"JSW Infrastructure Q1 FY25 Earnings Conference Call"

July 18, 2024

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

Moderator: Ladies and gentlemen, good day and welcome to JSW Infrastructure Q1 FY25 Earnings Conference 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 the "*" then "0" on your touchtone phone. Please note that this conference is being recorded.

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

Mohit Kumar: Thank you, Steve. On behalf of ICICI Securities, we welcome you all to the Q1 FY25 Earnings Call of JSW Infrastructure.

To discuss the Results 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 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 welcome to our Quarterly Earnings Call for the period ending June 30th, 2024.

India's economy remains robust compared to other major economies driven by solid domestic demand, growth in manufacturing and continuous infrastructure investments. Around a month back and a half, India chose a new government with the forward thinking and energetic leadership of our Prime Minister. I believe the ongoing reforms and significant measures to enhance the logistics sector efficiency and effectiveness will continue. At JSW infrastructure, we have a clear vision of transforming the company into a complete logistics solution provider delivering cost-effective last-mile connectivity to our customers.

The acquisitions of a majority stake in Navkar Corporation, which owns container freight station, inland container depot in key locations aligns perfectly with our strategy to establish a nationwide network. This is the first step towards that. Additionally, it grants us access to extensive land resources within Mumbai metropolitan region and Gujarat for further development and expansions of these facilities. The enterprise value of this acquisition stands at Rs. 1,644 crores and we expect to consummate the transaction by Quarter 3 of 2025.

I am pleased to share that we have obtained an acceptance letter from the South Railway Division for the construction and operation of Gati Shakti Multimodal Cargo terminal in Arakkonam, Chennai. The terminal has a superb connectivity to railroad and in close proximity to the port of Chennai and Ennore. This initiative is in line with the goal of creating a nationwide logistics network to enhance last mile connectivity.

On the "Growth Projects":

Construction of 30-million-ton Keni port is progressing well. The hydrographic and geo-tech studies have been completed. At JNPA liquid berth, pipeline construction and connection work is in full swing.

We have signed a concession agreement on 2nd July with Chidambaranar port which is Tuticorin in Tamil Nadu to develop a new 7-million-ton cargo berth and further discussions are underway for equipment specs and ordering. In an effort to combat global warming and climate change, I'm pleased to announce our commitment to curtail our direct greenhouse gas emissions and achieve net neutrality by 2050.

Moving on to the "Operational and Financial Performances" for the period April '24 to June '24, the total cargo handle stood at 27.8 million tons. This is 9% year-on-year growth. Our third-party cargo grew by 48% year-on-year to 13.8 million tons and the share of third party in Quarter 1 of FY25 increased to 50% in the overall mix cargo from 37% a year ago. Total revenue for quarter stood at Rs. 1104 crores, reflecting a growth of 20% growth year-on-year. EBITDA for the same period stood at Rs. 609 crores, which is 24% year-on-year growth and net profit stood at Rs. 297 crores.

With this, let me hand it over to Mr. Lalit Singhvi to take through the Financials and other details. Thank you.

Lalit Singhvi: Thank you, Arun, and good evening everyone.

In Q1 FY25, the company handled cargo volumes of 27.8 million tons as compared to 25.4 million tons in the quarter ended June 23. This 9% cargo growth is mainly driven by the incremental volumes from the newly acquired assets PNP and Liquid Terminal, UAE. Also, the volumes at Paradip Coal and Iron Ore Terminal grew by 50% and 15% respectively. Cargo handled volumes at Dharamtar and Jaigad was impacted by a planned maintenance shutdown at Dolvi steel making facility of the anchor customer.

On a year-on-year comparison, Jaigad and Dharamtar volumes were lower by. 1.2 million tons and 1.5 million tons. Third party cargo has increased to 13.8 million tons from 9.3 million tons representing 48% growth and share of third-party volume stood at 50% versus 37% a year ago.

The growth of volume resulted an increase in operational revenue for the quarter from Rs. 878 crores to Rs. 1,010 crores, a Y-o-Y growth of 15%. Other income for the current quarter is Rs. 94 crores as against Rs. 40 crores in June 23, mainly driven by increase in income from fixed deposits and gains of mutual funds. EBITDA for the quarter ended June '24 was at Rs. 609 crores from Rs. 491 crores in the quarter ended June 23, an increase of 24%. Strong EBITDA growth was mainly on the increased revenue. Depreciation was Rs. 135 crores and finance cost was Rs. 74 crores in the current quarter as compared to Rs. 95 crores and Rs. 71 crores respectively in the quarter ended June 23. Profit before tax stood at Rs. 392 crores which is lower by 5% year-on-year. It may be worth noting here that in Q1 FY24, finance costs included an unrealized foreign gain of INR 87 crores. If we remove the unrealized gain then PBT growth is 23% year-on-year. Similarly, PAT for the current quarter was lower by 8% at Rs. 297 crores and if we adjust for the unrealized Forex gain of last year, PAT growth is 14%. As of June, '24, we have a net cash of Rs. 195 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 a growth plan to enhance our present cargo facility capacity to 400 million tons by FY2030 or earlier.

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

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Alok Deora from Motilal Oswal. Please go ahead.

Alok Deora: Just couple of questions. First is on the volume side. We've seen Dharamtar and Jaigad volumes declining on a Y-o-Y basis and one of the reasons you have mentioned in the presentation also Dolvi plant shut down. So, what's the status there now and could we expect improvement in the second quarter in these ports?

Arun Maheshwari: Yes, the entire shutdown period is over and the plant has been running full since the last 3 to 4 weeks now. So, we don't see any such kind of reduction in volume in the rest of the year. So, this was the norm which will be coming up though, so this cargo drop is because of that shutdown.

Alok Deora: And also, we have seen a 9% growth in volume that's primarily driven by the new contribution from the PNP as well as this Liquid terminal in UAE. So, for the full year now, what's the volume growth we are looking at based on the run rate, the new ports also contributing and also Dharamtar and Jaigad?

Arun Maheshwari: So, we will maintain our guidance what we had mentioned earlier, 10% to 12% kind of volume growth would be there for the full year full year. This we will be able to achieve that.

Alok Deora: Just one last question, so on Navkar, since we did not have a call after the acquisition, so just if you would spend some time on how we are looking to integrate this with our operations and also the CTO license which they have, how are we planning to use that or just some thoughts on that.

Arun Maheshwari: Very pertinent question, because this is one of the forays. For any port company, it is important to have a complete last mile connectivity and logistic solution provider. So, we are this is the first step toward that. So, if you see our journey very closely, we have started from a captive cargo company we got from third party businesses then we got to two different product segments. Now these are different service segments which we're getting into. So, this is the first step towards that, and it is a very strategic location near Mumbai and Gujarat, which has a very high potential business locations and with the kind of assets what they have apart from the strategic locations, they have their own trains, CTO licenses and ICD, CFS and PFT both all three are there. So, it adds value when we start integrating with our existing operations as well as the new opportunities what we get in the way for this. So, our whole vision is that we should become a complete solution provided from the port angle as well as from a distribution and delivery purposes. And this is what we intend to be. Maybe, another couple of years' time we would like to increase this business more robustly and integrate with our existing other locations.

Alok Deora: So, once this transaction gets completed, how much time it could take for the integration?

Arun Maheshwari: So, this is the first piece of the entire growth journey what we have. So, many such opportunities either by building acquisition or by integrating with other solution providers, this could be a larger game. This is the first piece of that and once we consummate the entire deal by Q3 FY25, then we will start working on to that though we already have a blueprint ready. But I think in the months to come or the quarters to come, you will start seeing the results out of it.

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

Priyankar Biswas: So, coming to your question about inland logistics that Alok asked specifically on Navkar; can you give us a road map how exactly you plan to grow into Inland logistics because the way I believe is that when you get the Rs. 30,000 crores CAPEX plan, this probably wasn't within that. It seems like it is beyond that. So, what sort of CAPEX level can go for us to go into inland logistics? Any pipeline of further acquisitions? And furthermore, it seems that Navkar's revenues were kind of flattish for a prolonged period. So, what are we going to do to actually bring this asset up?

Arun Maheshwari: Mr. Biswas, thanks for asking this question. This segment is making sense provided you have some port assets as well as some you have inland logistics, some kind of visibility and the and the vision what you believe in India. The way the economy is growing, the way the kind of consumption centers are growing into the rural India and the entire India, it is not limiting to certain geographies, and this needs a wider network. We have studied the other geographies how they have grown on this particular sector, and we look at the other Indian companies the way they are looking at this sector. It is definitely a very high potential sector and this will be a synergy to the existing port businesses, so it is not that independently we are doing this, it is a well thought out when we are investing so much of pipeline of projects are there for developing the ports or the terminals or the other businesses on the port side that will not be very value accretive unless we have this piece of the business also under our control. So, this is a step towards that. Now as you said that in Rs. 30,000 crores pipeline, this was not mentioned. So, we are seeing this as an opportunity which is coming up. It could be a lease model where the CAPEX would be very minuscule. It is not worth mentioning in Rs. 30,000 or any such opportunity which comes up like Navkar, we were we will not be averse to looking at those opportunities. If that happens then you know we can always, because the pipeline is enough; the balance sheet is strong enough and if it is value accretive, we can definitely leverage our balance sheet to acquire any such opportunities. So, it is a moving target for us by which opportunity will come our way. But if I have to look at on the lease model, then it is not costly affair. The project costs are almost negligible. So, we can always develop that as well. But we would continue to grow in this particular segment either way of acquiring by way of developing ourselves or by way of synergizing with another such players within the segment. It would be a combination of everything. So, it's difficult to put a number of the project on such style of businesses today.

Priyankar Biswas: Sir, would it be correct to say that since your company has broadly ROCE level of roughly 18%, so eventually also in the long term when you are developing this inland logistics network, so you would also have something of that as an aspirational ROCE broadly?

Lalit Singhvi: Priyank, this is Lalit Singhvi. So, ROCE on an immediate basis may have some effect because of this CAPEX but over a period of time we don't see because any infra project when you put in the money or CAPEXs is it tends to come down but as utilization grows and we are quite confident that utilization of this facility will also grow. There will be synergies with some group also; you know other things and actually grow the chain then utilization of Navkar assets will grow rapidly. And with this ROCE will again come down for say a few 2 years to 3 years when the capacities are there and utilization is lower, but we see long term ROCE of 18%-19% will be there.

Priyankar Biswas: So, in the presentation, you had mentioned about the Arakkonam Gati Shakti terminal, and you have mentioned the anchor customer as well. So, if you can throw some more details like what is the strategic sense of Arakkonam because it does not seem to be within the container built assets.

Arun Maheshwari: So, the thing is that, see now we having Navkar with us and having bought the CTO license of Sical earlier. So, if we have to be logic sector with the last mile connectivity we need to have a network of such locations across India, length and breadth of India has to be covered by such things. Now we are fortunate that we are part of the group wherein the group is also growing very fast, and they also need this kind of network across India. So, Chennai was one such location. And incidentally Arakkonam was one such asset which was perfectly fitting into the requirements of one of our anchor customers. So, we said, okay, it's not a bad idea to build on to that because the location is very rewarding. There were many players who were bidding for it who arrived for it. The hinterland is very good over there. So, we can connect it over there and we can use our licenses and we can make this good for it. So, the anchor customer could also become the base cargo for this particular location, and we can build out to our businesses from there on as well in that location. So, it's a journey which we have to travel with all the locations and thereafter we have to imbibe with all the other value accretion port assets.

Priyankar Biswas: If I can just squeeze one more in, so what I see is the Paradip coal asset. There has been a Q-on-Q drop in the volumes. Is it seasonal in nature or like or do we expect the volumes to come back to like 5 million tonne plus levels which we were doing in fourth quarter?

Arun Maheshwari: So, Q-on-Q, what happens is the power plants generally start stocking up in the month of February and March because the power demand peaks up in April - May and that's where you see seasonally it slightly goes up. But then if I had to see, the drop is not very significant, it's just about 0.7 million. So, if I have to see year-on-year because that would be the real comparison, which is a significant increase. So, I think the correct barometer in port access, especially when the monsoons are very heavy in the Q1 second part and Q2 full. So, year-on-year would be a right barometer to understand the volume movement.

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

Noel Vaz: Just 1 follow up on Navkar, I think you had mentioned that there is a plan to improve the utilization of the assets. So, what additional CAPEXs are we expecting for this particular asset?

Arun Maheshwari: Immediately, we do not see any additional capacities coming in for that particular asset because that asset completely have very good asset base over there. There are trucks, trailers, electric cranes, they have containers, they have their own railways. So, it is well equipped like we do on a on any immediate basis if I have to look at it, we don't need to do any major CAPEXs over there. It is only just because of we will have a very strong management, very strong network of our other assets which we would like to utilize, and We will have a very focused approach. We see a very good traction in that particular thing. We have envisaged and we have done those studies, and we expect it to be a good, good addition to our assets.

Lalit Singhvi: Just to add that Morbi is still unutilized. It has just come into operations, and this will be utilized over a period of now onwards. So, this year and next year and all that. So, this is a brand-new facility which has just come into existence.

Noel Vaz: Okay, but if you're talking about taking these assets to full utilization, what is the rough timeline we are looking at?

Arun Maheshwari: So, in in any of these assets full utilization because there is no capacity nameplate over there. So, how best you utilize those capital, like Morbi if I have to look at today, that facility started just about 6-8-10 months back and the potential that to take it full will be maybe 2 years, maybe 3 years. It could be that kind of timeline. But then that is an amazing facility at a very strategic location where the cargo generation and consumption both are at the one location. So, nothing can beat that part. And Mumbai facilities are in the heart of Mumbai wherein hardly any 1 or 2 assets are there that will be rail connected in that region. So, this is one such facility which gives a very good reach to the entire hinterland from Mumbai by rail. So, these are the advantages which we have looked at and the cargo visibility is very clear at both the locations.

Moderator: Thank you. The next question is from the line of Dhananjai Bagrodia from ASK investment. Please go ahead.

Dhananjai Bagrodia: Your OP margin, what would be the reason for the reduction in OP margin? What would be steady state OP margin you look at?

Lalit Singhvi: Operating margin is 14%. Operating margin is reduction is 51.42, it is 51 with almost similar margin. 0.4 has come down because that Jaigad and Dharamtar as we said that cargo has come down because of this Dolvi facility shut down. So, there the margins are at around 65% and at our terminal margins are lower, so the average margin is 51%-52%. So, this is the reason that cargo has dropped at our captive port where the margins are higher.

Dhananjai Bagrodia: And what would your third-party value for this quarter?

Lalit Singhvi: Third party revenue is around 49% in the total and group company is around 51%.In terms of revenue?

Dhananjai Bagrodia: And sir would the CAPEX guidance would be similar Rs. 14,000 crores for the next 3 years?

Lalit Singhvi: Yes, it is approximately that level 13,000 to 14,000 we plan to spend.

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

Sai Sidhartha: I just wanted clarity on the effective tax rate for the 1Q FY25 it has been around 24% wherein for FY24 it has been around 20%. Can we kind of get a guidance on how to look at the effective tax rate and why it is kind of showing higher in this quarter?

Lalit Singhvi: Tax rate what is happening is our income from other than non ATI is increasing. There are certain terminals where ATI benefits are over and that is the reason that effective tax rate is going up. So, this train will continue for some time because net credit is available in our books, and we are utilizing that. Till then we can't migrate to the new regime. So, that is the reason that tax rates are going up, I mean effective tax rate is going up.

Sai Sidhartha: Understood, sir. So, how do we look at the same for the future years?

Lalit Singhvi: This is around 24% or so and it will further grow go up a bit before when we migrate to the new regime.

Moderator: Thank you. The next question is from the line of Arpit Shah from Stallion Assets. Please go ahead.

Arpit Shah: Yes. I just wanted to understand more on the Navkar piece. What are your thoughts around the risks of DPD for the Navkar CFS business? And my second question would be, does the JSW crew have any kind of revenues with Navkar Corp currently?

Arun Maheshwari: To DPD, challenges what DPD post onto CFSs across India is already factored now so. But I think there is no more downside we see rather upside from here on because whatever factor has to be done has been done and port has a limitation to handle the DPD. So, eventually we expect the cargo to flow back to CFSs to an extent. That is one part of it, but then CFS is not the only business what we are looking out of Navkar. It is much beyond that which we had mentioned in our earlier strategy. Now coming to your second, is Navkar also handling the JSW group cargo, very miniscule. I believe they handle somewhere around close to just about 3% or 4% of their total revenue is JSW Group's, nothing beyond that today.

Arpit Shah: And you see that expanding going forward?

Arun Maheshwari: So, we being group company, we will definitely utilize our group strength for that matter because the locations are very strategic for JSW Group overall whether it's steel or whether cement or anybody else. So, we would like to leverage those strength on a case-to-case basis which we have been working with the group. Let's see how we span it out in the days to come.

Arpit Shah: And the long-term aspiration would be what later 3 years - 5 years are? I know it's a part of our big position that you want to build a complete logistics company, but how do you fill in Navkar today and what do you see after 3 years or 4 years and where does it fit into with the complete picture of JSW in long term basis?

Arun Maheshwari: So, if you have seen, we have been bidding for the new terminals, we have pipeline of building new ports as well and want to get into this logistics solution providing across India. So, this is as I said earlier in the call that this is the first step towards that. So, it will, I hope, and I expect, and I wish we will not stop here, and it will further grow from here on and we have to make a start somewhere and Navkar is the first step towards that, and we are looking through GCT happen thereafter and thereafter we hope that we will get more and more such opportunity or synergy or tie-ups in these lines.

Arpit Shah: And post the open offer, do you see that as an independent company, or will it be separately listed company or you looking to merge that into JSW?

Arun Maheshwari: That is too early to say anything now. I believe as the time passes, we will take a call and then We will inform all the concerned parties.

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

Nidhi Shah: A lot of questions been asked on Navkar, but just one more on that piece. Is the current ports and terminals that we have in our portfolio, how does Navkar as an asset aid in those ports and terminals that we currently have, that is number one? And number two, is by when do we think that we can successfully turn around this asset and see good amount of revenue flows from these assets?

Arun Maheshwari: Thanks, Nidhi. I believe there have been a couple of questions on this aspect earlier, but then I think, as I said, if you have a port, if you don't have a logic company, then the question could be when can we have the logistic company? So, it is you have to start somewhere, and we have started over here. Now we have an aspiration to develop some other ports or some other bid for some other terminals in the nearby vicinity. We have our own group companies within the vicinity of this particular location, especially in Mumbai region. We don't have any presence in Gujarat as a port or as a manufacturing entity. So, Morbi is a good entry point for us to get into the tie ups with the existing terminals over there which can add value to other terminals as well as to Mumbai region or any other types what we are looking here and there across India. So, it could be a larger game, probably the story may hold after some time. It is too early to comment and to give a glimpse of that. So, as the time is probably you will have a look at it now. Coming to the revenue, how fast it will grow? Who knows JSW as a success as a company and a group, we have always been very aggressive in our approach, and we would like to turn it around or it is already a good asset. We need not turn it around. It is only we have to fill up those assets and with the group strength and with the network of our other aspirations we would like to make it a good success story within 2 years' time, something like that if I have to look at it.

Nidhi Shah: And other thing on the financials, firstly, that staff costs have been down significantly this quarter whether we look at it quarter-on-quarter or year-on-year. So, what is the reason for that and is that something that is sustainable, that is number one. And number two is the other income has been significantly higher for the last 3 quarters as compared to before that, again will we see these levels of other income sustained for the upcoming quarters and years?

Lalit Singhvi: So, employee benefit expenses it, it was ESOP charges, the employees stock options was given to them and that is why there was provisioning for that which is actually now tapering off. It was you know last year we had a full year basis we had charged say Rs. 150 crores and quarter wide Rs. 41 crores were charged in Q1 of '23 and this '23-24 and '24-25 this time it is Rs. 16 crores. So, there is a Rs. 25 crores coming out of ESOP only when you compare this cost. And other income, it is increasing because we came out with IPO in September end and after that we got this IPO money which is lying in fixed deposits. So, that is the additional interest income, which is flowing in, this money is yet to be deployed. Major some part is deployed and some part is still lying, so that is the region of other income being higher. Q1 FY24 there was no IPO. IPO came in end of September

Nidhi Shah: Last question would be the ongoing projects that we have currently, what is status of the 2 liquid berths that are in JNPT that is number one and two is that we already have terminal operations at Fujairah and Dibba, are we planning to do anything else outside of India in the form of terminals and ports?

Arun Maheshwari: So, on JNPA liquid terminal, if I understood your question correctly, when it is likely to start right?

Nidhi Shah: As in whatever is the update, what phase is it at currently?

Arun Maheshwari: The engineering work is already in progression, and we expect this terminal to start operating by March 25. This is what we expect today. Hopefully We will be there in the timelines. Coming to Fujairah and Dibba port, those are in O&M. There is no asset base over there and we are running those ports very successfully and very efficiently. We are very concentrated towards India because it's a growth story and it's offering a very great opportunity for a company like us with a great balance sheet. However, we are not very averse to looking at overseas opportunity if it is very value accretive like what we did earlier with the oil tankers terminal what we bought in Fujairah, it is great value accretion for us in terms of balance sheet. So, any such good opportunity coming our way, we would definitely assess it, reevaluate it and if it makes sense, we won't say no to any good opportunity which adds value to all our stakeholders.

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

Aditya Mongia: The first question I wanted to ask you was when I see the assets that are comparable Y-o-Y on an organic basis there appears to be declining volumes. Could you kind of give us a sense of how much was the impact because of the Dolvi stoppage this quarter? And if there was a same effect last year same quarter or any other quarter, if you could quantify that as well?

Arun Maheshwari: Yes, good question, Aditya and happy to answer that. As you said, because of this quarter there was a shutdown in Dolvi, there was a drop in Group company cargo, especially Dolvi plant which impacted the Dharamtar and Jaigad. The total impact was close to about 2.7 to 2.8 million somewhere around that and incidentally that is the only volume which came from the acquired terminal which was not there in the same quarter last. So, had those shutdown not been there, the growth would have been 18% to 20%. Just because of the shutdown and 3rd party coming in which was not there earlier, the growth is muted to 9%. Had this acquisition not been there, the growth would have been flat. So, this is what the overall scheme goes like.

Aditya Mongia: I just want to confirm just hopping on this question, what are the similar impact last quarter, is one of a shutdown or is it something unique to this quarter?

Arun Maheshwari: It is not, the shutdown is over. So, the plant became full production in June.

Aditya Mongia: Q1 FY24, which was last year same quarter, there was no such issue.

Arun Maheshwari: There was a shutdown last year same quarter.

Aditya Mongia: What would be the impact then sir if you can quantify? The way it was 2.8 million tons of volumes lost this quarter?

Arun Maheshwari: 2.8 port volume was lost because of the shutdown in Dolvi steel plant.

Aditya Mongia: Understood. So, I'm assuming the guidance still remains kind of unchanged for organic on an organic basis, they year being a flat year on volumes? Would that be fair?

Arun Maheshwari: The guidance for the year is 10% to 12% growth in the volumes for overall as the port currently is doing.

Aditya Mongia: And again, just trying to dissect numbers slightly better. You said about Rs. 25 crores of Y-o-Y increase in your numbers have happened because of the ESOP expenses going down. And whatever the other income is, another Rs. 50 crores is because of the IPO expenses, right is because of these savings, or the interest earned on the amount?

Lalit Singhvi: Yes.

Aditya Mongia: So, if I take it again your PBT basically is broadly kind of flat on Y-o-Y basis? So, that's Rs. 75 crores increase that you reported otherwise. Can you just kind of clarify that Rs. 25 crores is the ESOP part of the benefit that is happening on your PBT and about Rs. 50 crores is the benefit on the other income side which is happening because of the IPO proceeds in there. So, irrespective, your PBT as of now isn't kind of growing on a Y-o-Y basis. Wanted to check whether even this light or the remaining 3 quarters of year would be any different or similar?

Lalit Singhvi: See this benefit of this ESOP cost will be say Rs. 60 crores or so for full year. So, every Quarter 15-16 will come and last year full year we have charged around Rs. 150 crores. So, this will continue and the other income, the interest part that depends on the cash balances with us, we are going for Navkar and other things. So, that income may come down as we as we make payments towards that.

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

Alok Deora: Just one question related to the previous question only. So, this guidance which we are mentioning is for this organic guidance or we are including the newer ports also because I mean in this quarter if you see, I mean even despite the plant shut down we have still done 9% and now we are talking about 10% only for the full year. So, just wanted to clarify that.

Arun Maheshwari: So, see this 9% growth year-on-year basis because last year at the same time the new acquisitions were not there in the last year. So, that's why the 9% growth is coming. And if I have to look at full year basis, 10% to 12% is the overall growth with all the assets imbibed into it because these assets were acquired sometime in Q3 last year. So, those impacts considering last year was also partial impact was there in the volumes. But this year the full impact is coming and all in all the existing assets prior to these acquisitions or also adding volumes to our businesses because of the natural growth. So, the overall growth would remain around 10% to 12% of the volumes.

Alok Deora: Got it. And the since this Dharamtar and Jaigad would be up and running or are already up and running, the margins would move back towards the normalized?

Arun Maheshwari: Yes, definitely. We don't see any doubts about that, rather it will improve because the new acquisitions are slightly better.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today's Conference Call. I would now like to hand the conference over to the management for closing comments.

Arun Maheshwari: Thank you, everyone. And it was indeed a great pleasure to interact with all of you once again and good to interact and good to have more questions. And we will keep coming to the market giving more guidance and looking forward for your active participation. Thank you.

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