"JSW Infrastructure Limited
Q2 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 Q2 FY24 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 star and then zero on your touchtone phone. Please note that this conference is being recorded.

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

Mohit Kumar: Thank you, Sagar. Good morning. On behalf of ICICI Securities, we welcome you all to the Q2 FY24 Earnings Call of JSW Infra. This is the first call, post-listing of the company. 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 brief opening remarks by the management, which will be followed by Q&A. Over to you, sir.

Arun Maheshwari: Thank you, Mohit. Good morning and thank you all for joining our first earnings calls as a listed entity. I am Arun Maheshwari. I start by taking this opportunity to thank each one of our shareholders for the trust and confidence that you have bestowed in our company. The company achieved a major milestone of getting listed on 3rd October 2023. Despite the global geopolitical challenges we witnessed in the last two years, that too after two and a half years of COVID disruptions, the business environment in India continues to be very strong.

We are witnessing a solid structural growth in almost every sector of the economy. Considering the importance of the logistics sector of a growing economy and more so maritime sector, which constitutes about 95% of the exempt rate, Prime Minister unveiled a blueprint for the Indian maritime blue economy and laid the foundation stone for projects worth more than INR23,000 crores at the recently concluded Global Maritime Summit 2023. Government's vision of course for prosperity, progress and productivity is bringing transformational changes at the ground level.

It was heartening to witness that the government is taking major steps to take the logistics sector more efficient and effective. The growing need of strategic modern logistics assets to bring down the overall cost has been the flare for past few years of country's budget as well. Central and state governments are working in tandem to increase the country's total port handling capacity to 10,000 million tons by 2047 from the existing of 2,600 million tons per annum.

In alignment with this vision, the role of private players is being progressively augmented with public-private partnership terminals. Major ports in India, which are central government owned, have total capacity in excess of 50% of overall India's port capacity and a large portion of it yet to be privatized. This offers a huge opportunity for a business enterprise like us to leverage and grow our business.

The government's move to landlord-port model is encouraging and will fuel a lot of private investment and will bring much desired efficiencies and enhance productivity into the port operations. Against this backdrop, we continue to evaluate such opportunities and presently we have placed our best to acquire terminals at three different ports under the government's privatization move. As such, JSW Infrastructure Limited is uniquely positioned to capitalize on India's growth opportunities with a strong balance sheet and ambitious growth targets.

Moving on to our operational performance for the period April 23 to September 23, the total cargo handle stood at 49 plus million tons. This is 70% growth year-on-year basis. The total revenue and EBITDA for the half year stood at INR1,814 crores and INR991 crores respectively.

With a strong balance sheet in the sector, we are well-positioned to pursue organic and inorganic growth opportunity. In line with the strategy of pursuing value-adaptive growth, I'm happy to share that the acquisition of liquid storage facility of 465,000 cubic meters at the Fujairah port in Middle East for a consideration of $187 million. The facility was owned by NPT Commodities Limited, which is a part of Mercurial Group.

This acquisition helps us to foray into the lucrative business of liquid storage at the Fujairah port UAE, as well as which is one of the largest bunkering hub in the world. The transaction is expected to close by December 23 and with this let me hand over to Mr. Lalit Singhvi to take through the financials and other details.

Lalit Singhvi: Thank you Arun and good morning everyone. I take this opportunity to thank you all for your overwhelming response to our first equity-raised program. The successful listing would not have been possible without your endorsement and belief in our growth story.

So thank you again. Moving on to our quarterly results, in Q2 FY24, the company handled cargo volumes of 23.7 million tons as compared to 18.7 million tons in quarter ended September '22. Increase in cargo volume has resulted in increase in revenue for the quarter from INR662 crores to INR848 crores, year-on-year growth of 28%.

Cargo handled at Jaigarh and Dharamtar port have increased by 35% and 34% respectively, year-on-year on back of increased cargo from JSW Steel. For the Paradip coal terminal which had first full year of operations in FY23 has given a cargo growth of 28% in the current quarter. Similarly, cargo handled at Paradip Iron Ore terminal has increased substantially in the current quarter on a y-on-y basis.

Mangalore container terminal handled close to 54,400 TEU which is 7% higher on year-on-year basis. Increase in Paradip and Mangalore locations have contributed to increase in third-party cargo growth of 31% in current quarter on overall basis. So third-party cargo has increased to 8.55 million tons from 6.58 million tons. Other income which mainly includes interest on fixed deposit and gain on mutual fund investment has gone up to INR47 crores in the current quarter as compared to INR35 crores in the quarter ended September 22.

So EBITDA of quarter ended September 23 has gone to INR499 crores from INR375 crores in the quarter ended September 22 resulting in an increase of 33%. EBITDA margins stood at 55.76% in the current quarter as compared to 53.91% in the quarter ended September 22. Depreciation was INR100 crores and finance cost was INR71 crores in the current quarter as compared to INR99 crores and INR109 crores respectively in the quarter ended September 22.

Tax expense for the current quarter is INR72 crores as against INR29 crores in the quarter ended September 22. So effective tax rate has gone up to in current quarter to 22% from 17% mainly on account of end of 80 IA deductions for two births at our Jaigarh Port in current year FY ‘24.

PAT for the current quarter is INR255 crores, as against INR138 crores for the quarter ended September ’22, representing an increase of 85% on year-on-year basis.

Increase in PAT is a reflection of increased total income efficient operations resulting in lower operating expenses and lower finance cost. As of September 30, we remain a net debt free company with total cash and cash equivalents of INR5,333 crores while gross debt stood at INR4,261 crores. Based on our strong performance of the previous period, the credit agency Moody has upgraded our credit rating from BA2 to BA1 with Stable outlook.

Now I'll take a moment to reiterate the usage of IPO proceeds. So out of total proceeds of INR2,800 crores, approximately INR900 crores was meant for debt repayment. As an update, we have already prepaid INR325 crores in the month of October and balance prepayment is expected in the current month. INR1,200 crores is for capex mainly for 2 million ton 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. The balance is for general purpose and will be utilized accordingly. On the acquisition as Arun highlighted enterprise value is $187 million. This will be funded by a mix of debt and internal approvals.

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

Moderator: Thank you so much. We will now begin with the question-and-answer session. First question is from the line of Mr. Achal Lohade from JM financial. Please go ahead.

Achal Lohade: Good morning. My first question is with respect to volumes. Can you have an understanding in terms of how you see FY 24, FY ’25, FY ‘26 volumes panned out? And what kind of [inaudible] you expect by FY ’26?

Lalit Singhvi: No we are not able to hear you properly. Can you please repeat it?

Moderator: Mr. Lohade, there seems to be a lot of disturbance from your side or maybe your network is not proper. If you're using speaker mode can I request you to use your handset, please?

Achal Lohade: Sorry about that. So I would like to check in terms of the volume growth expectation over the next two years. What kind of volume growth and what mix and what third-party mix can we look at?

Arun Maheshwari: Okay, thanks for this question. See basically, as we had -- you must have seen of our company, we have been continuously growing in all the sectors and we have been striving very hard for the last five years to increase our cargo mix profile and we'll continue to do that and the results have been quite visible in the previous four years, five years.

Going forward from here on, the way the opportunities are there in different sectors our acquisition of Fujairah oil terminal is then a step towards that because we were never into tankage terminal, we didn't deal with the subject.

Fujairah being a known territory for us, one of the largest liquid terminals market in the globe. So we thought, a step over there will give the hands-on experience for us to get into a tankage terminal which is very promising again in India going forward. So the effort is on and I think we have been growing at the rate of 22% CAGR for the last 20 years and most prominently in the last four years we have grown at the rate of 40% CAGR.

I think our all the efforts would be to maintain a long-term kind of CAGR depending upon the opportunity what we get, depending upon the project how we are executing. We see immense opportunities coming in and we will try to maintain the similar kind of CAGR on the growth front, in the volume as well as product basket.

Moderator: Well as the current questioner has left the queue. We will take the next question from the line of Mr. Lokesh Maru from Nippon India Mutual Fund. Please go ahead.

Lokesh Maru: Thank you. Congratulations team on excellent set of numbers and the successful listing. I have two questions. One is on seasonality in volume off-take and margin mix over the four quarters of a year. And another is, what is the peak EBITDA potential or what are we expecting from the Fujairah Port in FY '25 and FY '26, respectively? Just these two questions. Thanks.

Arun Maheshwari: Mr. Maru the first one is seasonality you are talking about right?

Lokesh Maru: Right. Seasonality in volumes and margin mix across our four quarters.

Arun Maheshwari: I'll just take the first part of the question on the seasonality and rest my colleague can answer that. Basically in India, monsoons are very heavy during July to September period. So a typical, I would say H1 is generally, slightly lower, Q1 is okay, Q2 is slightly lower but Q3 and Q4 are generally better than Q2.

So in all if I have to look at it H1 is slightly lower than always as H2. So whatever the results we have given for H1 you can drive from there on. H2 would be in our expectation, as our experience has gone in the last 20 years, H2 has been slightly better than H1 always. So it would remain that way.

So far as the profitability and Fujairah Ports are concerned, my colleague Lalit would.

Lalit Singhvi: So as regards Fujairah acquisition probably you are asking. So as we look at it that it should be around say, \$20 million to \$22 million for next FY, FY ’24, FY ‘25. So that is the number we are expecting from this and we'll keep updating as we start operating this but this is our expectation. Is there anything else on this?

Lokesh Maru: Sir just a follow-up on both the things. Fujairah \$20 million to \$22 million of EBITDA annually, right?

Lalit Singhvi: Yes.

Lokesh Maru: Okay. And on seasonality, so H2 is stronger. Is it a fair assumption to put it that H2 would be 60 and H1 would be 40, like 60-40 ratio or 55-45 kind of a ratio?

Arun Maheshwari: Our previous experience has been you know generally, H2 is almost better but then we have seen it has been ranging from 7% to 12% somewhere better than H1. So it could be somewhere in between that.

Lokesh Maru: Understood sir. Thank you so much and all the best.

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

Sumit Kishore: Good morning. Thanks for the opportunity. I have two questions. The first question is could you give us an update on the ongoing progress or development of the Jatadhar and Keni ports? And what is the stage of financial closure and sort of groundbreaking for these projects?

And the second question is on your BSE filing related to the container train operator license that you have secured from Sical. Could you give us more strategic insight into what this means for the company over the next two years? Thanks.

Arun Maheshwari: Okay. On the update on the two Greenfield ports Jatadhar and Keni. So Jatadhar as we said, we'll be getting this soon. As we talked today, there is a meeting going on in Odisha on this particular concession agreement. So hopefully we are expecting that it should be coming around in another couple of weeks' time. So it should be done within the next couple of weeks' time as what we understand from the authorities over there.

So far as Keni, any award of contract is there, I believe a lot of discussion has happened within the government in the last couple of weeks. And though it is still -- the award is yet to be given to us and we are expecting the general guidelines what has been given to us that they would be soon giving their decision on the award maybe within a week's time or so. So hopefully, by end of middle of October, middle of November or the end of November, we should be there on both the sides.

And so far as your second question is concerned regarding the container train operator license. So if you have closely watched our company, we were never into containers. We got into containers 2020 and we have been very happy with that. We were never into LPG. We got into LPG in a smaller manner in Jaigarh. We have been very, very outstanding results. We were never into liquid terminals. We got into liquid tankage terminal in Fujairah by this acquisition what we announced yesterday. So we will test that water with that as well and we are pretty hopeful our due diligence is a very, very good investment.

Similarly container train operator license, we were never into end-mile delivery. So this is the first step towards the connecting the end customer directly. So this is a test what we are doing. The investments are very miniscule but it's a flare which probably will take the company to the next level of servicing to our customers. So this is an attempt towards that and I'm sure the way our research says, it would be a good investment. And once we get a hang of it, probably we can go further deep into these deliveries.

Sumit Kishore: Thanks a lot and wish you all the best.

Arun Maheshwari: Thank you.

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

Priyankar Biswas: Thanks for the opportunity, sir. So my first question is, like regarding further acquisition opportunities. So both in case of major ports' tenders or let's say, NCLT cases that may be there. So can you provide a let's say a pipeline or some sort of a thing like what can we expect in the let's say, next 24 months regarding major port tenders or maybe some acquisition opportunity? That's the first one.

Arun Maheshwari: So guidelines wise if I have to look at it, Government of India has made it very clear they would like to be a land on model and every month we see couple of opportunities coming up. Few of our liking and few of our not in the overall strategy sitting. So every month we see opportunities coming in. The pipeline is huge. How much comes, when it comes, it is purely depends upon the individual port developments. It is difficult to put a number how much will come in the next 12 months or 24 months.

But there are there are opportunities coming every month and I think two to three out of 10 are to our liking. So we can -- we keep exploring it. We look at the geography, the potential of the increase, the customer base, whether the cargo profile suits our overall strategy, whether it is fitting into our vision of 2030 or 2035 global vision. So if everything ticks box then only we pursue that opportunity very sincerely and then we will bid for it.

So it is difficult to put a number how many opportunities will government give but the capacity wise if I have to look at it, almost out of 2,600 million ton of total port capacity of India, 1,600 million ton is owned by Government of India. So 1,500 million is owned by Government of India. So that and out of which only 30%, 40% is as of now under private public-private partnership. Balance is yet to be given on public-private partnership.

So pipeline is solid in terms of capacity. Pipeline is solid in number of the intention of the government and we being one of the largest terminal holders in India understand this business very well. And hopefully, we will be well suited for participating in these biddings and secure something out of it.

So far as NCLT is concerned, we are not looking or scanning each and every opportunity which is coming our way. We are very cautious, choosy and ensuring that our money gets us better return. There's plethora of opportunity. We don't want to just bid whatever opportunity comes in our way and stuck with that. So we would like to invest only a value-accretive strategy or any investment which gives a better return for all of us.

Priyankar Biswas: If I just add on to it, like which states or would be your focus, as far as let's say, considering ports?

Arun Maheshwari: So see, we have been in Maharashtra, we have been in Karnataka, we have been in Chennai, in Tamil Nadu, we are in Odisha and we are in Goa. So where we are not is Gujarat, we are not in Bengal, we are not in Andhra, we are not in Kerala. These are the four states left out by us.

There are opportunities coming in these states and including the existing states where we are. I think we would see if we can have something in Gujarat, if we can have something in Andhra, if we can have something in more in Karnataka or somewhere. So already Odisha and Karnataka we are already pursuing greenfield ports. We would like to look at that but otherwise good enough opportunities in every state today. So whichever comes in our way, if it is fitting on our overall strategy, we are definitely there.

But four states we are not there as of today. Gujarat, Bengal, Kerala and Andhra. So these four states definitely remains on our wish list.

Priyankar Biswas: If I just can squeeze one more in. So we are seeing a lot of volume growth driven by your Paradip Asset in particular. So if you can highlight what is the peak potential? I mean if you include future expansions as well especially on the coal and iron ore sites because I understand that there would be increased coastal movement from let's say, Coal India connections. So what is your, can you shed some color on that aspect?

Arun Maheshwari: Thank you for asking this question. See these are the two big investments we have done outside Jaigarh port. Jaigarh port is our flagship port and the second biggest investment we have done is in Paradip port in these two terminals put together.

Now iron ore terminal is only three year old terminal running at 100% capacity has a potential to do much more than what it is designed for what has been in the concession agreement. And if the port allows us, we can handle more cargo over there which we can certainly see because port would be earning revenue out of our handling of cargo as a revenue share.

So far as the coal terminal is considered, it's a 30 million ton coal terminal. This is the second full year of operation of the terminal. One of the largest coal export terminal in India handled very efficiently with all the modern equipments. This is the second year of operation. The first year of operation we were handling 40% of the total capacity.

This is the second year of operation we expect that we should be -- our target is to achieve 60% of the total capacity. Still we will have enough headroom available to utilize that capacity being one of the very strategically located these two terminal very close to the mines, it becomes a naturally first choice for any customer to handle their cargo from our -- these two terminals.

Imagine, there is no new coal mine started for coastal movement there is no new thermal power plant started for coastal movement. This terminal which is one of the largest came into the scenario and running at almost 60% capacity in the second year of operation. So there's so much of cargo demand the people were -- because of the strategic location, we see that the volume will continue to grow in this terminal till we reach our peak over here. I think another two years to three years' time, we should be there for the -- for touching the peak.

Priyankar Biswas: Okay sir, so there could be further expansion on this or this is the...

Arun Maheshwari: No. Capex is already done. So it is only the utilization because any port takes about four years to five years of utilization. The beauty of terminal model is that the customer base is already there, strategic locations are there. So the utilization is much faster in terminal businesses so maybe two years to three years we reach almost 80% to 100%.

What we have witnessed in other terminals, whether it's Ennore or Mangalore or Paradip iron ore terminal, the utilization has been close to 100% of the third year of operation. And the coal is only the second year of full year of operation. So we expect similar feat should be there for coal terminal also but it all depends upon how much of coastal cargo or how much of railways available, how much coal mining is done. But in all fairness because of the location and the facility what we provide for the coal movement on the coastal side, we should be there.

Priyankar Biswas: Thank you sir that's very clear.

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

Aditya Mongia: Good morning everyone and thank you for the opportunity. My first question relates to Jaigarh airport and Dharamtar airport. I wanted to get a sense that while these airports are benefiting from wallet share gain. For how long can a very, very strong trajectory continue post which the wallet share gain from Dolvi will kind of be taken out?

Vishesh Pachnanda: Aditya would you mind repeating your question please?

Arun Maheshwari: Your voice is bit echoing, so we couldn't really get out.

Aditya Mongia: So the question was that today Dolvi is kind of helping Dharamtar and Jaigarh airport fantastic growth numbers, probably due to wallet share gain. For how long does this strong period for Dolvi and sorry, Jaigarh and Dharamtar continue, post which the wallet share gain argument gets taken out?

Arun Maheshwari: Okay. So Dolvi and Jaigarh has been growing, showing strong numbers. Jaigarh has the different reasons all also in addition to what Dharamtar had because Jaigarh has been ending third-party business. The sugar has grown quite a lot in the last three years, four years, five years. LPG has started, fertilizer is started. So there are variety of other cargos which are at Jaigarh. So their growth story and Dharamtar growth stories are similar to an extent but then Jaigarh has a more potential and more growth story available to them because it's a greenfield port, deep sea water port and a good hinterland over there.

So going forward, the way JSW Steel Dolvi plant is growing, as of now they are 10 million ton which is this is the first year of their peak of 10 million ton what they are producing over there. That's why the growth numbers are coming going up-and-up. The kind of their sourcing is changing the more volumes are flowing into Jaigarh. So we see not everything will come directly to Dharamtar. There will part of the volume will also come to Jaigarh Port, which will add more volumes at Jaigarh in addition to what they are already doing.

There is an intention for JSW Steel, what we understand that they would like to increase their capacities there also which will be a direct plus point for Jaigarh and Dharamtar both with a minimal capex we can do much, much more volume in these two ports again. Once we have a very clear advice from JSW Steel, probably that will help us to give our projections much more stronger and very clarity how and when it will happen.

Aditya Mongia: Sure, thanks for the color over there. The second question that I had was while we talk about privatization, from a balance sheet perspective, how much money can be put to good use over say, the next three years, given your own assessment or the business point of view in terms of EBITDA as well?

Arun Maheshwari: Participating in privatization you mean to say?

Aditya Mongia: I'm trying to assess how much money from the balance sheet can be put to good use over time over a three-year period from your perspective towards adding new assets?

Lalit Singhvi: Yes so it's like this we have you know given a guidance that we will have a net debt to EBITDA you know of 2.5 so today we are net debt free positions so you can see that there is a large headroom available for our growth as the balance sheet is so strong today so based on this guidance we will keep investing for our growth projects.

Aditya Mongia: Understood and just to kind of finish this part more better is there a sweet spot in terms of project sites that you are looking towards when you're bidding for assets? That's the last question for myself. Thank you.

Arun Maheshwari: So project site per se you know we have already said you know Jatadhar is one project site in Odisha which is Greenfield Port. There is another one which we are awaiting the award in Karnataka in Keni that's again a Greenfield Port. We have done an acquisition in Fujairah that is another one which we have done.

The project site we have already bidding continuously assessing and bidding into the terminals into the government ports which are all strategically located has been running for 60-70 years so those are strategic location in any which case. As I said in the earlier one of the investors call was that you know the Gujarat, Bengal, Kerala and Andhra are the states wherein we don't have any footprints as of now. We would continue to seek and explore the opportunity if we get something over there.

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

Achal Lohade: I missed out on the long term was the last word I heard. If you could repeat the same. If you would have talked about FY '24, '25, '26 volume guidance anything given?

Arun Maheshwari: So what we have mentioned earlier is that you know generally our growth has been 20%-22% CAGR of the last 20 years and in the last four years we have been doing about 40% kind of CAGR. On a long term basis we would like to our business would like to maintain the similar kind of CAGR. The opportunities are unlimited, the balance sheet is there, the management intention is to keep growing the business and India is offering that opportunity today.

Probably with this kind of balance sheet we would like to continue our business would to continue maintain the similar kind of CAGR going forward.

Achal Lohade: Understood. Is there any number you can put out sir for capex for FY '24, '25, '26?

Arun Maheshwari: On the capex front?

Lalit Singhvi: No capex actually we keep looking for many opportunities as we just said that you know our guidance is 2.5 net debt to EBITDA. Within that we will keep doing it. So it's difficult to give any number as we look for many opportunities. We just announced one acquisition today then there are greenfield projects which will keep coming in how much money will go in that in particular year. So number is difficult but within that guidance we will keep growing.

Achal Lohade: Right and if I were to ask you about Jatadhar project you know given we are at the almost closing of the agreement. Can you help us in terms of what size by when and what capex would it entail in the Phase I or total?

Arun Maheshwari: See the Jatadhar project the total project is for about 52 million ton in two phases. The Phase I is about 30 million ton and the second Phase is 22 million ton. We are yet waiting for the concession agreement to be signed. Hopefully we should be sending it very shortly now and the project should take about three years time from the day we start commencing the construction. So in all fairness we think this is the first project on the greenfield side which will be starting and completing.

Achal Lohade: Sir any clarity you can give with respect to the environment clearances all the approvals are already in place for Jatadhar?

Arun Maheshwari: Yes all the approvals are in place for that.

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

Nikhil Abhyankar: Thank you sir. My first question is on Fujairah. So how much is the debt at Fujairah and our capacity utilization is already at 95% so are we looking at any immediate capacity?

Lalit Singhvi: You are talking about Fujairah terminal Yes currently capacity you know there is a huge demand so it is at 95% utilization and you know very recently it is being talked at 100% you know all the tanks are being utilized. So there we government is ready to give us you know adjacent land so there is a possibility once we take over and then if demand persists we will certainly you know expand those capacities at a much lower cost and then we will scale it up further. As you know 465,000 cubic meter is the current capacity or we can always increase this capacity to reap benefits of the expanded you know capacities.

Nikhil Abhyankar: Understood. So and so can this confirm that the CTO operations that we have acquired so there are no trains as of now? Chikal it doesn't have any trains?

Arun Maheshwari: Green set? It doesn't have any what?

Nikhil Abhyankar: Trains.

Arun Maheshwari: No CTO is a permission for you know Yes of course there are no trains as of now but then we are so it is the first step as I said the first step getting into this last month related connectivity and we will build from here on this. So this is a testing ground for us into this segment. So we are slowly we will be slowly building up this particular portfolio.

Nikhil Abhyankar: Okay. So and like are there any opportunities in minor ports from state governments in the near to medium term?

Arun Maheshwari: So as of now we have mentioned about two, Jatadhar and Keni which we are working on. There are they keep coming several opportunities being second largest port company in India definitely every opportunity also comes to our table and we look at in our all you know sense whether it is really fitting into our overall scheme of things of growth and the kind of capacity, the kind of internal and the kind of cargo growth, profile of cargo, the customer, last minute delivery, everything it has to tick many boxes before we really go full hog on that.

So we keep assessing several opportunities and India is offering several opportunities. I must be very candid about it and I think we are there to encash part of it. But as of today we have declared two and we are we are mentioned two and we will we'll talk about that.

Nikhil Abhyankar: Okay. And so final question, who are our customers at Paradip and where exactly is the coal, what is the coal destination from this port?

Arun Maheshwari: So this this is a coal export terminal for a port company. Coal export means it is all moved towards coastal movement. India doesn't export coal per se. So it is also coastal movement. The end users are largely five major ones Tamil Nadu State Electricity Board, Andhra Pradesh, Telangana, then Karnataka, then Chemco. These are the four five major customers over there which are utilizing the services from us.

Moderator: The last question is from the line of Rajarshi Maitra from InCred Captial. Please go ahead.

Rajarshi Maitra: Thank you for the opportunity. So my question is on the first half performance of last year. So what I noticed is that between the first quarter FY '23 and second quarter there was a volume decline of about 20% and moreover group company volumes declined by about 26%.

So what I want to ask is in the second quarter of FY '23, were there any exceptional events that happened because of which the group company group volumes declined 26% in second quarter FY '23?

Lalit Singhvi: Yes, so you want to say that anchor customer's volume was lower in FY '23 H1 compared to FY '24?

Rajarshi Maitra: So the anchor volumes in the second quarter FY '23 was about 12 million tons and the anchor volumes in first quarter FY '23 was 16.4 million tons. So just wanted to check was there any exceptional reason for that?

Lalit Singhvi: No, no, Q2 is always as we discussed earlier also it's a monsoon month. In the monsoon month every year you will find cargo dipping compared to Q1 or Q3. And last year there was a cyclone there which affected operations for part of the period.

Rajarshi Maitra: Okay, so the cyclone had an impact which was not there this year. So as a result the decline is not as sharp. This year the volume the decline is not that sharp.

Lalit Singhvi: Absolutely.

Moderator: Thank you so much. I would like to hand the conference over to Mr. Arun for closing comments.

Arun Maheshwari: Thank you all investors and thank you for hearing it out very patiently and continue to have the confidence in the company and the management and the sector is looking good. India's economy is standing out as compared to any other economy of this size and scale and I think we are into the right country in the right sector and looking forward to have continuous engagement with you all. Thanks again for joining on a Saturday.

Lalit Singhvi: Thank you.

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