“JSW Infrastructure Limited
Q4 FY26 Earnings Conference Call”
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Moderator: Ladies and gentlemen, good day and welcome to the JSW Infrastructure Limited Q4 FY26 Earnings Conference Call hosted by Motilal Oswal Financial Services Limited. 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 this conference, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Alok Deora from Motilal Oswal Financial Services. Thank you, and over to you, sir.

Alok Deora: Thank you, and good evening, everyone and welcome to the 4Q FY26 Earnings Conference Call of JSW Infra. We have with us today Mr. Rinkesh Roy, Joint Managing Director and Mr. Lalit Singhvi Strategic Adviser and Board Member; Mr. Nagarajan J, Chief Financial Officer; and Mr. Vishesh Pachnanda, Head of Investor Relations.

I would now hand over the call to the management to provide some opening remarks, then we can go with the Q&A. Thank you, and over to you, sir.

Rinkesh Roy: Thank you, Alok. Good evening, and thank you all for joining our earnings call for the quarter and year ended 31st March 2026. Against the backdrop of a more complex global environment shaped by heightened geopolitical tensions in the Middle East and moderated global growth, India's macro environment continues to remain relatively resilient, supported by domestic consumption and government spending.

During the year, and in particular, during the quarter, we navigated a challenging operating environment and despite these headwinds, delivered a resilient performance across both ports and logistics. Overall, on a consolidated basis, our operating revenue was INR5,361 crores for the year representing a 20% Y-on-Y growth.

Operating EBITDA for the period stood at INR2,604 crores marking a 15% increase, while adjusted net profit reached INR1,644 crores. The Board has recommended a dividend of INR0.90 per share, which is 45% of the Face Value. Let me now touch upon the operating environment and key developments during the quarter, starting with the ports business.

As previously disclosed, the Company's 5 million tonne per annum liquid storage facility in Fujairah Oil Industrial Zone, FOIZ, located outside the Strait of Hormuz, was impacted following damage to certain infrastructure at the storage facility. The operating environment in the region remains volatile influenced by heightened geopolitical developments and crude oil price movements.

We remain closely engaged with local regulators, port authorities and the government who have been continuously supporting and guiding us during this turbulent period. Based on our current assessment, operations are expected to progressively normalize in due course. We'll continue to keep stakeholders updated on the developments.

During the quarter, we achieved several important operational milestones. We successfully completed the 4.5 million tonnes JNPA liquid berth modernization projects, enhancing our liquid cargo handling capabilities at one of India's premier gateway ports. We also expanded cargo handling capacity at the Ennore coal terminal from 9.6 million tonnes per annum to 11 million tonnes, following receipt of the consent to operate.

The Ennore coal terminal acquired in November '20 with an installed capacity of 8 million tonnes and volumes of 3.1 million tonnes in FY '21, stands as a compelling illustration of our approach to value creation. Since acquisition, we have progressively scaled capacity to 11 million tonnes per annum with volumes of 10.4 million tonnes, reflecting our proven operational excellence in turning around port and logistics assets with a clear and unwavering focus on improving returns on capital employed.

Earlier in the year, we were awarded the SMPA Kolkata Container Terminal project with a capacity of half million TEUs. Following the signing of the concession agreement, we moved swiftly to accelerate our operational readiness and have very recently received approval to commence interim operations.

This milestone reflects the same execution discipline and operational excellence we have consistently demonstrated at JNPA and Tuticorin, the ability to commence revenue-generating operations while modernization works progress in parallel, minimizing time to revenue and maximizing returns on invested capital.

On our ongoing growth projects, the 302-kilometer iron ore slurry pipeline continues to progress steadily and remains on schedule. To date, 247 kilometers of welding and 235 kilometers of pipeline lowering have been completed, representing approximately 82% and 78% completion, respectively. Strong execution momentum continues with the project on track for completion by March '27.

Once operational, the pipeline will significantly enhance the efficiency and reliability of iron ore transportation, reducing dependence on road and rail logistics, lowering the cost of iron ore movement and delivering a step change improvement in supply chain predictability for our customers.

Meanwhile, the construction activities at the Jatadhar port are in full swing with pile foundation work of the berth being 80% completed and 7 million cubic meters of bridging being completed with the target of completion of the entire project by March '27. Our brownfield expansion projects continue to progress steadily.

At Jaigarh port, civil works for berths have been completed with dredging currently around 60% complete. At Dharamtar port, berth construction and related work is progressing well. Moving on to our Logistics business. Navkar reported a strong performance underpinned by healthy volume growth across segments.

For FY '26, domestic volumes grew by 40% and EXIM volumes grew by 21% Y-o-Y alongside a steady improvement in capacity utilization from 44% in FY '25 to 56% in FY '26, reflecting better asset efficiency and operating leverage. Despite headwinds at the Morbi ICD arising from fuel shortages impacting certain customers, Navkar reported operating EBITDA of INR40 crores in Q4 FY '26 while full year operating EBITDA stood at INR118 crores versus INR8 crores in FY '25, representing a 14-fold increase.

In Feb '26, the company has successfully completed the acquisition of 25 rakes with operations fully integrated, effective 1st February '26. This acquisition provides immediate access to Indian Railways GPWIS and LSFTO schemes, along with long-term operating licenses under these programs. Since integration, the rail rakes business has contributed operating EBITDA of INR25 crores.

Beyond the existing bouquet of 25 newly acquired and 17 container rakes housed under Navkar, taking the total fleet to 42 rakes. We have accelerated the scale-up of our logistics platform. In April '26, we placed orders for 40 additional rakes, reinforcing our growth momentum.

This is aligned with the medium-term objective to meaningfully expand our fleet to around 250 rakes over the next 2 to 3 years with a clear focus on asset utilization, returns and earnings visibility. We are also pleased to share that the Gati Shakti Multimodal Cargo Terminal at Arakkonam, Chennai located entirely on railway land, which was awarded to us in June '24 for construction and operations has been successfully commissioned and has received approval from Indian Railways to commence commercial operations effective April '26, further strengthening our integrated logistics offering.

Our Logistics segment continues to focus on rail-centric domestic cargo, while EXIM cargo is driven by enhanced capacity utilization across the network.

The cumulative capex outflow on these projects, including acquisitions, is approximately INR6,200 crores. In addition, the company has already committed a further INR5,300 crores of capex by placing orders for machineries, long-lead items and other civil works towards ongoing projects across ports and logistics business.

While our guidance, issued in Jan '26, did not factor in developments at the overseas liquid terminal. We delivered in line with our operating EBITDA guidance for FY '26 and continue to maintain our EBITDA guidance for FY '27 and FY '28, reflecting the availability of multiple growth levers. These include higher volumes at Goa, Jaigarh and Paradip, phase bottlenecking and Capesize coal handling capability at Ennore and the accelerated commencement of interim operations at the SMPA Kolkata container terminal supported by favourable energy sector dynamics, including higher thermal coal demand in an El Nino scenario.

Hence, consolidated operating EBITDA is expected to grow by 15% to INR3,000 crores in FY '27 and nearly double from the FY '26 base to INR5,000 crores in FY '28, driven by ports capacity additions and sustained EBITDA contributions from logistics assets. With this, let me hand over to Mr. Nagarajan to take you through the financials and other details.

Nagarajan J: Thank you, Rinkesh ji, and good evening, everybody. Let me first talk about our port business. In Q4 FY '26 the company handled cargo volumes of 31.6 million tonnes as compared to 31.2 million tonnes in the quarter ended March '25. Volume increase was primarily driven by strong performance at South West port, Dharamtar port and Jaigarh port on the back of higher volumes of anchor customer and was also fuelled by the start of interim operations at Tuticorin and JNPA liquid terminal. The growth was largely impacted due to ongoing Middle East conflict, lower volumes at Fujairah facility and cargo deferments at Indian operations, driven by lower availability of vessels and higher freight costs. However, the situation has improved from April '26.

Group cargo has increased from 17 million tonnes from 15.7 million tonnes, representing an 8 percentage growth.

Operational revenue for the Port segment increased by 12 percentage during the quarter to INR1,295 crores compared with INR1,152 crores in FY '25. This growth was driven by price adjustments communicated earlier for SWPL Goa and all terminals along with price increase in the Mangalore container terminal effective from Jan '26. This happened -- this announcement or this was communicated to us in March 2026 but the effective date was January '26, along with higher ancillary services like storage and transportation offered to domestic customers and higher cargo volumes. The improvement was further supported by sharp INRdepreciation.

Operational EBITDA for Port segment stood at INR705 crores, up from INR626 crores, a jump of 13 percentage. EBITDA growth was largely driven by increased revenue. Operational EBITDA margin increased by 10 basis points to 54.5 percentage.

Talking of Navkar, we delivered a strong operational and financial results in Q4 FY '26. Total EXIM cargo volumes reached 86,000 TEUs, representing a 14% Y-o-Y growth. Domestic cargo volumes stood at 427,000 metric tonnes, up 56%, compared to the same period last year. Overall capacity utilization stands at 60% for the quarter versus 56% for the whole year.

Revenue from operations for Navkar rose to INR201 crores, while operating EBITDA climbed to INR40 crores showing substantial improvement, while net profit increased to INR14 crores, a significant turnaround from a loss of INR19 crores in the previous year.

We have consolidated newly acquired rail rakes in current quarter with effect from February '26. Consolidated operational revenue for the company stood at INR1,522 crores, and the operating EBITDA stood at INR769 crores, reflecting a Y-o-Y growth of 19% and 20%, respectively. Consolidated depreciation was INR158 crores and finance cost was INR87 crores in the current quarter as compared to INR140 crores and INR94 crores, respectively, in the quarter ended March '25.

Given the changes in the INR and subsequent changes in the yield curve, we have recognized the MTM unrealized loss of INR43 crores. This is essential in noncash charge and in line with the guidelines of IndAS 109.

As mentioned by Rinkesh ji in his opening remarks regarding the damage at Fujairah facility. We have filed an insurance claim and our consultants are positive about the admissibility of these claims. However, as a matter of abundant precaution, we have kept a provision of INR68 crores in Q4 FY '26. As a result, adjusted PAT for the current quarter stood at INR528 crores, which is 15% Y-o-Y growth. For '27 and '28, the company plans to invest approximately INR16,500 crores, with a significant portion around INR13,000 crores allocated to the ports business and INR3,500 crores earmarked for the Logistics segment.

Just to reiterate, our Logistics segment guidance remains same, which is INR400 crores EBITDA in FY '27 and INR700 crores in FY '28. However, we have marginally trimmed the revenue numbers to reflect a higher EBITDA margin in LSFTO rakes business. We have netted off the freight charges from revenue since it is a pass-through.

As of March '26, we have a net debt of INR3,100 crores with a net debt to operating EBITDA of 1.2x 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 growth plan to enhance our present cargo handling capacity to 400 million tonnes and in parallel grow our logistics business with a top line of INR8,000 crores by FY2030.

With this, I request the operator to open the line for Q&A.

Moderator: Sir, shall we proceed with the Q&A.

Management: Yes.

Moderator: Thank you. Ladies and gentlemen we will now begin the question and answer session. My first question comes from the line of Ketan Jain from Avendus Spark. Please go ahead.

Ketan Jain: Congratulations on a good set of numbers. I just wanted to understand the drivers for higher logistics EBITDA margin, which we reported this quarter?

Rinkesh Roy: Could you please come again?

Ketan Jain: The drivers for higher logistics EBITDA margin and higher margin in logistics?

Nagarajan J: Okay. As I mentioned, this is because of higher capacity utilization at our Navkar terminal. Especially for the whole year, the capacity utilization stands at 56 percentage. If you look at FY '25 capacity utilization, that was around 44 percentage. And for Q4 of FY '26, the capacity utilization in Navkar stands at 60 percentage.

On top of it, we have also -- as you are aware, we have acquired this rail 25 rakes from our group company. So that has given an EBITDA of around INR25 crores. It was in operation for 2 months, February and March. We have received all our delivery of all the 25 rakes. And we have also guided around INR150 crores of EBITDA for FY '27 from those 25 rakes. All in all, this has resulted in an enhancement in the EBITDA from the logistics space for Q4 FY '26.

Ketan Jain: Understood. And on the realization front, as you mentioned, it was because of the higher realization in price increase in Goa and Mangalore container port. Does that drive the 11% increase in realizations in the fourth quarter or what is the reason?

Nagarajan J: Yes, that is one of the reasons. Apart from that, the Hiranandani one-time income, we have booked around INR75 crores, which is a part of the take-or-pay contracts. And plus forex fluctuations, plus additional storage income we have got in few of our ports. So all these have resulted in the enhancement in the revenue.

Ketan Jain: What does this one-time item pertain to?

Nagarajan J: This is not a one-time item. It's a recurring one, but it comes in Q4.

Ketan Jain: What is the nature of this, sir?

Nagarajan J: This is a, I would say, a minimum take-or-pay contract, which has been signed with H-Energy, wherein they use our LPG terminal at Jaigarh.

Ketan Jain: Understood. Just the last question. I was just reading a media article on some findings of environmental committee at Dharamtar port. Is there any findings or any takeaway from that? Or do we have any challenges in our execution?

Rinkesh Roy: So basically, if you see that was a report that there was some spillover dust on the mangrove. So there were two issues. One is the number of mangroves planted has been tremendous and that addition has been done. The committee only pointed out that please provide a windscreen so that this -- somewhere this dust doesn't land on the mangroves. That is all and we are complying with all these conditions.

Ketan Jain: Understood. So no change in the execution timeline, right, sir?

Rinkesh Roy: No.

Ketan Jain: Understood. Thanks a lot sir and all the best for the next year.

Moderator: Thank you. Our next question comes from the line of Priyankar Biswas with JM Financial. Please go ahead.

Priyankar Biswas: Sir thanks for the opportunity for this questions and of course congratulations to you that despite such a challenging environment, I would say that this INR2,600 crores EBITDA guidance was made in the first -- so my first question is around that only, right sir, if there had been no such, let's say, Fujairah-linked disruptions that had happened to you, so you may have probably ended up at a slightly more higher EBITDA. So how much higher it could have been? And also, like what were the levers that offset the negative impact of Fujairah in this particular quarter? That's the first question?

Nagarajan J: So INR30 crores will be -- would have been the incremental EBITDA. Fujairah plus a little bit of volume loss in our other ports because of rerouting -- some deferment of cargo. So around INR30 crores to INR32 crores is what we would have earned more.

Priyankar Biswas: And how did you offset that? I mean, so INR32 crores you may have lost because of this. So what were the offsets that you were able to like link to the guidance?

Rinkesh Roy: So you see, we did very well in the segment, logistics segment where we -- as we had explained earlier, there was a tremendous increase in capacity utilization in Q4 and the addition of new rakes altogether plus what we had also provided additional services in many of our ports like Jaigarh and at Goa. So these have helped to drive up the numbers to INR2,600 crores.

Nagarajan J: Also, forex fluctuation was there, which the spike happened in Q4 if you see. So INR16 crores of FX gain we have earned in Q4. So that has also contributed to the EBITDA.

Priyankar Biswas: Okay. That's very clear. Also if like -- if I can ask something like since you have already spelled out, let's say, your EBITDA guidance for FY '28 and also indicated what your EBITDA can be, let's say in FY '30 like -- but I understand is a lot of your projects, very large projects like, let's say, Keni and Oman?

These are coming on stream towards the very back end of FY '30, like more like end of FY '29, early '30. So the full effects of these are not really within this horizon. So can you please comment slightly beyond FY '30, what kind of growth we should still see continuing from here and based on the current project pipeline alone, what can be like a steady-state EBITDA, let's say, in the 2030 to '35 period?

Rinkesh Roy: So I'll just break up your question into 2 parts and where I would like to highlight 2 things that you would have seen that all our projects, the projects that we have lined up, up to '28, they're all progressing very well. And in this period, between '26 to '28, where we are aiming to go up from 183 to 300, all the projects have progressed steadily.

And the CAGR in revenue in this period will be around 42% and the CAGR for EBITDA would be around 39%. This is the first part I thought I would need to clarify. The second part is about the coming on stream of Keni and Oman. So these would be -- I agree with you, it would be in the late '29-'30. And there already, we have got the EC is in process for both. And Oman will be taking up after this current problems are over.

And post 2030, that's what you want to know. Post 2030, you see steel plants everywhere are getting lined up for expansion. So there, we foresee that since we would have created the shell for the ports, adding capacity to the new ports is a less, it takes less effort, less capex. So that is where the other drivers for growth will come where currently let us say Jatadhar is at 30 million and when we go into Phase 2.

We'll be looking at adding another 20 million, 30 million tonnes of capacity. So that will go up to 60 million tonnes. Similarly, Keni will be going up from 30 million tonnes to another -- we'll be adding another 30 million tonnes of capacity post 2030. So these would be our path for growth.

And what we have also not mentioned here is that the privatization of terminals that opportunities that are already coming up in major ports. So here, we are one of the strongest contenders. As you know, we are the largest holders of concessions in major ports. We have 10 such concessions, and we'll be further adding on to this. So this would be broadly the 400-plus strategy that we are looking at.

Priyankar Biswas: And if I may just ask on it, like when you are putting, let's say, a port at a place like Keni, so like where are you going to get the volumes from? So, if you can just elaborate on that, like how the volumes should be seen?

Rinkesh Roy: So if you look at it currently, the steel plants, as I mentioned to you, everyone is slated for expansion. So Vijayanagar is slated for expansion from 18 million to 25 million. So 7 million into 3. That is a net requirement of another 20 million tonnes of cargo for the plant is going to come up.

So these are the drivers. And in that entire sector, if you look at Keni, the entire Bellary-Hospet region is slated for more capacity addition. So we have very up beat on that post 2030, with all the capacity expansions further being lined up, including at Jatadhar, at Dolvi, everywhere. So that will be the main drivers for growth.

Priyankar Biswas: So would it be fair to conclude that even after FY '30, when you say INR8,000 crores, INR10,000 crores EBITDA broadly ballpark, you would still be able to continue at least 15%, 20% growth for the next few years? Would it be a fair assumption?

Rinkesh Roy: We are looking at 25% CAGR growth. That is the target that we have set for ourselves. So beyond 2030, we would be continuing to expand in our existing boards that we have created currently and that we'll be pursuing it further.

Priyankar Biswas: Okay. That's very clear, sir.

Moderator: Thank you. The next question is from the line of Deepak Maurya from HSBC. Please go ahead. Deepak Maurya your line has been unmuted you may proceed with your question. The current participant seems to have dropped from the queue. Our next participant in the queue for the question is Raunak Mukherjee from Pictet Asset Management. Please go ahead with your question.

Raunak Mukherjee: Thank you for that. Congratulations to the team for great execution on this quarter. Just a couple of questions and maybe following on from the previous participant. We spoke about the volumes at Keni, the volume demand. Could we also get some color on the volume demand for Jatadhar? And if possible, sort of an idea how the splits by captive and third party? Secondly, for the Dolvi expansion, which ports would benefit from the 5 million tonnes plant expansion apart from Jaigarh and Dharamtar?

Rinkesh Roy: Okay. So currently, let me start with Dolvi. Dolvi is getting into expansion from 10 million tonnes to 15 million tonnes. And in that, we are seeing growth in cargo at Dharamtar from 24 million tonnes to 38 million tonnes. And similarly, growth in cargo at Jaigarh, from close to 20-21 to around 33 -34 million tonnes. So that would be a net addition of 26 million tonnes to 27 million tonnes at both these ports put together.

Similarly, at Jatadhar currently, the entire focus has been more on movement of iron ore and iron ore pellets. So the initial capacities that we built up for movement of these commodities outwards from the port. With the setting up of the steel plant, we will be adding on another at least 15 million tonnes of cargo into the steel plant because this would be primarily import-based for coal and fluxes. And that plant is also supposed to scale up very soon.

So first of all, the Jatadhar cargo stream currently would be mostly captive. But there is a condition that you can handle third-party cargo with permission from the Maritime Board. So that permission, as and when we fully develop the infrastructure, those permission will be taken. So that is close to 25% of the capacity that is allowed.

Raunak Mukherjee: Got it. Got super clear on Jaigarh and Dharamtar, just a quick follow-up on Jatadhar. Just to understand the flow of materials. So from the slurry pipeline, we have that sort of exiting at the pellet plant. And from there, that goes to Jatadhar port to be exported to third parties or does sort of come back to our group companies?

Rinkesh Roy: Vijayanagar or for export, all 3 options are possible.

Raunak Mukherjee: Got it. Superb. And maybe one last question from my end. So internally, when we look at Greenfield and the Brownfield expansions, how do you think about conceptually around, say, returns or ROIC measures? How do we approach that?

Nagarajan J: So, Greenfield, typically project IRR, we look at 16 percentage post tax. And obviously, good IRR is around 20 to 21 percentage. And a Brownfield, obviously, the capital cost comes down. There, the project IRR itself post tax comes around 20 to 21 percentage. Like in case of Jaigarh what we are doing now. Jaigarh, Dharamtar, everywhere. The project IRR for all these incremental expansions is around 20 to 21 percentage post tax.

Raunak Mukherjee: It's very clear. Thank you so much.

Moderator: Thank you. Our next question is from the line of Aritra Banerjee from Nomura. Please go ahead.

Aritra Banerjee: Yes. Thank you for taking my questions and congratulations for delivering a very good set of numbers. So my first question is that on the Navkar front, the progress on expansion has been quite impressive. So what is the peak level or sustainable level of capacity utilization that we can expect? And what is the -- similarly what is the peak EBITDA margin and EBITDA that you would expect from Navkar going forward?

Rinkesh Roy: So from Navkar, you see in the existing assets, we would be looking at further upping it to around 75% to 80% capacity utilization. And in numbers, because we are also acquiring 1 or 2 terminals in this Navkar company. So the numbers, we would be looking at upwards of INR200 crores in the next 2 to 3 years.

Aritra Banerjee: Understood, sir. Just one small clarification. So this capacity utilization that you mentioned for Navkar in this quarter, so would it have been higher by any sense if there were no geopolitical disruption in this quarter? We were still able to profit at the peak utilization that was achievable this quarter?

Rinkesh Roy: The actual effects started coming in somewhere in April. I would not say for the March quarter, there was much of effect. It would have started coming in April.

Nagarajan J: Impact was there in the first fortnight of April which subsided by second fortnight of April.

Aritra Banerjee: Got it. Got it. And just one last question. I think you have mentioned before, but just a little clarification on the breakup of the logistics EBITDA going in FY '28 of the overall guidance that you have shared?

Nagarajan J: So INR700 crores is what we have given. This is primarily -- it will be a mix of revenue from Navkar, from rakes, the 25 rakes which we have, plus additional rakes as Rinkesh said 40 rakes order we have already given, and we will continue to give orders for more rakes plus our Gati Shakti Terminals and our ICDs will start performing like Arakkonam, Kudathini and a few more are on the anvil. So that put together, we expect to achieve a INR700 crores EBITDA in FY '28.

Aritra Banerjee: Okay. And any colour, like what would be like the split between Navkar and the remaining logistic assets on this INR700 crores?

Rinkesh Roy: So Navkar would be around INR200 crores, close to INR200 crores. The rest would be from assets in JSW Infra and Port and Logistics, these two other subsidiaries that we look.

Nagarajan J: Predominantly, it will be coming from the rakes business.

Aritra Banerjee: *<line not clear>*

Moderator: Sir your line is not clear. You are not audible which you are speaking.

Management: We are not audible.

Moderator: The participant who was asking the question Aritra have you – have all your questions answered.

Management: Take this later.

Moderator: Sure. Certainly sir. We will go ahead with the next question which is from the line of Rajarshi Maitra from InCred. Please go ahead.

Rajarshi Maitra: How much of your revenue is forex denominated roughly what percentage?

Nagarajan J: So, F '26, it was USD84 million. We earned via dollar-denominated revenue.

Rajarshi Maitra: Okay. And I think you mentioned the number, but I didn't get it for the FX gain this quarter, what is the amount?

Nagarajan J: INR17 crores.

Rajarshi Maitra: INR17?

Nagarajan J: Yes.

Rajarshi Maitra: Okay. Thank you. INR17 crores. Thank you. That's all.

Moderator: Thank you. The next question is from the line of Claudia Carpenter with S&P Global. Please go ahead.

Claudia Carpenter: Could you say if you are going to rebuild at Fujairah? And if so, how long it's going to take?

Management: Claudia, can you please come again? We could not hear you.

Claudia Carpenter: Can you say if you're going to rebuild at Fujairah?

Rinkesh Roy: So you see based on our best estimates, keeping in view the entire security issues prevailing there, we expect approximately 50% of operations to recommence shortly, subject to normalization of the environment there with the balance ramping up in a phased manner thereafter. And while we expect...

Claudia Carpenter: The tanks that was damaged was 1 tank or 3 tanks?

Rinkesh Roy: So the damage to tanks has been 3 out of a total 15.

Claudia Carpenter: So are you going to fix them? Are you going to repair that?

Rinkesh Roy: Yes, we're going to fix them shortly, but that can't be done right now because the situation is not conducive to even get the repair works done there right now.

Claudia Carpenter: So how long will it take to repair that?

Rinkesh Roy: So once the -- as I told you, once we expect approximately 50% of our entire capacity to come on stream very shortly, subject to, as I told you, that things normalize.

Claudia Carpenter: Thanks. <*line not clear*>

Moderator: Claudia sorry to interrupt but your line is not very clear. Maybe we request you to please rejoin the queue if you can establish a better connection. Thank you. We will proceed with our next question which will be from Alok Deora from Motilal Oswal Financial Services. Please go ahead.

Alok Deora: So sir, I just had a couple of questions. So first, on the Middle East disruption. So any impact we are also projecting for 1Q? And any provisions or any impact which we are likely to see in the first quarter, if you can highlight on that?

Nagarajan J: So, first quarter operations are not there, Alok.

Alok Deora: No, no. First quarter, I meant -- I mean in the coming months, I meant.

Nagarajan J: Yes, yes. For Q1, mostly probably by -- in June, we are planning to commence the operations.

Alok Deora: Right. So -- and so for the first half, we should be -- after the first half, we should be kind of stabilizing on that?

Nagarajan J: Yes, barring the 3 tanks.

Alok Deora: Sure, sure. And also in the capacity expansion, we have Oman plant also, which will be -- Oman unit also, which will be coming from '28 onwards. I mean, '28 to '30 onwards. So what's the status on that? I mean, would it be a call we'll be taking at that point of time? Or just any -- what's the progress on that?

Nagarajan J: The concession agreement is under negotiation. Port concession agreement. Yes.

Alok Deora: Okay. So we are kind of going ahead with that or it could be in the -- it would depend on how the situation pans out. Any color on that?

Rinkesh Roy: So actually, if you look at it, I just wanted to clarify 2 or 3 things. One is that this entire ports that is outside the Strait of Hormuz basically Fujairah, Dibba, and Khor Fakkan and Oman also. The entire ports in Oman. These are all outside these Strait of Hormuz. And they have a lot of strategic value in future. So we had gone to the UAE in between.

And there, we found that the entire UAE government is now focused on developing these ports and I think that would be the same case with the government of Oman because they -- because you don't have to cross the Hormuz to access any oil facilities or anything there. So there the governments are giving a lot of strategic focus and especially in Fujairah.

They have built a railway line and now that railway line was the lifeline for the entire UAE. They were able to transport containers and everything there. So in future days, ports would acquire a lot of strategic importance. And I think it's a positive news there. And as Nagarajan had told you that the concession agreement is under discussion. There are some conditions precedent. So as and when they get fulfilled and it's a part of a process, so we will be looking at it very positively.

Alok Deora: Got it, sir. Just last question. So in logistics, we are forecasting a nearly 25% sort of EBITDA margin and in '27 and even '28 kind of similar margins. So the margins in this business would kind of be in that range only or as we scale up higher, there could be a margin kicker in this business as well?

Nagarajan J: No, it should be around in this range only. But as we scale up, obviously, ICDs will start coming in and the ramp-up in ICDs, again, will be gradual, the way you are seeing in Navkar like 44% to 56% to 60%. So there can be a drop. But so it will be in that zip code of 20 to 25 percentage.

Alok Deora: Got it. That's all from my side. Thank you.

Moderator: Thank you. Our next question comes from the line of Achal Lohade with Nuvama Institutional Equities. Please go ahead.

Achal Lohade: Yes. Good evening, sir. Thank you for the opportunity. Two questions. One, in terms of this Fujairah terminal, what is the nature of insurance arrangement we have? Is there just the assets are covered or do we also have the insurance for the loss of profit as well?

Nagarajan J: Assets are adequately covered. Loss of profit insurance is also there. But the region is seeing something like this for the first time or maybe after a very long time. So, we need to take it with a pinch of salt, and that's where we have made this provision also in our books to the tune of INR68 crores.

Achal Lohade: Right. The second question I have is with respect to forex gains. You said INR17 crores of forex gain. Is that part of your revenue, and that's why the realizations are higher? Just a clarification on that.

Nagarajan J: Yes.

Achal Lohade: Got it. And if you could split the capex plan, like you said, cumulatively, you were looking at spending INR16,000 crores if you could call out what kind of spend we were looking at for FY '27 and FY '28 and split in terms of ports, if you could?

Nagarajan J: Yes. So Achal, we have guided INR16,500 crores spend for the next 2 years, F '27 and F '28. The split is INR13,000 crores for ports and INR3,500 crores for logistics.

Achal Lohade: No, I meant within that, if you could provide the split in terms of year wise and also port wise?

Nagarajan J: So, it will be 40% this year and 60% in F '28.

Achal Lohade: Got it. Fine. I will fall back in the queue for follow up. Thank you.

Moderator: Thank you. Our next question is from the line of Priyankar Biswas with JM Financial. Please go ahead.

Priyankar Biswas: Sir, just a quick follow-up question. So can you tell me about what were the ESOP expense in FY '26? And if there are any ESOPs that we should consider in FY '27?

Nagarajan J: INR23 crores was the F '26 ESOP expense vis-a-vis INR63 crores in F '25. For F '27, maybe you can take the same number of around -- maybe you can take around INR5 crores.

Priyankar Biswas: INR5 crores. And sir, also one more thing that given you are significantly below your Net debt-to-EBITDA guidance, so you typically say that your threshold levels at 2.5 broadly is what I can recall. So since you -- the balance sheet had some headroom, so are you considering actively any acquisitions? Or if so, in which space you may be considering if you are not willing to let's say, get into detail, at least the space that you may consider?

Nagarajan J: Acquisitions, yes, we will be looking at in the logistics space because they're obviously the capex spend also we have given. So it will be a mix of both greenfield, brownfield and M&A opportunities. Plus, we will continue to bid for all these terminals which are coming up anyway, which are not a part of our 400 million tonnes guidance. So there, again, the spend can be there.

Priyankar Biswas: Okay. That's all.

Moderator: Thank you. Ladies and gentlemen, we will take that as a last question for today. I would now like to hand the conference over to the management for closing comments.

Rinkesh Roy: Thank you, Alok. Overall, we have demonstrated a clear scaling through the ongoing port expansion projects, steady progress in the Logistics segment and a strong turnaround particularly at Navkar. We are encouraged by the increasing integration of our Ports and Logistics businesses, creating a seamless one-stop solution for our customers. This transformation strengthens our integrated platform and positions us well to deliver strong earnings compounding over the medium to long term. With this, I wish you all the best. Thank you.

Moderator: Thank you. On behalf of Motilal Oswal Financial Services Limited, that concludes this conference. Thank you all for joining us. You may now disconnect your lines.

Nagarajan J: Thanks all. Bye.