioned that there is a railway line at the PNP port that you have recently acquired. So how exactly will it help our Jaigarh volumes?

Arun Maheshwari: So basically, you know, whenever the bulk cargo, suppose if there is an RSR route through the coal movement, which is directed by the government of Jaigarh, we have a terminal at [Parazheh] which handles coals and which has a good capacity available. And the coal mines are very, this is one of the closest terminals for the coal mines.

So if any cargo is required within Maharashtra or within central part of India or within North Karnataka, and if it has to be routed through rail, then definitely Jaigarh being not having rail connectivity as of now, they can bring the cargo over there.

From there, it is transhipped to the smaller ships coming into PNP. And thereafter, it is transported through rail to these locations, which is happening in one of the cases as of now. But it can be scaled up with this, with this support within our fold now. Similarly, we can, we can also export other products, which otherwise were not happening through Jaigarh port. Now with PNP, with the railway connectivity, which we can do now.

Nikhil Abhyankar: Okay, understood. The next question is regarding Kenny. So what exactly is, how much do we have to pay as revenue share to the government? And the second, what is usually the debt to equity ratio for these capexes?

Arun Maheshwari: So there is a, there is a scale of rate of forfeiture of Kenny, which is, which is close to about INR17. Yeah, close to about INR17 per ton revenue share. And this is a 30 year contract, 30 year lease period with the auto extension of another 30 years. But then this would be triggered once we start the operations.

Nikhil Abhyankar: Okay. Okay, understood. And so regarding the three bids that were put in, I understand we have got a lot of cash right now on our books. But if we win all the three, how do we expect to fund it?

Arun Maheshwari: No, no. See, depending on which of the condition, which of the bidding we win, and the model would be largely 30-70, 30 equity and 70 debt. So as we win, we will decide, you know, what is the shareholding or what is the, you know, financing model we have to keep.

Noel: Okay, understood. That's all from my side. Thank you.

Arun Maheshwari: Thank you.

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

Arun Maheshwari: Thank you, everyone. Thank you for having a good interactive session and looking forward to more such interaction and all the best. Thank you.

Moderator: On behalf of ICICI Securities, that concludes this conference. Thank you for joining us and you may now disconnect your lines.